CROSS COUNTRY HEALTHCARE INC
Form DEF 14A
April 11, 2006

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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 ý

Filed by a Party other than the Registrant ¨

Check the appropriate box:

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Preliminary Proxy Statement

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Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

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Definitive Proxy Statement

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Definitive Additional Materials

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Soliciting Material Pursuant to §240.14a-12

CROSS COUNTRY HEALTHCARE, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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No fee required.

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(1)

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(3)

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

(1)

Amount Previously Paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

CROSS COUNTRY HEALTHCARE, INC.
6551 Park of Commerce Boulevard, NW
Boca Raton, Florida 33487

April 11, 2006

Dear Cross Country Healthcare Stockholder:

I invite you to attend our Annual Meeting of Stockholders. The meeting will be held on Wednesday, May 10, 2006, at 9:00 a.m. Eastern Daylight Time at the offices of Proskauer Rose LLP at 1585 Broadway, New York, New York 10036-8299.

On the following pages you will find the Notice of Meeting, which lists the matters to be considered and acted upon at the meeting, and the Proxy Statement. After the formal business session, we will discuss the financial results for 2005 and report on current operations.

Your vote is very important regardless of the number of shares you own. Detailed voting instructions appear on page 1 of the Proxy Statement. The Board of Directors unanimously recommends that you vote FOR Proposals I and II described in the Proxy Statement.

Sincerely,

Joseph A. Boshart
President and Chief Executive Officer

CROSS COUNTRY HEALTHCARE, INC.
6551 Park Of Commerce Boulevard, NW
Boca Raton, Florida 33487

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 10, 2006

To the Holders of Common Stock:

The Annual Meeting of Stockholders of Cross Country Healthcare, Inc. (the Company) will be held at the offices of Proskauer Rose LLP at 1585 Broadway, New York, New York 10036-8299 on Wednesday, May 10, 2006, at 9:00 a.m. Eastern Daylight Time for the following purposes:

1.

To elect six directors;

2.

To approve and ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2006; and

3.

To transact such other business, if any, as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on March 15, 2006 are entitled to receive notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

Stephen W. Rubin
Secretary

CROSS COUNTRY HEALTHCARE, INC.
6551 Park Of Commerce Boulevard, NW
Boca Raton, Florida 33487

PROXY STATEMENT

GENERAL INFORMATION

These proxy materials are furnished in connection with the solicitation by the Board of Directors of Cross Country Healthcare, Inc. (Cross Country, the Company, our, we, or us), a Delaware corporation, of proxies to be voted at 2006 Annual Meeting of Stockholders (the Annual Meeting) or at any adjournment or postponement thereof.

You are invited to attend our Annual Meeting on Wednesday, May 10, 2006, beginning at 9:00 a.m. Eastern Daylight Time at the offices of Proskauer Rose LLP at 1585 Broadway, New York, New York 10036-8299. This Proxy Statement, form of proxy and voting instructions are being mailed to our stockholders on or about April 11, 2006.

Stockholders Entitled to Vote. Persons holding shares of Cross Country s common stock, par value $.0001 per share (the Common Stock), at the close of business on March 15, 2006, the record date for the Annual Meeting, are entitled to receive notice of and to vote their shares at the Annual Meeting. As of that date, there were 32,120,440 shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

Proxies. Your vote is important. Stockholders of record may vote their proxies by marking the appropriate boxes on the enclosed proxy card and by signing, dating and returning the card in the enclosed envelope. You may revoke your proxy and reclaim your right to vote up to and including the day of the Annual Meeting by giving written notice of revocation to the Company (to the attention of the Inspectors of Election), timely delivering a valid, later-dated proxy or voting by ballot at the Annual Meeting.

Vote at the Annual Meeting. Your mail-in vote will not limit your right to vote at the Annual Meeting if you later decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting in accordance with your instructions. If you sign and return your proxy card but do not give voting instructions, the shares represented by the proxy will be voted by the Proxy Committee as recommended by the Board of Directors.

The Proxy Committee consists of Joseph A. Boshart and Thomas C. Dircks. Proxy cards, unless otherwise indicated by the stockholder, confer upon the Proxy Committee discretionary authority to vote all shares of stock represented by the proxies on any matter which may be properly presented for action at the Annual Meeting even if not covered herein. If any of the nominees for director named in Proposal I Election of Directors should be unavailable for election, the proxies will be voted for the election of such other person as may be recommended by the Board of Directors in place of such nominee. The Board of Directors is not aware of any matter for action by the stockholders at the Annual Meeting other than the matters described in the Notice.

Quorum. The presence, in person or by proxy, of the holders of a majority of the shares of Common Stock issued and outstanding entitled to vote at the Annual Meeting is required to constitute a quorum.

Required Vote. A plurality of the votes of holders of shares represented at the Annual Meeting, in person or by proxy and entitled to vote is required for the election of directors. The affirmative vote of holders of a majority of shares represented at the Annual Meeting, in person or by proxy and entitled to vote is required for the ratification of the Board s selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2006. Abstentions have the same effect as a vote against any proposal. Broker non-votes are deemed not entitled to vote and are not counted as votes for or against any proposal.

Proxy Solicitation. The Company will bear the cost of solicitation, including the preparation, assembly, printing and mailing of the proxy materials.

Stockholder Communications. The Board of Directors has adopted a process by which stockholders may communicate with our directors. Any stockholder wishing to do so, may call our toll-free phone number at 800-354-7197 or send an e-mail to governance@crosscountry.com. All such communications will be kept confidential and forwarded directly to the Board of Directors or any individual director or committee of the Board of Directors, as applicable.

Code of Ethics and Business Ethics Policy. Cross Country has adopted a code of ethics and a business ethics policy that applies to all of our employees, including executive officers and the Board of Directors. The code of ethics and business ethics policy are available at the Corporate Governance Section of our website at www.crosscountry.com and has been filed as an exhibit to our Form 10-K for the year ended December 31, 2005.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of March 15, 2006, regarding the beneficial ownership of our Common Stock by each person who is known by us to be the beneficial owner of more than 5% of our Common Stock, our Chief Executive Officer and the four most highly compensated persons (other than the CEO) who were serving as executive officers at December 31, 2005 (the Named Executive Officers), each of our directors, and all directors and executive officers as a group. The percentages in the last column are based on 32,120,440 shares of Common Stock outstanding on March 15, 2006. In each case, except as otherwise indicated in the footnotes to the table, the shares shown in the second column are owned directly by the individual or members of the group named in the first column and such individual or group members have sole voting and dispositive power with respect to the shares shown. For purposes of this table, beneficial ownership is determined in accordance with federal securities laws and regulations. Persons shown in the table disclaim beneficial ownership of all securities not held by such persons directly and inclusion in the table of shares not owned directly by such persons does not constitute an admission that such shares are beneficially owned by the director or officer for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act) or any other purpose.

Name	Number of Shares of Common Stock Beneficially Owned	Percentage of Outstanding Common Stock Owned
Charterhouse Equity Partners III, L.P.	6,458,934 (a)(b)	20.1 %
Eastbourne Capital Management, L.L.C. and affiliates	3,825,784 (a)(c)	11.9 %
Third Avenue Management L.L.C.	3,164,373 (a)(d)	9.9 %
Dimensional Fund Advisors Inc.	2,221,520 (a)(e)	6.9 %
Artisan Partners Limited Partnership and affiliates	1,856,400 (a)(f)	5.8 %
Royce & Associates, L.L.C.	1,684,900 (a)(g)	5.3 %
Joseph A. Boshart	770,913 (h)(i)(j)	2.4 %
W. Larry Cash	27,500 (h)(i)	*
Thomas C. Dircks	(i)(k)	
C. Taylor Cole Jr.	(i)(k)	
Emil Hensel	524,537 (h)(i)(l)	1.6 %
M. Fazle Husain	(i)	
Joseph Swedish	24,500 (h)(i)	*
Joseph Trunfio	23,500 (h)(i)	*
Anthony Sims	96,718 (h)(i)	*
Jonathan W. Ward	214,163 (h)(i)	*
Carol D. Westfall	54,131 (h)(i)	*
All directors and executive officers as a group	1,964,894 (m)	5.8 %

* Less than 1%

(a)

Addresses are as follows: Charterhouse Equity Partners III, L.P., 1105 North Market Street, Suite 1300, Wilmington, Delaware 19899; Eastbourne Capital Management, L.L.C and affiliates, 1101 Fifth Avenue, Suite 160, San Rafael, California 94901; Third Avenue Management LLC, 622 Third Avenue, 32nd Floor, New York, New York 10017; Dimensional Fund Advisors Inc. and affiliates, 1299 Ocean Avenue, 11th Floor, Santa Monica, California 90401; Artisan Partners Limited Partnership, 875 East Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202; and Royce & Associates, LLC, 1414 Avenue of the Americas, New York, New York 10019.

(b)

The general partner of Charterhouse Equity Partners III, L.P. (CEP III) is CHUSA Equity Investors III, L.P., whose general partner is CEP III, Inc., a wholly owned subsidiary of Charterhouse Group, Inc. (Charterhouse).

(c)

The information regarding the beneficial ownership of shares by Eastbourne Capital Management, L.L.C. was obtained from its statement on Schedule 13G/A, filed with the Commission on February 9, 2006. Such statement discloses that Eastbourne Capital Management, L.L.C, and Richard Jon Barry possess shared dispositive and voting power over 3,825,784 shares. Black Bear Offshore Master Fund, L.P. possesses shared voting and dispositive power over 2,543,791 shares.

(footnotes continued on following page)

(footnotes continued from previous page)

(d)

The information regarding the beneficial ownership of shares by Third Avenue Management L.L.C. was obtained from its statement on Schedule 13G/A, filed with the Commission on February 14, 2006. Such statement discloses that Third Avenue Management L.L.C. possesses sole dispositive power over 3,164,373 shares and sole voting power over 3,072,098 shares.

(e)

The information regarding the beneficial ownership of shares by advisory clients of Dimensional Fund Advisors, Inc. was obtained from its statement on Schedule 13G, filed with the Commission on February 6, 2006. Such statement discloses that Dimensional Fund Advisors, Inc. possesses sole voting and dispositive power over 2,221,520 shares.

(f)

The information regarding the beneficial ownership of shares by Artisan Partners Limited Partnership was obtained from its statement on Schedule 13G, filed with the Commission on January 27, 2006. Such statement discloses that Artisan Partners Limited Partnership, Artisan Investment Corporation, Andrew A. Ziegler and Carlene Murphy Ziegler possess shared dispositive and voting power over 1,856,400 shares.

(g)

The information regarding the beneficial ownership of shares by Royce & Associates, L.L.C. was obtained from its statement on Schedule 13G/A, filed with the Commission on January 17, 2006. Such statement discloses that Royce & Associates, L.L.C. possesses sole voting and dispositive power over 1,684,900 shares.

(h)

Includes shares of common stock which the directors and Named Executive Officers have the right to acquire through the exercise of stock options within 60 days of March 15, 2006 as follows: Joseph A. Boshart, 518,694; W. Larry Cash, 25,500; Emil Hensel, 434,155; Joseph Swedish, 23,500; Joseph Trunfio, 23,500; Anthony Sims, 96,418; Jonathan W. Ward, 198,644; and Carol D. Westfall, 37,769. Includes shares of restricted stock (all of which be fully vested within 60 days of March 15, 2006) as follows: Joseph A. Boshart, 2,335; Emil Hensel, 1,751; and Jonathan W. Ward, 584.

(i)

Address is c/o Cross Country Healthcare, Inc., 6551 Park of Commerce Boulevard, N.W., Boca Raton, Florida 33487.

(j)

Mr. Boshart holds 145,036 shares directly, his wife holds 87,350 shares and each of his three children holds 6,611 shares.

(k)

Thomas C. Dircks is an executive officer and director of Charterhouse. C. Taylor Cole Jr. is an executive officer of Charterhouse.

(l)

Mr. Hensel holds 5,455 shares directly and his wife holds 84,927 shares. Mr. Hensel s three children hold 37,638 shares in the aggregate, but they are adults and as a result, he disclaims beneficial ownership of these shares.

(m)

Includes 4,670 shares of restricted common stock (all of which be fully vested within 60 days of March 15, 2006), and 1,567,302 shares of common stock which the directors and executive officers have the right to acquire through the exercise of stock options within 60 days of March 15, 2006.

PROPOSAL I
ELECTION OF DIRECTORS

The Board of Directors currently consists of eight members. Six of the directors currently serving on the Board of Directors have been nominated by the Nominating Committee of the Board of Directors for re-election to one year terms at the Annual Meeting. M. Fazle Husain and Joseph Swedish were not nominated for re-election because each has advised the Company that due to the time demands of their principal employment, they do not desire to stand for re-election. Each nominee elected will hold office until the Annual Meeting of Stockholders to be held in 2007 and until a successor has been duly elected and qualified, unless prior to such meeting a director shall resign, or his or her directorship shall become vacant due to his or her death or removal. The Company s Nominating Committee has commenced seeking replacements for Messrs. Husain and Swedish.

Shares represented by proxies that are returned properly signed will be voted FOR the nominees unless the stockholder indicates on the proxy that authority to vote the shares is withheld for one or more or for all of the nominees listed. A proxy cannot be voted for a greater number of persons than the nine nominees named below. Directors are elected by a plurality of the votes cast. Shares not voted, whether by withholding or broker non-vote, have no effect on the election of directors except to the extent the failure to vote for an individual results in another individual receiving a proportionately larger number of votes.

The following six individuals have been nominated for election at the Annual Meeting for a one year term ending 2007:

Name	**Age**	**Position**
Joseph A. Boshart	49	President, Chief Executive Officer and Director
Emil Hensel	55	Chief Financial Officer and Director
W. Larry Cash	57	Director
C. Taylor Cole Jr.	37	Director
Thomas C. Dircks	48	Director
Joseph Trunfio	59	Director

The Board recommends that holders vote FOR the election of the nominees.

The following information sets forth the principal occupation and employment during the past five years of each director nominee, positions and offices with us, and certain other information. No family relationship exists among any of the directors or executive officers.

Joseph A. Boshart has served as President and Chief Executive Officer since July 1999, and formerly served in such capacities at our predecessor since 1994. He has served as a director since July 1999. Mr. Boshart holds a B.S. degree in Economics from the University of Michigan.

Emil Hensel has served as Chief Financial Officer since July 1999 and formerly served in such capacity at our predecessor since 1991. He has served as a director since July 1999. Mr. Hensel holds a B.S. degree in electrical engineering from Columbia University, a Masters degree in Engineering from Johns Hopkins University and an MBA from New York University.

W. Larry Cash has been a director and Audit Committee member since October 2001. He has been the Executive Vice President and Chief Financial Officer of Community Health Systems since September 1997 and a Director of Community Health Systems since May 2001. Prior to joining Community Health Systems, Mr. Cash served as Vice President and Group Chief Financial Officer of Columbia/HCA Healthcare Corporation from September 1996 to August 1997. Prior to Columbia/HCA, Mr. Cash spent 23 years at Humana, Inc., most recently as Senior Vice President of Finance and Operations from 1993 to 1996. He received his B.S. in Accounting from the University of Kentucky at Lexington in 1970.

C. Taylor Cole Jr. has been a director since March 2004. Mr. Cole has been a Partner at Charterhouse, a private equity firm, since October 2002. Mr. Cole served as Senior Vice President of Charterhouse from June 2001 to October 2002 and served as Vice President from January 2000 to June 2001 and has been employed at Charterhouse since July 1998. He received a B.A. in History in 1991 and an M.B.A. in 1998 from the University of Virginia.

Thomas C. Dircks has been a director since July 1999, a member of the Compensation Committee since October 2001 and a member of the Nominating Committee since March 2004. Mr. Dircks has been Managing Partner of Charterhouse since June 2002. Mr. Dircks served as President of Charterhouse from June 2001 until June 2002 and served as Executive Vice President of Charterhouse from July 2000 until June 2001 and has been employed as an executive officer of Charterhouse since 1983. He was previously employed as a Certified Public Accountant at a predecessor of PricewaterhouseCoopers, LLP. He holds a B.S. in Accounting and an M.B.A. from Fordham University.

Joseph Trunfio has been a director and Audit Committee member since October 2001 and has served as President and Chief Executive Officer of Atlantic Health System, a not-for-profit hospital group, since March 1999, where he is a member of the Board of Trustees. From July 1997 to February 1999, Mr. Trunfio served as President and Chief Executive Officer of Via Caritas Health System, a not-for-profit hospital group. Prior to his position with Via Caritas Health System, he served as President and Chief Executive Officer of SSM Healthcare Ministry Corp., a not-for-profit hospital group. Mr. Trunfio received his B.A. from St. John s University (N.Y.) and holds a Ph.D. in Clinical Psychology from the University of Miami.

Pursuant to our Amended and Restated Stockholders Agreement dated August 23, 2001, CEP III has the right to designate two directors for nomination to our board of directors. This number decreases (i) to one director if CEP III reduces its ownership by more than 50% of its holdings prior to our initial public offering and (ii) to zero upon a reduction of ownership by more than 90% of its holdings prior to our initial public offering. CEP III has designated Messrs. Dircks and Cole for nomination.

Affirmative Determinations Regarding Director Independence and Other Matters

The Board of Directors has determined each of the following directors to be an independent director under the National Association of Securities Dealers (NASD) Marketplace Rule 4200(a) (15):

W. Larry Cash
C. Taylor Cole Jr.
Thomas C. Dircks
M. Fazle Husain
Joseph Swedish
Joseph Trunfio

The Board of Directors has also determined that each member of the Audit, Compensation and Nominating Committees meets the applicable independence requirements set forth by the NASD, the Securities and Exchange Commission (the Commission) and the Internal Revenue Service. The Board of Directors has further determined that W. Larry Cash, a member and Chairman of the Audit Committee, is an audit committee financial expert as defined in Item 401(h) of Regulation S-K promulgated by the Commission.

Director Compensation and Other Arrangements

We do not pay cash compensation to our employee directors or directors affiliated with our principal stockholders. Messrs. Cash, Swedish and Trunfio each received cash compensation in the amount of $3,500 per in-person board meeting attended and $1,500 per telephonic board meeting or committee meeting attended in 2005. Mr. Cash received additional cash compensation of $5,000 during 2005 for serving as Audit Committee Chair. All directors are also reimbursed for the expenses they incur in attending meetings of the Board or Board committees. In accordance with the Company s Amended and Restated 1999 Stock Option Plan, Messrs. Cash and Trunfio are each eligible to receive a grant of stock options of our common stock as of the first day of the month following our Annual Meeting. On December 31, 2005, the unvested portion of all options previously granted to Messrs. Cash, Swedish and Trunfio were vested when the Company s Compensation Committee approved the acceleration of the vesting of all unvested options issued prior to December 31, 2005.

Board Committees and Meetings

Meetings of the Board of Directors. During the year ended December 31, 2005, there were four meetings of the Board of Directors. Each director who served in such capacity during the year ended December 31, 2005 attended not less than 75% of the aggregate number of meetings of the Board of Directors and of the committee or committees thereof on which he or she served. All of the directors nominated for election to the Board were members of the Board for the entire

2005 year. Eric T. Fry resigned from the Board in May 2005 and was not replaced. Mr. Fry did not resign due to any disagreements with the Company. M. Fazle Husain and Joseph Swedish were not nominated for re-election because each has advised the Company that due to the time demands of their principal employment, they do not desire to stand for re-election. It is the policy of the Board of Directors to have the independent directors meet in an executive session at each meeting of the Board. It is also our policy that all directors should attend the Annual Meeting of Stockholders. All of the directors attended the 2005 Annual Meeting.

Committees of the Board of Directors. The three standing committees of the Board are the Audit, Compensation and Nominating Committees. Members of each committee, who are elected by the full Board, are named below.

Audit Committee

The Audit Committee consists of Messrs. Cash, Swedish and Trunfio, each of whom joined the Audit Committee upon their appointment to the Board in October 2001. Mr. Cash is the Chairman of the Audit Committee. It is anticipated that the Board will appoint Mr. Cole to replace Mr. Swedish on the Audit Committee following the Annual Meeting of Stockholders. Messrs. Cash, Swedish, Trunfio and Cole are independent directors under Marketplace Rule 4200(a) (15) of the NASD. The Audit Committee has adopted a written charter, which is available on our website at www.crosscountry.com and is annexed as Appendix A to this Proxy Statement. The Audit Committee is the principal agent of the Board of Directors in overseeing (i) the quality and integrity of the Company s financial statements, (ii) legal and regulatory compliance, (iii) the independence, qualifications, and performance of the Company s independent registered public accounting firm, (iv) the performance of the Company s internal auditors, and (v) the integrity of management and the quality and adequacy of disclosures to stockholders. The Committee also:

- is solely responsible for hiring and terminating our independent registered public accounting firm and pre-approving all auditing, as well as any audit-related, tax advisory and any other non-auditing services, to be performed by the independent registered public accounting firm;

- reviews and discusses with Cross Country s independent registered public accounting firm their quality control procedures and our critical accounting policies and practices;

- regularly reviews the scope and results of audits performed by our independent registered public accounting firm and internal auditors;

- meets with management to review the adequacy of our internal control framework and its financial, accounting, and reporting and disclosure control processes;

- reviews our periodic filings and quarterly earnings releases;

- reviews and discusses with our chief executive and financial officers the procedures they followed to complete their certifications in connection with Cross Country s periodic filings with the Commission; and

- discusses management s plans with respect to our major financial risk exposures.

During the year ended December 31, 2005, there were 11 meetings of the Audit Committee. The Audit Committee also has met in executive session and has independent calls with our external auditors.

Compensation Committee

The Compensation Committee oversees the compensation of our executives, our executive management structure, the compensation related policies and programs involving the Company s executive management and the level of benefits of officers and key employees. The members of the Compensation Committee were Thomas C. Dircks and Eric T. Fry through May 2005, who were both independent directors under Marketplace Rule 4200(a) (15) of the NASD. In May 2005, W. Larry Cash replaced Mr. Fry on the Compensation Committee. Mr. Cash is an independent director under Marketplace Rule 4200(a) (15) of the NASD. Mr. Dircks is the Chairman of the Compensation Committee. During the year ended December 31, 2005, there were three meetings of the Compensation Committee.

Nominating Committee

The Company established a Nominating Committee in March 2004. The Nominating Committee has a written charter, which is available on our website at www.crosscountry.com. The members of the Nominating Committee were Thomas C. Dircks and Eric T. Fry until May 2005, each of whom was independent under Marketplace Rule 4200(a) (15) of the NASD. Thomas C. Dircks is the Chairman of the Nominating Committee. In May 2005, Mr. Trunfio replaced Mr. Fry on the Nominating Committee. Mr. Trunfio is an independent director under Marketplace Rule 4200(a) (15) of the NASD. The duties of the Nominating Committee are summarized as follows:

- identifying individuals qualified to become Board members;
- evaluating and recommending for the Board s selection nominees to fill positions on the Board; and
- overseeing the evaluation of the Board and management.

The Board s current policy with regard to the consideration of director candidates recommended by stockholders is that the Nominating Committee will review and consider any director candidates who have been recommended by stockholders in compliance with the procedures established from time to time by the Board (the current procedures are described below), and conduct inquiries as it deems appropriate. The Nominating Committee will consider for nomination any such proposed director candidate who is deemed qualified by the Nominating Committee in light of the minimum qualifications and other criteria for Board membership approved by the Board from time to time.

In considering director nominees, the Nominating Committee will consider the following:

- the needs of the Company with respect to particular areas of specialized knowledge;
- the relevant business experience of the nominee including any experience in healthcare, business, finance, accounting, administration or public service;
- the personal and professional integrity of the nominee;
- the nominee s ability to commit the resources necessary to be an effective director of a public company, including the nominee s ability to attend meetings; and

- the overall balance and diversity of the Board.

Other than the foregoing, there are no stated minimum criteria for nominees, although the Nominating Committee may also consider other facts as it may deem are in the best interests of the Company and its stockholders.

All stockholder recommendations for director candidates must be submitted to the Company s legal department at 6551 Park of Commerce Blvd. N.W., Boca Raton, Florida, 33487, who will forward all recommendations to the Nominating Committee. All stockholder recommendations for director candidates must be submitted to the Company not less than 120 calendar days prior to the date on which the Company s proxy statement was released to stockholders in connection with the previous year s annual meeting.

All stockholder recommendations for director candidates must include the following information:

- The name and address of record of the stockholder;

- A representation that the stockholder is a record holder of the Company s securities, or if the stockholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, as amended (the Exchange Act);

- The name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five (5) full fiscal years of the proposed director candidate;

- A description of the qualifications and background of the proposed director candidate that addresses the minimum qualifications and other criteria for Board membership approved by the Board from time to time;

- A description of all arrangements or understandings between any stockholder and the proposed director candidate;
- The consent of the proposed director candidate (i) to be named in the proxy statement relating to the Corporation s annual meeting of stockholders, and (ii) to serve as a director if elected at such annual meeting; and
- Any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to the rules of the Commission.

Except where the Company is legally required by contract or otherwise to provide third parties with the ability to nominate directors, the Nominating Committee is responsible for identifying and evaluating individuals qualified to become Board members, including nominees recommended by stockholders, and recommending to the Board the persons to be nominated by the Board for election as directors at the annual meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board. Director nominees are selected by the Nominating Committee in accordance with the policies and principles in its charter and the criteria set forth above. There are no differences in the manner in which the Nominating Committee evaluates director nominees recommended by stockholders. The Nominating Committee has the authority to retain a search firm to identify or evaluate or assist in identifying and evaluating potential nominees. To date, the Company has not paid any fees to any such search firms.

During the year 2005, there was one Nominating Committee meeting.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee oversees the Company s financial reporting process on behalf of the Board of Directors, including the Company s internal controls, the quality of its financial reporting, and the independence and performance of the Company s independent registered public accounting firm. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is attached as Appendix A to this Proxy Statement.

Management has the primary responsibility for the Company s financial statements and the overall reporting process, including the Company s system of internal controls. The Company s independent registered public accounting firm audits the annual financial statements prepared by management, expresses an opinion as to whether those financial statements fairly present the consolidated financial position, results of operations and cash flows of the Company and its subsidiaries in conformity with U.S. generally accepted accounting principles, and discusses with us any issues they believe should be raised with us.

The Audit Committee reviewed the Company s unaudited financial statements for each calendar quarter of 2005 as well as the Company s audited financial statements for the 2005 fiscal year and reviewed and discussed the financial statements with management and Ernst & Young LLP (E&Y), the Company s independent registered public accounting firm. Management has represented to us that the financial statements were prepared in accordance with U.S. generally accepted accounting principles.

We have received from E&Y the written disclosures and the letter required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with E&Y their independence from the Company and its management. The Audit Committee also discussed with E&Y any matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees.

Based on these reviews and discussions, 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, 2005.

THE AUDIT COMMITTEE

W. Larry Cash
Joseph Swedish
Joseph Trunfio

**REPORT OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS**

The members of the Compensation Committee were Eric T. Fry and Thomas C. Dircks through May 2005. In May 2005, Mr. Cash replaced Mr. Fry on the Compensation Committee. The Company s executive compensation program is focused on shareholder value, the overall performance of the Company, success of the Company as impacted by an executive s performance and the performance of an individual executive. Each action of the Compensation Committee during the year ended December 31, 2005 was taken at a meeting of such Committee or was adopted pursuant to an action by written consent in lieu of a meeting, pursuant to the General Corporation Law of the State of Delaware.

The Compensation Committee s objective is to provide competitive levels of compensation to the Company s executive officers that are integrated with the Company s long-term performance goals, reward above-average corporate performance, recognize individual initiative and achievements and assist the Company in attracting and retaining qualified executives. The compensation policies and programs utilized by the Compensation Committee have been reviewed with independent compensation consultants and endorsed by the Board of Directors and generally consist of the following:

- provide executive officer total compensation in relation to Company performance;
- provide a compensation program competitive with that received by executives of comparable companies in the healthcare staffing industry in order to attract, motivate, and retain qualified personnel;
- provide a management tool for focusing and directing the energies of key executives toward achieving individual and corporate objectives; and
- provide long-term incentive compensation in the form of restricted stock and stock option awards to link individual success to that of the Company.

The Company s executive compensation consists of three key components: base salary, annual incentive compensation in the form of cash bonuses, stock options and restricted stock grants, each of which is intended to complement the others and, collectively, satisfy the Company s compensation objectives. The Compensation Committee s policies with respect to each of the three components are discussed below.

Base Salary. Each fiscal year the Compensation Committee, along with the Chief Executive Officer, reviews and approves the annual salaries for the Company s executive officers (other than the CEO). Many factors are included in determining base salaries, such as the responsibilities borne by the executive officer, the scope of the position, length of service with the Company and corporate and individual performance.

Cash Bonuses. The Compensation Committee provides annual incentives to the Company s executive officers in the form of cash bonuses. In 2005, these bonuses were given to each of the Company s executive officers pursuant to our bonus plan. Under our bonus plan, 70% of the bonus is tied to the achievement of annual operating profit targets, and the remaining 30% is tied to the achievement of strategic and operating objectives established annually by our Board of Directors.

Stock Options and Restricted Stock. The primary objective of the stock option and restricted stock program is to link the interests of the Company s executive officers and other selected employees to the stockholders through significant grants of stock options or restricted stock made at the discretion of the Compensation Committee. The Company s stock option plans authorize the issuance of both incentive and non-qualified stock options to officers and employees of the Company, including key employees. Subject to general limits prescribed by the plans, the Compensation Committee has the authority to determine the individuals to who stock options are awarded and the terms of the options and the number of shares subject to each option. The size of any particular stock option award is based upon the employee s position with the Company and the individual performance during the related evaluation period. In February 2005, the Compensation Committee granted options to the following executive officers of the Company: Joseph A. Boshart, Emil Hensel, Gregory Greene, Anthony Sims, Carol D. Westfall, Victor Kalafa, Jonathan W. Ward, Daniel J. Lewis, Dr. Franklin A. Shaffer and Susan E. Ball.

Chief Executive Officer s Compensation. As discussed under Employment Agreements, the Company is a party to an employment agreement with Mr. Boshart. The salary and bonus given to Mr. Boshart in 2005 were based on the Compensation Committee s review of the compensation paid to the chief executive officers of comparable companies, assessment of the Company s revenue and earnings growth, the success of the Company s acquisition program as well as the Compensation Committee s continued recognition of Mr. Boshart s leadership of the Company. In February 2005, the Compensation Committee granted options to Mr. Boshart.

THE COMPENSATION COMMITTEE
W. Larry Cash
Thomas C. Dircks

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Board of Directors has established a Compensation Committee. During the year ended December 31, 2005:

- none of the members of the Compensation Committee was an officer (or former officer) or employee of the Company or any of its subsidiaries;

- none of the members of the Compensation Committee entered into (or agreed to enter into) any transaction or series of transactions with the Company or any of its subsidiaries in which the amount involved exceeded $60,000, except that W. Larry Cash, is the Executive Vice President and Chief Financial Officer of Community Health Systems and during our fiscal year ended December 31, 2005, we provided healthcare staffing services to Community Health Systems resulting in revenues to us of $1,852,936;

- none of the Company s executive officers served on the Compensation Committee (or another Board committee with similar functions or, if there was no such committee, the entire Board of Directors) of another entity where one of that entity s executive officers served on the Company s Compensation Committee;

- none of the Company s executive officers was a director of another entity where one of that entity s executive officers served on the Company s Compensation Committee; and

- none of the Company s executive officers served on the Compensation Committee (or another Board committee with similar functions or, if there was no such committee, the entire Board of Directors) of another entity where one of that entity s executive officers served as a director on the Company s Board.

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers other than Messrs. Boshart and Hensel whose information is provided as part of Proposal I:

Name	**Age**	**Position**
Gregory Greene	46	President, Cross Country Education
Anthony Sims	46	President, ClinForce

Carol D. Westfall	56	President, Cejka Search
Victor Kalafa	52	Vice President, Corporate Development and Strategy
Jonathan W. Ward	40	President, Cross Country Staffing
Daniel J. Lewis	49	Principal Accounting Officer
Dr. Franklin A. Shaffer, RN, FAAN	63	Chief Nursing Officer
Susan E. Ball, RN	42	General Counsel

Gregory Greene became President of Cross Country Education in February 2005. Prior to that, Mr. Greene served at Cross Country Education as a Chief Operating Officer since January 2004 and Controller since August 2002. Before joining Cross Country Education, Mr. Greene was the Controller of ING Financial Services. Mr. Greene holds a B.S. degree in Business Administration and a Masters of Business Administration from Belmont University, Nashville, Tennessee.

Anthony Sims has served as President of ClinForce since January 2001, as Executive Vice President of Operations for ClinForce from March 1998 to December 2000 and as Managing Director of ClinForce from August 1997 to March 1998. Before joining ClinForce, Mr. Sims served in various roles, including National Account Executive and Business Development Manager, with the healthcare staffing and support groups at On Assignment from 1991 to August 1996 and as Branch Manager at Kelly Scientific Resources from August 1996 to August 1997. Mr. Sims holds a B.S. in Chemistry from Piedmont College.

Carol D. Westfall has served as President of Cejka Search since October 2000. Ms. Westfall served as Senior Vice President of Cejka & Company s Physician Search and Outsourced Executive Search Divisions from August 1999 to October 2000 and Vice President of the Outsourced Executive and Physician Search Division from 1994 to July 1999. Ms. Westfall holds a B.S. degree in Education from Michigan State University and has completed graduate work in Secondary Administration with Purdue University.

Victor Kalafa has served as Vice President of Corporate Development and Strategy since November 2002 and Vice President of Corporate Development since April 2001 and an executive officer since February 2002. From March 1999 to April 2001, Mr. Kalafa was President of KSR Group, Inc., a management consulting company. Mr. Kalafa served as Chief Operating Officer for Scott Medical Group, Inc., a healthcare management company, from January 1998 to March 1999. He was Vice President of Business Development for W.R. Grace & Co. from 1991 to 1998. Mr. Kalafa holds a B.A. degree in History from Lafayette College and an M.B.A. from Columbia University.

Jonathan W. Ward has served as President, Cross Country Staffing since January 2006, and formerly as Executive Vice President, Cross Country Staffing from August 2002 to December 2005, and Chief Marketing and Strategy Officer from 1999 to August 2002. Mr. Ward has been an executive officer since February 2002. He served as Vice President of Marketing at our predecessor since 1995 and Director of Marketing and Business Development since 1993. Mr. Ward holds a B.A. in Political Science from Drew University and an M.B.A. from Rutgers University, Graduate School of Management.

Daniel J. Lewis has served as Principal Accounting Officer and an executive officer since August 2002. Prior to that Mr. Lewis was Corporate Controller of the Company. Mr. Lewis also served as Controller of our predecessor since 1989. Mr. Lewis is a C.P.A. and holds a B.B.A. in Accounting from the University of Texas at Austin.

Dr. Franklin A. Shaffer, RN, FAAN has served as Chief Nursing Officer since November 2004 and as President of the Education and Training Division from March 2001 to December 2004. He also served as Vice President in our Education Division since February 1996. Dr. Shaffer has also served as adjunct faculty in graduate nursing programs at Teachers College, Columbia University, Adelphi University and Hunter College. Dr. Shaffer holds a Doctorate of Education in Nursing Administration and a Masters of Education and a Masters of Arts from Teachers College, Columbia University. In 2002, Dr. Shaffer was inducted into the American Academy of Nursing.

Susan E. Ball, RN has served as General Counsel since May 2004. Prior to that, Ms. Ball served as Corporate Counsel for the Company from March 2002 to May 2004. Before joining the Company, Ms. Ball practiced law at Gunster, Yoakley & Stewart, P.A., a South Florida law firm, from November 1998 to March 2002 and at Skadden, Arps, Slate, Meagher and Flom in New York from 1996 to November 1998. Prior to practicing law, Ms. Ball was a registered nurse. Ms. Ball received her Bachelor of Science in Nursing from The Ohio State University in 1986 and her Juris Doctor degree from New York Law School in 1994.

EXECUTIVE COMPENSATION

The following table sets forth certain summary information with respect to compensation we paid in 2003, 2004 and 2005 to our Chief Executive Officer and our four other most highly compensated executive officers as of December 31, 2005 whose salary and bonus earned in 2005 exceeded $100,000:

Summary Compensation Table

		Annual Compensation			Long Term Compensation: Awards		Payout	
Name and Principal Positions	**Fiscal Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compen-sation ($)(a)(b)**	**Restricted Stock Awards ($)**	**Securities Under-lying Options (c)**	**LTIP Payouts ($)**	**All Other Compen-sation ($)(d)**
Joseph A. Boshart	2005	368,000	228,896			25,000		5,250
President and Chief Executive	2004	369,208						6,150
Officer	2003	350,000				17,000		5,480
Emil Hensel	2005	276,000	171,672			23,000		5,250
Chief Financial	2004	276,905	50,000					6,150
Officer	2003	262,500	40,000			15,000		5,480
Carol D. Westfall	2005	230,000	211,000			10,000		5,250
President	2004	230,000	156,000					6,150
Cejka Search	2003	230,000	78,000			6,000		5,480
Jonathan W. Ward	2005	223,517	117,842			20,000		5,250
President	2004	221,269	30,000	20,673				6,150
Cross Country Staffing	2003	175,000	27,500			12,000		5,480
Anthony Sims	2005	182,942	143,100			15,000		5,250
President	2004	166,251	199,800					6,150

ClinForce	2003	160,050	32,010		6,000	5,480

(a)

Does not include amounts less than $10,000.

(b)

Amount paid to Mr. Ward pursuant to the Company s Maternity/Paternity Employee Plan.

(c)

On December 31, 2005, the Company s Compensation Committee approved the acceleration of the vesting of all unvested options issued prior to December 31, 2005.

(d)

Amounts consist of employer matching contributions to our 401(k) plan.

Stock Options

The following tables set forth information concerning grants of stock options to, and exercises of stock options by the executive officers named in the Summary Compensation Table during the year ended December 31, 2005, and the number and value of unexercised options held by each of them at December 31, 2005.

Option Grants in Last Fiscal Year

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	**Number of Securities Underlying Options Granted (a)**	**% of Total Options Granted to Employees In Fiscal Year**	**Exercise Price ($) (b)**	**Expiration Date**	**5% ($)**	**10% ($)**
Joseph A. Boshart	25,000	7.8%	$15.60	2/16/2015	$245,269	$621,560
Emil Hensel	23,000	7.2%	15.60	2/16/2015	225,647	571,835
Carol D. Westfall	10,000	3.1%	15.60	2/16/2015	98,108	248,624
Jonathan W. Ward	20,000	6.3%	15.60	2/16/2015	196,215	497,278
Anthony Sims	15,000	4.7%	15.60	2/16/2015	147,161	372,936

Because the Chief Executive Officer is the Trustee most familiar with the Company's business and industry and is the most capable of effectively identifying strategic priorities and leading the discussion regarding the execution of the Company's strategy, discussion at Board meetings is usually led by the Chief Executive Officer. Independent Trustees and management have different perspectives and roles in strategy development. The Company's independent Trustees bring experience, oversight and expertise from outside the Company, while the Chief Executive Officer brings company-specific experience and expertise. The Board believes that its leadership structure is appropriate because it combines an appropriate balance between independent leadership through the use of a Lead Trustee and strategy development, which results from the Chief Executive Officer leading the discussions on most Board topics.

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 "Investors - 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
Douglas Crocker II		X	X	X(1)
Lorrence T. Kellar	X(1)	X		
Wendy Luscombe	X		X(1)	
William T. Spitz	X	X(1)		X

Notes:

(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 any of its subsidiaries.

The Audit Committee held five telephonic meetings during the last fiscal year.

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," as that term is defined by the SEC.

The following Trustees are members of the Audit Committee: Mr. Kellar (Chair), Ms. Luscombe and Mr. Spitz. Mr. Kellar and Ms. Luscombe have served as members of the Audit Committee since the 2004 annual meeting and Mr. Spitz was appointed a member in February 2010. The Board has determined that each of these members meets the independence requirements for members of audit committees prescribed by the listing standards of the New York Stock Exchange. Mr. Kellar serves on the audit committees of one other public company. Ms. Luscombe serves on the audit committees of a complex of closed end mutual funds, the meetings for which are held concurrently. The Board has determined that the participation by Mr. Kellar and Ms. Luscombe on these other audit committees does not impair their ability to serve effectively on the Company's Audit Committee. The Board has determined that Mr. Kellar and Ms. Luscombe are each an "audit committee financial expert," as that term is defined by the SEC. See the biographical information in "PROPOSAL 1 - ELECTION OF TRUSTEES" for their relevant experience.

Compensation Committee

The Compensation Committee is responsible for administering the Amended and Restated 2006 Share Incentive Plan (the "2006 Plan") and recommending to the full Board the compensation of the executive officers of the Company, including the Chief Executive Officer. In addition, the Compensation Committee evaluates the Chief Executive Officer's performance, coordinates and reviews the Company's succession plans related to the Chief Executive Officer and other executive officers and reports the status of such plans to the Board annually.

The Compensation Committee held four in-person meetings and had a number of telephonic discussions during the last fiscal year.

The Compensation Committee Charter requires that the Compensation Committee be comprised of at least two members, with all committee members being "independent" as defined by the listing standards of the New York Stock Exchange.

The members of the Compensation Committee during the last fiscal year were Messrs. Spitz (Chair), Kellar and Crocker. Mr. Spitz and Mr. Crocker have served as members since 2007 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."

For information relating to the compensation consultant hired by the Compensation Committee, please refer to the discussions under the headings "Specific Elements of Acadia Realty Trust's Executive Compensation Program - A. Base Salaries," "V. Benchmarking" and "VIII. Specific 2013 Decisions and 2014 Changes" in "Compensation Discussion and Analysis" below.

Compensation Committee Interlocks and Insider Participation

During 2014, none of the Compensation Committee members (i) were officers or employees of the Company or any of its subsidiaries during the fiscal year ended December 31, 2014; (ii) are former officers of the Company or any of the Company's subsidiaries or (iii) had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. In addition, during the last completed fiscal year, none of the Named Executive Officers of the Company served as:

- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Trustees) of the Company;
- a director of another entity, one of whose executive officers served on the Compensation Committee of the Company; or
- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a Trustee of the Company.

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 nominees for Trustees and Board committees to the Board.

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.

The Nominating and Corporate Governance Committee held four telephonic meetings during the last fiscal year.

Members of the Nominating and Corporate Governance Committee during the last fiscal year were Ms. Luscombe (Chair), who has served since the 2005 annual meeting and Mr. Crocker, who has served since August 2005. The Board of Trustees has determined that both of these members are independent within the meaning of the listing standards of the New York Stock Exchange.

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 Company's Corporate Secretary at Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605, 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 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 Common Shares of the Company that they beneficially own. The Nominating and Corporate Governance Committee may identify other candidates, if necessary, through recommendations from directors, management, employees or outside consultants. The Nominating and Corporate Governance Committee will review candidates in the same manner regardless of the source of the recommendation. The Committee received no shareholder recommendations for candidates for the Board of Trustees for this Annual Meeting. Under the Company's Bylaws, if a shareholder wishes to put forward a nominee for Trustee, it must deliver notice of such nominee to the Company's Corporate Secretary not less than 120 days and no more than 150 days prior to the first anniversary date of the proxy statement for the preceding year's annual meeting, provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the anniversary date of the preceding year's annual meeting, notice by the shareholder must be so delivered not earlier than the 150th day prior to such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th 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. See "Submission of Shareholder Proposals" below.

Trustee Qualifications and Review of Trustee Nominees

The Nominating and Corporate Governance Committee makes recommendations to the Board of Trustees regarding the size and composition of the Board. The Nominating and Corporate Governance Committee annually reviews the composition of the Board as a whole and recommends, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity of backgrounds, experience and competencies required for the Board as a whole and contains at least the minimum number of independent Trustees required by applicable laws and regulations. The Nominating and Corporate Governance Committee is responsible for ensuring that the composition of the Board accurately reflects the needs of the Company to execute its strategic plan and achieve its objectives. In the event the Nominating and Corporate Governance Committee determines that additional expertise is needed on the Board, or if there is a vacancy, the Nominating and Corporate Governance Committee expects to use its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm.

The Company's strategic plan can be summarized in the following broad categories:

- Maintain a strong balance sheet;
- Maintain a strong core portfolio;
- Enhance the Company's external growth platform; and
- Utilize its experienced management team.

In evaluating a Trustee candidate, the Nominating and Corporate Governance Committee considers factors that are in the best interests of the Company and its shareholders, including the knowledge, experience, integrity and judgment of the candidate; the potential contribution of the candidate to the diversity of backgrounds, experience and competencies required by the Board; the candidate's ability to devote sufficient time and effort to his or her duties as a Trustee; independence and willingness to consider all strategic proposals and oversee the agreed-upon strategic direction of the Company; and any other criteria established by the Board, as well as other core competencies or technical expertise necessary to fill all of the committees of the Board.

Each nominee meets the foregoing criteria and also brings a strong and unique background and set of skills to the Board, giving the Board, as a whole, competence and experience in a wide variety of areas. The skills include:

- General real estate experience;
- Real estate investment experience;
- Asset management experience;
- REIT experience;
- Financial expertise;
- Real estate development experience;
- Public company board service;
- Information technology and social media skills;
- Corporate governance expertise;
- CEO experience;
- Experience in risk management; and
- Experience in mergers and acquisitions.

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, exercising such authority as is given to it from time to time by the Board of Trustees. The Investment 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 held numerous informal telephonic discussions to discuss potential transactions during the last fiscal year.

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) and Wielansky have served as the members of the Investment Committee since the 2004 Annual Meeting and Mr. Spitz has served since 2007. The Board of Trustees has determined that Messrs. Crocker, Wielansky and Spitz are "independent" within the meaning of the listing standards of the New York Stock Exchange.

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, NY 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 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 and Ethics, Whistle Blower Policy and standing committee charters may be found on the Company's web site at www.acadiarealty.com in the "Investors - 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, NY 10605.

Risk Oversight

The entire Board and each of its committees are involved in overseeing risk associated with the Company. The Board and the Audit Committee monitor the Company's financial and regulatory risk through regular reviews with management and internal and external auditors and other advisors. In its periodic meetings with the internal auditors and the independent registered public accounting firm, the Audit Committee discusses the scope and plan for the internal audit and the audit conducted by the independent registered accounting firm, and includes management in its review of accounting and financial controls and assessment of business risks. The Board and the Nominating and Corporate Governance Committee monitor the Company's corporate governance policies and procedures by regular review with management and outside advisors. The Board and the Compensation Committee monitor CEO succession and the Company's compensation policies and related risks by regular reviews with management and the Committee's outside advisors.

The Company is aware of the existence of threats to cyber security, and issues related to cyber security form an integral part of the Board’s and the Audit Committee’s risk analysis and discussions with management. While the Company attempts to mitigate these risks by employing a number of measures, including a dedicated information technology team, employee training and background checks, comprehensive monitoring of the Company’s networks and systems, and maintenance of backup systems and redundancy along with purchasing available insurance coverage, the Company’s systems, networks and services remain potentially vulnerable to advanced threats.
As part of its oversight of the Company's executive compensation program, the Compensation Committee considers the impact of the Company's executive compensation program, and the incentives created by the compensation awards that it administers, on the Company's risk profile. In addition, the Company reviews all of its compensation policies and procedures, including the

incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company. Based on these reviews, the Company has concluded that its compensation policies and procedures are not reasonably likely to have a material adverse effect on the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Company's authorized capital consists of 100,000,000 Common Shares. As of April 1, 2015, the Company had 68,732,581 Common Shares outstanding, which shares were held by 308 record holders. In addition, as of April 1, 2015, the Company had 3,912,928 units of limited partnership interest outstanding in Acadia Realty Limited Partnership ("OP Units"), a Delaware limited partnership, of which the Company serves as general partner (the "Operating Partnership").

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 5% 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 April 1, 2015, certain information concerning the holdings of each person known to the Company to be a beneficial owner of more than 5% of the Common Shares at April 1, 2015, all Common Shares beneficially owned by each Trustee, each nominee for Trustee, each Named Executive Officer named in the Summary Compensation Table appearing elsewhere herein and by all Trustees and 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 or her name, except as otherwise noted.

Beneficial Owners	Number of Common Shares Beneficially Owned	Percent of Class	
5% Beneficial Owners			
The Vanguard Group, Inc. (1)	9,680,608		14.08
FMR LLC (2)	7,896,826		11.49
BlackRock, Inc. (3)	7,186,152		10.46
T. Rowe Price Associates, Inc. (4)	6,938,070		10.09
Vanguard Specialized Funds (5)	5,036,585		7.33
Trustees and Executive Officers (6)			
Kenneth F. Bernstein	853,962	(7)	1.24
Joel Braun	113,058	(8)	*
Jonathan W. Grisham	93,574	(9)	*
Robert Masters	121,604	(10)	*
Christopher Conlon	19,520	(11)	*
Douglas Crocker II	28,766	(12)	*
Lorrence T. Kellar	31,926	(13)	*
Wendy Luscombe	28,272	(14)	*
William T. Spitz	30,918	(15)	*
Lee S. Wielansky	37,172	(16)	*
All Executive Officers and Trustees as a Group (12 persons)	1,409,295	(17)	2.05

Notes:

* Represents less than 1%.

(1) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to The Vanguard Group, Inc. ("The Vanguard Group") is based solely on a Schedule 13G/A (the "Vanguard 13G") filed with the SEC on February 10, 2015 by The Vanguard Group.

According to the Vanguard 13G, Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of The Vanguard Group, is the beneficial owner of 86,594 Common Shares outstanding of the Company as a result of its serving as investment manager of collective trust accounts. VFTC directs the voting of these shares.

According to the Vanguard 13G, Vanguard Investments Australia, LTD. ("VIA"), a wholly-owned subsidiary of The Vanguard Group, is the beneficial owner of 143,987 Common Shares outstanding of the Company as a result of its serving as investment manager of Australian investment offerings. VFTC directs the voting of these shares.

The principal business office address of The Vanguard Group is 100 Vanguard Blvd. Malvern, PA 19355. According to the Vanguard 13G, The Vanguard Group's ownership of the Company's Common Shares is as follows:

	Number of shares beneficially owned by each reporting person with:			
	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power
The Vanguard Group	176,276	52,955	9,535,709	144,899

(2) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to FMR LLC is based solely on a Schedule 13G/A (the "FMR LLC 13G") filed with the SEC on February 13, 2015 by FMR LLC.

According to the FMR LLC 13G, Fidelity Management & Research Company ("Fidelity"), a wholly-owned subsidiary of FMR LLC, is the beneficial owner of 7,986,826 Common Shares outstanding of the Company as a result of acting as investment adviser to various investment companies.

The principal business office address of FMR LLC is 245 Summer Street, Boston, MA 02210. According to the FMR LLC 13G, the reporting entities ownership of the Company's Common Shares is as follows:

	Number of shares beneficially owned by each reporting person with:			
	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power
FMR LLC	2,004,633	—	7,896,826	—

(3) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to Blackrock Inc. is based solely on a Schedule 13G/A (the "Blackrock 13G") filed with the SEC on January 9, 2015 by Blackrock Inc.

The principal business office address of Blackrock, Inc. is 55 East 52nd Street, New York, NY 10022. According to the Blackrock, Inc. 13G, the reporting entities ownership of the Company's Common Shares is as follows:

	Number of shares beneficially owned by each reporting person with:			
	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power

Blackrock, Inc.	7,029,451	—	7,186,152	—

(4) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to T. Rowe Price Associates, Inc. ("Price Associates") is based solely on a Schedule 13G/A filed with the SEC on February 13, 2015 by T. Rowe Price ("Price Associates 13G").

The principal business office address of Price Associates is 100 E. Pratt Street, Baltimore, MD 21202. According to the Price Associates 13G, Price Associates ownership of the Company's Common Shares is as follows:

	Number of shares beneficially owned by each reporting person with:			
	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power
T. Rowe Price Associates, Inc.	1,027,665	—	6,938,070	—

(5) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to Vanguard Specialized Funds - Vanguard REIT Index Fund ("Vanguard REIT Fund") is based solely on a Schedule 13G/A (the "Vanguard REIT Fund 13G") filed with the SEC on February 6, 2015 by Vanguard REIT Funds.

The principal business office address of Vanguard REIT Fund is 100 Vanguard Blvd. Malvern, PA 19355. According to the Vanguard REIT Fund 13G, Vanguard REIT Fund's ownership of the Company's Common Shares is as follows:

	Number of shares beneficially owned by each reporting person with:			
	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power
Vanguard Specialized Funds	5,036,585	—	—	—

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

(7) The Common Shares beneficially owned by Mr. Bernstein in his individual capacity consist of (i) 143,639 OP Units which are immediately exchangeable into a like number of Common Shares and 333,962 LTIP Units (as hereinafter defined), (ii) 340,327 Common Shares and (iii) 36,034 vested options issued pursuant to the Share Incentive Plans. The amount reflected does not include 548,235 Restricted LTIP Units (as hereinafter defined), none of which will vest in the next 60 days.

(8) Represents (i) 104,861 LTIP Units (ii) 2,109 Common Shares and (iii) 6,088 vested options issued pursuant to the Share Incentive Plans. The amount reflected does not include 107,850 Restricted LTIP Units, none of which will vest in the next 60 days.

(9) Represents (i) 19,176 Common Shares and (ii) 74,398 LTIP Units issued pursuant to the Share Incentive Plans. The amount reflected does not include 63,750 Restricted LTIP Units, none of which will vest in the next 60 days.

(10) Represents (i) 17,386 Common Shares and (ii) 104,218 LTIP Units issued pursuant to the Share Incentive Plans. The amount reflected does not include 64,853 Restricted LTIP Units, none of which will vest in the next 60 days.

(11) Represents 19,520 LTIP Units issued pursuant to the Share Incentive Plans. The amount reflected does not include 91,948 Restricted LTIP Units, none of which will vest in the next 60 days.

(12) Represents 3,000 vested options issued pursuant to the Share Incentive Plans and 25,766 Common Shares. The amount reflected does not include 4,696 Restricted Share Units and 1,518 LTIP Units (as hereinafter defined), 3,872 of which will vest in the next 60 days.

(13)

Represents 31,926 Common Shares. The amount reflected does not include 7,935 Restricted Share Units, 5,593 of which will vest in the next 60 days.

(14) Represents 28,272 Common Shares. The amount reflected does not include 4,696 Restricted Share Units, 2,354 of which will vest in the next 60 days. Of these 28,272 Common Shares, 16,222 have been deferred.

(15) Represents 30,918 Common Shares. The amount reflected does not include 7,733 Restricted Share Units, 5,391 of which will vest in the next 60 days.

(16) Represents 3,000 vested options issued pursuant to the Share Incentive Plans and 34,172 Common Shares. The amount reflected does not include 6,727 Restricted Share Units, 3,269 of which will vest in the next 60 days.

(17) See Notes (7) through (16).

COMPENSATION DISCUSSION AND ANALYSIS

Discussed and analyzed below are the Company's compensation programs for its executive officers who are included in the Summary Compensation Table on page 30 (collectively, the "Named Executive Officers" or "NEOs").

I. Executive Summary

The Company is a fully integrated REIT focused on the ownership, acquisition, re-development and management of high-quality retail and urban mixed-use properties located in dense urban and major metropolitan markets and other high barrier to entry markets. The Company currently operates dual platforms that include its core portfolio, which owns and operates assets in dynamic urban and street-retail corridors and a series of discretionary institutional funds that target opportunistic and value-add investments.

The primary goals of the Company's compensation program involve linking executive pay to Company performance, aligning the interests of management with those of the shareholders and retaining key employees. The Company uses total shareholder return, which represents the change in the Company's share price from January 1, 2014 to December 31, 2014 plus dividends declared for that same period, as an important metric in evaluating the Company's annual performance and benefit to its shareholders. In 2014, the Company provided a total shareholder return of 34.5%, maintained its strong financial condition and balance sheet, and completed acquisition and dispositions of properties that were consistent with the Company's high-barrier-to-entry/high density market investment strategy.

For the reasons explained further below, the Compensation Committee concluded that the 2014 performance-based compensation, together with 2014 base salary levels are well aligned with the Company performance for the year and that the linkage between pay and performance is strong.

At the 2014 annual meeting, the Company's shareholders approved, on an advisory basis, the Company's executive compensation plan with a vote of approximately 98.8%. The Compensation Committee reviewed the results of that advisory vote and determined that the Company's shareholders prefer that the Company continue with its current model of executive compensation, which has served, and will serve, as the framework for the compensation decisions made for 2014 and 2015.

Total Shareholder Return

The Company believes that value creation produced from an investment in real estate should also be assessed over a long-term horizon and its strategy has focused on long-term value creation. Accordingly, the graph below compares the cumulative total return on the Company's Common Shares over the past ten years to the cumulative return of comparable indices assuming a $100 investment on December 31, 2004 and all dividends being reinvested. A $100 investment in the Company would have increased to $303 on December 31, 2014 and would have outperformed an investment in each index over the same period as detailed below.

In addition, as shown in the chart below, the Company has consistently provided our stockholders with above market returns, outperforming the Russell 2000, SNL US REIT Retail Shopping Ctr index and MSCI US REIT index over the one-, three-, five- and ten-year periods ending December 31, 2014 as follows:

1-Year		3-Year		5-Year		10-Year	
AKR	34.5%	AKR	76.7%	AKR	127.9%	AKR	202.6%
MSCI REIT	30.4%	SNL Shp Ctr	74.8%	SNL Shp Ctr	120.4%	MSCI REIT	122.2%
SNL Shp Ctr	29.6%	Russell 2000	69.4%	MSCI REIT	119.7%	Russell 2000	111.3%
Russell 2000	4.9%	MSCI REIT	57.3%	Russell 2000	106.0%	SNL Shp Ctr	58.4%

Source: SNL Financial LC

II. 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 the Company's website at www.acadiarealty.com in the "Investors - Corporate Governance" section.

The Compensation Committee's executive compensation objectives are as follows:

1. Motivating the Company's Named Executive Officers to create maximum shareholder value.

2. Providing incentives to the Company's Named Executive Officers that reward dedication, hard work and success.

3. Providing a compensation program that ensures "pay for performance."

4. Aligning the interests of the Company's Named Executive Officers and shareholders as closely as possible.

5. Aligning the interests of the Company's Named Executive Officers and the Company's external fund investors as closely as possible.

6. Creating the right mix of long-term incentives to motivate and to retain the Company's Named Executive Officers.

7. Creating an incentive compensation program that can go beyond the Company's Named Executive Officers and be utilized throughout the organization.

The following sections describe the components of the Company's executive compensation program and the process for determining the compensation of the Named Executive Officers. The process includes input from the Chief Executive Officer ("CEO") (except with respect to his own compensation), the Compensation Committee and the Board of Trustees and an objective review of the Company's performance, the individual Named Executive Officer's performance and the performance of the business unit that reports to the individual Named Executive Officers. For a discussion of compensation for the members of the Board of Trustees, see "Board of Trustees Compensation."

III. 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's overall guiding principle of "pay for performance" consists of four main elements:

A. Base salaries that provide a minimal level of compensation;

B. Discretionary, performance-based incentive compensation;

C. Post-employment severance and change in control payments; and

D. Standard employee benefit plans.

A. Base Salary

The starting point for the Company's executive compensation program is an 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 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, individual circumstances, such as promotions, as well as the Company's performance and existing economic conditions.

The Compensation Committee's base salary recommendations for the Named Executive Officers are generally made on a discretionary basis from year to year, with the objective of providing a minimal base salary and placing an emphasis on incentive based compensation. Market data provided by FTI Consulting, Inc. ("FTI Consulting" or the "Compensation Committee Consultant") related to the base salaries of the Company's peer group discussed below (the "Peer Group") is also used by the Compensation Committee to determine base salary recommendations. The Compensation Committee does not believe narrow quantitative measures or formulas are sufficient for determining the Named Executive Officers' compensation.

The Compensation Committee, again in 2014, engaged FTI Consulting as its independent third party consultant to obtain executive compensation information for the Peer Group. The Peer Group compensation information provided by FTI Consulting, at the direction of the Compensation Committee, for each executive position included, among other things, base salary, annual cash incentive awards, long-term incentive awards and total compensation at the 25th, 50th, and 75th percentiles and the average. FTI Consulting serves only as an advisor to the Compensation Committee by providing data relevant to REIT peers and discussing compensation practices as directed by the Compensation Committee. FTI Consulting also reviews proposed recommendations made to the Compensation Committee by management and provides commentary regarding the reasonableness of such pay programs and pay level adjustments. FTI Consulting has not been retained to provide any other services to the Company.

In assessing the independence of FTI Consulting, the Compensation Committee considered the final rules (the "Final Rules") adopted by the SEC to implement Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which includes provisions pertaining to the engagement and independence of any compensation consultant retained by Compensation Committees. The Compensation Committee has determined FTI Consulting to be independent.

B. Performance Incentive Compensation

The Compensation Committee and the Board of Trustees continue to emphasize long-term performance in the form of Restricted Share Units, LTIP Units that are subject to time-based vesting and, in some instances, performance-based vesting ("Restricted LTIP Units") and the Long Term Investment Alignment Program (described below). While the Compensation Committee may also use cash to reward performance, it has done so only on a limited basis. Incentive awards reflect the Compensation Committee's recommendations to the full Board of Trustees as they are based on the Committee's discretionary assessment of corporate, business unit and individual performance of each Named Executive Officer (with the assistance of the CEO for Named Executive Officers other than himself). The Compensation Committee makes incentive compensation recommendations at its January meeting for subsequent approval by the Board of Trustees, with incentive awards being made in the first quarter of each year for the prior year's performance.

In keeping with the long-term and highly technical and cyclical nature of the Company's business, the Compensation Committee places significant emphasis on a long-term approach to executive compensation while balancing the short-term needs of its executives. Incentive awards are discretionary and based on corporate, business unit and individual performance. They are intended to: (i) develop and retain strong management through the inclusion of vesting provisions, (ii) emphasize share ownership, and (iii) create direct alignment with shareholder interests. They may also include certain performance criteria the Compensation Committee deems appropriate and relevant to the Company's business plan to ensure that management is motivated to focus on sustained Company performance. In recent years, the Company has used Restricted Share Units, principally through its Restricted Share Bonus Program (described below) and Restricted LTIP Units as its primary form of long-term incentive compensation. Because the Company's long-term incentive program is designed to motivate the Company's Named Executive Officers, the Company does not consider prior amounts granted in setting future compensation levels.

(1) Long Term Incentive Program Units

In 2007, the Compensation Committee recommended and the Board of Trustees approved a program to issue Restricted LTIP Units to the Named Executive Officers as part of a Restricted LTIP Unit program that granted a choice between Restricted LTIP Units and Restricted Share Units for 2007 and 2008. Restricted LTIP Units are similar to Restricted Share Units but unlike Restricted Share Units, provide for a quarterly partnership distribution in a like amount as paid to holders of common partnership units in Acadia Realty Limited Partnership, the Company's operating partnership. The Restricted LTIP Units are convertible into common partnership units and, ultimately, Common Shares upon vesting. Vesting, which is partially subject to the recipient's continued employment with the Company through the applicable vesting dates, typically occurs pro rata over five years from the date of grant. In addition, the vesting of a certain portion of the Restricted LTIP Units is contingent upon the Company achieving or exceeding certain thresholds in the year such vesting is scheduled to occur. For vesting of this portion of the Restricted LTIP Units, one of the following must occur: (i) the Company must achieve a 7% or greater increase in funds from operations ("FFO"); (ii) FFO growth must be equal to or greater than the top one-third of the Peer Group, as determined by the Compensation Committee; (iii) the Company must achieve an 8% annual total shareholder return; or (iv) the total annual shareholder return must be equal to or greater than the top one-third of the Peer Group. Beginning with grants made in 2015, the portion of the Restricted LTIP Units contingent upon achieving certain thresholds will be measured over a cumulative three-year period, with 60% of the Units earned at the end of the performance period and the remaining 40% vesting ratably over the next two years.

(2) Restricted Share Units

Restricted Share Units generally carry many of the rights of unrestricted Common Shares, including deferred dividend rights as described below, but may not be transferred, assigned or pledged until the recipient has a vested, non-forfeitable right to these shares. Vesting, which is partially subject to the recipient's continued employment with the Company through the applicable vesting dates typically occurs pro rata over five years from the date of grant. In addition, the vesting of a certain portion of the Restricted

Share Units is contingent upon the Company's shareholder return exceeding certain thresholds in the year such vesting is scheduled to occur. For vesting of this portion of the Restricted Share Units, one of the following must occur: (i) the Company must achieve a 7% or greater increase in FFO; (ii) FFO growth must be equal to or greater than the top one-third of the Peer Group, as determined by the Compensation Committee; (iii) the Company must achieve an 8% annual total shareholder return; or (iv) the total annual shareholder return must be equal to or greater than the top one-third of the Peer Group. Recipients of Restricted Share Units do not receive dividends on those shares until they vest, at which time they receive a lump sum cash payment in lieu of all accumulated dividends that were paid to holders of our Common Shares during the period from the date of grant of the Restricted Share Units to the date the Restricted Share Units vest. Beginning with grants made in 2015, the portion of the Restricted Share Units contingent upon achieving certain thresholds will be measured over a cumulative three-year period, with 60% of the Units earned at the end of the performance period and the remaining 40% vesting ratably over the next two years.

(3) Share Options

Although the Compensation Committee has the discretion to award options pursuant to the 2006 Plan, it has not done so in the last seven years and has no present intention to do so, which is consistent with industry and marketplace practices that have moved toward Restricted Share Units, Restricted LTIP Units and other incentive based awards or direct ownership based awards.

(4) Long Term Investment Alignment Program

Overview. In reviewing overall compensation for the Named Executive Officers, the Company continually seeks methods to enhance its "pay for performance" philosophy. In an effort to further ensure that management's investment focus remains on the ultimate success of the investment, in 2009, the Compensation Committee recommended, and the full Board of Trustees approved, the addition of a component of compensation called the Long Term Investment Alignment Program (the "Program"). The Program provides an incentive for high, long-term performance. The Company's current business model aims to create shareholder value by increasing earnings through the profitable management of investment funds and joint ventures. As described herein, the Board of Trustees believes this form of compensation greatly benefits the Company's shareholders.

The Program is designed to accomplish the following:

- Reward management for true, long-term performance and not simply for making investment decisions without consideration of actual value realized;
- Motivate management to deliver superior returns to opportunity fund investors, as well as to the Company through its direct investment, through strategic investments and successful liquidation of Acadia Strategic Opportunity Fund III LLC ("Fund III") and Acadia Strategic Opportunity Fund IV LLC ("Fund IV," and together with Fund III, the "Funds") and thereby increasing shareholder value;
- Provide a retention tool for years to come; and
- Further align the interests of management and shareholders and external investors.

The Program is directly tied to the actual performance of the Funds and is designed as follows: The Company is entitled to a profit participation (the "Promote") of 20% of all cash distributed from the Funds in excess of (i) the return of all invested capital and (ii) the 6% preferred rate of return. Under the Program, after the payment of the preferred return and return of all invested capital, the Company may award up to 25% of its Promote to senior executives, or 5% of each dollar distributed by the Funds after the preferred return has been paid to investors. Each individual's allocation of the 25% of the Promote is subject to time-based, annual vesting over a five-year period from the grant date with 10% in years one and two, 20% in years three and four and 40% in year five.

If the investors of the Funds do not receive a return of all their invested capital and the 6% preferred return, no Promote will be paid to the Company and senior executives will receive no compensation under the Program. There is no interim profit participation on a transaction by transaction basis and thus a greater emphasis is placed on all investments being carefully selected and managed for the long term. The Program increases the alignment between senior executives and the investors of the Funds. Additionally, it should be noted that the Company is a significant investor in the Funds, with a 20% investment in Fund III and approximately a 23% investment in Fund IV. The long term success of the Funds benefits the Company, and thus shareholders, through both its capital investment and the Promote.

Since 2009, the awards listed below, as a percentage of the potential Promote, were made as a result of the recommendation of the Compensation Committee and approval by the Board of Trustees. In the future, the Compensation Committee and the Board of Trustees may or may not recommend or approve awards to executive officers of additional allocations up to the permitted 25%.

Fund III Awards. The awards shown in the table below are reflective of each Named Executive Officer's role in connection with investments made in Fund III. As of December 31, 2013, the Company had allocated the entire 25% of the Fund III Promote, including an aggregate amount of 5.2694% that was allocated to officers other than the Named Executive Officer's.

Name	2009 Award Percentage	2010 Award Percentage	2011 Award Percentage	2012 Award Percentage	2013 Award Percentage	Total Percentage
Kenneth F. Bernstein	6.2500%	0.8350%	0.8350%	0.8350%	1.4050%	10.1600%
Jonathan W. Grisham	0.6250%	0.1000%	0.1000%	0.1350%	0.2600%	1.2200%
Joel Braun	2.5000%	0.3000%	0.4000%	0.4000%	0.5750%	4.1750%
Christopher Conlon	0.2500%	0.5475%	0.5475%	0.5475%	0.9931%	2.8856%
Robert Masters	0.7500%	0.1350%	0.1350%	0.1350%	0.1350%	1.2900%
Total	10.3750%	1.9175%	2.0175%	2.0525%	3.3681%	19.7306%(1)

Note:

(1) The total percentage of the Promote allocated may not be directly correlated with the amount of the Fund's invested capital. This provides the Promote recipients with incentive to acquire appropriate assets with the remaining funds in the Fund and to ensure that diligent efforts will be made to achieve stabilization of those assets.

Fund IV Awards. The awards shown in the table below are reflective of each Named Executive Officer's role in connection with investments made in Fund IV. The Company has allocated an additional 1.2750% of the permitted 25% Fund IV Promote allocation to officers other than the Named Executive Officers, with the remaining 20.0500% being unallocated as of the date of this proxy statement. The Board of Trustees may in the future allocate the remaining 20.0500% of the unallocated 25% Promote allocation to one or more of the Named Executive Officers or other officers of the Company.

Name	2014 Award Percentage	2015 Award Percentage	Total Percentage
Kenneth F. Bernstein	0.8750%	0.8750%	1.7500%
Jonathan W. Grisham	0.1625%	0.1625%	0.3250%
Joel Braun	0.4000%	0.4000%	0.8000%
Christopher Conlon	0.4000%	0.4000%	0.8000%
Robert Masters	—%	—%	—%
Total	1.8375%	1.8375%	3.6750% (1)

Note:

(1) The total percentage of the Promote allocated may not be directly correlated with the amount of the Fund's invested capital. This provides the Promote recipients with incentive to acquire appropriate assets with the remaining funds in the Fund and to ensure that diligent efforts will be made to achieve stabilization of those assets.

As of March 31, 2015, the Company has determined that the awards granted under the program currently have no value.

Roles of the NEOs in the Funds. As Chief Executive Officer of the Company, Mr. Bernstein is the primary decision maker on what investments, if any, the Funds will make. He also sources many of the transactions that become investments through his many contacts in the real estate business. His acumen in investing is one of the reasons behind the Company's success and the independent members of the Board of Trustees believe it is appropriate that he be given the largest grant.

Mr. Braun is the Chief Investment Officer of the Company, specifically charged with running the acquisitions group at the Company, sourcing investments to be reviewed, heading up the due diligence efforts, coordinating the efforts of the Company's team, investigating the asset, being responsible for the investment book describing the asset for approval by the investors in the Funds as well as the Company's Capital Markets and Investments Committee, and negotiating the purchase with the seller. As a result

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of the critical role Mr. Braun plays in acquiring assets for the Funds, the Board of Trustees granted him an allocation which it believes reflects his contribution to the Funds' success.

Mr. Conlon, in addition to holding the title of Executive Vice President and Chief Operating Officer of the Company, supports the acquisition process. Part of the acquisition process involves Mr. Conlon using his expertise to evaluate existing tenants of an asset, the store profitability of the tenants and reviewing and determining the likelihood of replacing tenants at lower, the same or higher rents. In addition, Mr. Conlon's contacts and informal discussions with tenants can shed light on the viability of a location. As a result of the critical role Mr. Conlon plays in the long-term planning and design of the Funds, the Board of Trustees granted him an allocation which it believes reflects his contribution to the Funds' success.

The allocations of the Fund III Promote and the Fund IV Promote made to Messrs. Masters and Grisham are reflective of their respective roles in the acquisition process for the Funds, as well as their ongoing role in the development, management, financing and stabilization of the acquired assets. Their responsibilities extend beyond the acquisition phase and continue until the assets are sold. The allocations reflect the Board of Trustees conclusions as to the relative contribution Messrs. Masters and Grisham have made and will continue to make to each of the Funds.

C. Post-employment Severance and Change in Control Payments; Recoupment of Awards

The Company offers post-employment severance and change in control payments to its Named Executive Officers based on the circumstances of termination. See EMPLOYMENT AND SEVERANCE AGREEMENTS WITH NAMED EXECUTIVE OFFICERS - Upon a Change in Control and Termination for the definition of "Change in Control." The Company includes severance and Change in Control payments as an element of its executive compensation structure to support the compensation elements described above. 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 voluntary termination.

D. Standard 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 contributed to the 401(k) Plan. The All Other Compensation Table summarizes the matching contributions that the Company made to the Named Executive Officers under the 401(k) Plan for the fiscal years ended December 31, 2014, 2013 and 2012. In addition, due to the nature of the travel obligations of the Named Executive Officers, including visiting current and potential properties, the Company previously provided automobile allowances for its Named Executive Officers for the year ended December 31, 2012. The costs of these benefits constitute only a small percentage of each of the Company's Named Executive Officer's total compensation. None of the Named Executive Officers received an automobile allowance in the years ended December 31, 2014 or 2013.

In 2003, the Company instituted the Acadia Realty Trust Employee Share Purchase Plan (the "Share Purchase Plan", and collectively with the 2006 Plan, "Share Incentive Plans"). The Share Purchase Plan allows eligible employees of the Company to purchase, through payroll deductions, Common Shares in the Company at a 15% discount to the closing price of the Company's Common Shares on either the first day or the last day of the quarter, whichever is lower. 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 of 1986, as amended, which allows an employee to defer recognition of taxes when purchasing Common Shares under such a plan. During 2014, 2013 and 2012, 4,668, 3,678 and 3,829 Common Shares, respectively, were purchased by employees under the Share Purchase Plan. As of the date hereof, no Named Executive Officer participates in the Share Purchase Plan.

IV. Method for Determining Executive Compensation

In evaluating executive compensation, the Compensation Committee considers an annual report and recommendations from the Company's CEO for the Company's Named Executive Officers and other senior officers (excluding the CEO himself). In addition, the Compensation Committee Consultant advises the Compensation Committee on executive compensation. The Compensation Committee is responsible for recommending the CEO's compensation to the independent Trustees. The CEO does not participate in approving his own compensation. The Compensation Committee continually focuses on attaining the right balance between company size, complexity of the business model and performance, and considers Peer Group data provided by the Compensation Committee Consultant and surveys with respect to other publicly-traded REITs of comparable size to the Company (see below for further information). The Compensation Committee uses the Peer Group data to compare the companies' executive compensation programs as a whole and the total compensation of individual executives. The Compensation Committee does not identify a particular level of competitiveness with other companies, but tries to attain a range and a target of compensation for each position that is 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, as well as the sophisticated nature of the Company's business. 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.

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

The Company believes the four main elements of its executive compensation structure - base salaries that provide a minimal level of compensation, performance incentive compensation, post-employment severance and Change in Control payments and standard employee benefits - are well aligned with the Company's seven overall executive compensation objectives listed above under "-Objectives of Acadia Realty Trust's Executive Compensation Program." The Company believes 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 performance incentive compensation will produce a high level of performance for the Company and will promote the Company's "pay for performance" philosophy.

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. 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. Further, the Company's executive compensation structure advances the Company's overall objectives by (i) maximizing retention, (ii) increasing motivation and (iii) aligning the Named Executive Officer with overall shareholder interests.

VI. Benchmarking

In 2014, the Compensation Committee Consultant prepared a Peer Group analysis to determine the range of base salary, annual cash bonus and long-term compensation awards paid to executives in similar positions to the Company. In 2014, the Peer Group constituents were determined based on the following methodology:

- The Peer Group should be comprised solely of retail REITs, including shopping centers and freestanding and regional malls.
- All companies within the Peer Group must be within one-third and three times the size of the Company in terms of implied equity market capitalization.

The Peer Group was adjusted in 2014 to include Kite Realty Group Trust and Rouse Properties, Inc. Also, Cedar Realty Trust, DDR Corp., Federal Realty Investment Trust and Realty Income Corporation were removed due to being outside of the size parameters.

The Peer Group analysis was based on information disclosed in 2014 proxy statements, which reported fiscal year 2013 compensation and is the most recent publicly available data. The Peer Group data is used as a tool to ensure that the Company's compensation philosophy is consistent with current market practices and there is an appropriate link between performance and pay. Additionally, the Compensation Committee Consultant reviewed compensation structures and anticipated year over year adjustments in the private real estate environment but did not consider actual compensation levels.

Compensation of the Named Executive Officers was not directly targeted at any specific levels of compensation of the Company's Peer Group. The Compensation Committee and the Board considers the competitive information provided to it by the Compensation Committee Consultant. Based on the compensation review completed in 2014, which, as noted above, included actual 2013 compensation of the Company's Peer Group, Messrs. Braun and Conlon's annual compensation was slightly below the 50^{th} percentile. Mr. Bernstein's annual compensation was very slightly above that 50^{th} percentile. Mr. Grisham's annual compensation is below the 25^{th} percentile, which the Compensation Committee Consultant has recognized as appropriate given his relative limited tenure in the role as compared to more experienced Chief Financial Officers ("CFOs") within the Peer Group.

2014 Peer Group. Listed below are the 14 publicly-traded REITs in the 2014 Peer Group, with equity market capitalizations ranging from approximately $790 million to $5.4 billion with a median equity market capitalization of approximately $2.5 billion as compared to the Company's equity market capitalization of approximately $1.9 billion at the time the Peer Group data was compiled on October 27, 2014. The Peer Group generally includes shopping center REITs but also includes select retail REITs, including freestanding and regional malls.

CBL and Associates Properties, Inc.
Equity One, Inc.
Excel Trust, Inc.
Glimcher Realty Trust
Kite Realty Group Trust
National Retail Properties, Inc.
Pennsylvania Real Estate Investment Trust
Ramco-Gershenson Properties
Regency Centers Corporation
Retail Opportunity Investments Corp.
Rouse Properties, Inc.
Spirit Realty Capital, Inc.
Tanger Factory Outlet Centers, Inc.
Weingarten Realty Investors

VII. Timing of Equity Grants and Share Ownership Policy

The Company does not in any way time its share awards to the release of material non-public information. The CEO meets with the Compensation Committee in January or February of each year and recommends the share awards for the Named Executive Officers other than himself to be granted for the prior year. The Compensation Committee reviews the recommendations and then recommends the awards to the full Board of Trustees for approval. The awards are granted in the first quarter of the current year. There is no consequence for selling vested shares but the Company does encourage Named Executive Officers and Trustees to hold and has approved guidelines for share ownership for Named Executive Officers and Trustees.

The Board of Trustees has instituted a share ownership policy ("SOP"), containing guidelines for Named Executive Officers and Trustees to own at all times a certain level of the Company's Common Shares (which includes LTIP Units as well). This policy further aligns Named Executive Officers and Trustees' interests with those of shareholders. The SOP has the additional purpose of helping the Company's 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:

- Ten times salary plus cash bonus for the Chief Executive Officer
- Four times salary plus cash bonus for the Chief Investment Officer
- Three times salary plus cash bonus for other Named Executive Officers
- Three times total annual fees for non-employee Trustees

As of the date hereof, all Named Executive Officers, including the CEO and non-employee Trustees, met the recommended targets.

The other provisions of the policy are:

- Common Shares, Restricted Share Units, LTIP Units, Restricted LTIP Units and OP Units count toward the standard. Options do not count toward the standard.

- Newly 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 is left to the discretion of the Board, in collaboration with the CEO and the Compensation Committee.

In addition, the Company has a corporate governance policy in place that prohibits Trustees and certain executive officers from engaging in the following activities with respect to Company securities: (i) short sales, (ii) purchases or sales of derivative securities of the Company or any derivative securities that provide the economic equivalent, (iii) maintaining a margin account secured by shares of the Company and (iv) pledges as collateral for a loan.

VIII. Impact of Accounting and Tax Treatment

Accounting Treatment

Cash-based compensation, including salary and bonus, are generally charged as an expense in the period in which the amounts are earned by the NEO. The Company expenses the cost of share-based compensation, including Restricted Share Units and Restricted LTIP Units, in its financial statements in accordance with Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, "Compensation - Stock Compensation" ("ASC Topic 718"). In accordance with ASC Topic 718, the grant date fair value of equity awards is amortized ratably into expense over the vesting period.

Tax Treatment

The Compensation Committee has reviewed the Company's compensation policies in light of Section 162(m) of 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 CEO, Chief Investment Officer ("CIO") and Chief Operating Officer ("COO") (but no other Named Executive Officers) could 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. In view of its overall executive compensation structure, the Compensation Committee has determined that it is appropriate for the CEO, CIO and COO to have the potential to receive compensation that is not deductible under Section 162(m).

IX. Relationship of Compensation Policies and Practices to Risk Management

The Compensation Committee has considered the risks arising from the Company's compensation policies and practices for its employees, and does not believe those risks are reasonably likely to have a material adverse effect on the Company.

X. Specific 2014 Decisions and 2015 Changes

Salary

Working with market data supplied by FTI Consulting, the Compensation Committee reviewed the base salaries of the Named Executive Officers for 2014 and 2015. Consistent with the Company's philosophy to offer competitive salaries to its key executives and Mr. Bernstein's solid performance in 2014, the Compensation Committee recommended and the Board of Trustees determined that Mr. Bernstein's annual salary will increase to $582,700 for 2015. In addition, in order to keep base salaries competitive with those of its competitors, the Compensation Committee recommended and the Board of Trustees determined that the 2015 base salaries of the other Named Executive Officers will increase as follows:

	Base Salary		
Name	2014 Base Salary	2015 Base Salary	Percentage Increase Over 2014
Kenneth F. Bernstein	$568,500	$582,700	2.50%
Jonathan W. Grisham	351,800	360,600	2.50%
Joel Braun	394,100	404,000	2.50%
Christopher Conlon	372,600	381,900	2.50%

Robert Masters	319,500	327,500	2.50%

Performance and Time-Based Incentive Awards

The compensation process begins with the creation of a bonus pool for Named Executive Officers (and other Senior Vice Presidents) as a group. This pool is then adjusted upwards or downwards based on the results of the objective and subjective metrics discussed below. The Board of Trustees, after consultation with the Compensation Committee, FTI Consulting and management, determined at the beginning of 2014 that the pool for 2014 would be approximately $6.4 million if all metrics hit "Target" performance. If all metrics hit "Outperform," the pool would increase to approximately $7.6 million and if all metrics hit "Threshold," the pool would decrease to approximately $5.1 million. If all metrics did not meet the "Threshold" performance, there would be no bonus pool. Based on a combination of the results of the Company's performance metrics and individual/business unit performance metrics discussed below, the total bonus pool for 2014 was $7.1 million (not including rounding and the effect of using ASC Topic 718), reflecting that there was a mix of metrics achieved by the group between "Target" and "Outperform".

Bonus allocations for individual Named Executive Officers are based upon two separate categories of metrics: Company performance (70% of the overall determination) and individual/business unit performance (30% of the overall determination). The Board of Trustees, after consultation with the Compensation Committee, FTI Consulting and management, established the 2014 Company performance hurdles presented below.

A. Company Performance Metrics

Objective Metrics

The objective metrics, representing 40% of the bonus allocation, chosen for determining Company performance and the actual Company results are as follows (the percentages appearing in the "Bonus Allocation" column represent the percentage of total bonus allocated to that particular Company performance metric):

Objective Measurement	Bonus Allocation	Minimal	Threshold	Target	Outperform	Actual 2014 Results	Bonus Level Achieved
Funds From Operations ("FFO") Growth (1):	10%						
Absolute $1.30 - $1.40		$1.30 - $1.324	$1.325 - $1.349	$1.35 - $1.374	$1.375 +	$1.35 (AKR) (4)	Target
Relative vs. peer group		0% - 24%	25% - 49%	50% - 74%	75% - 100%	N/A(3)	
Net Operating Income ("NOI") Growth (Same Store) (2):	10%						
Absolute +4% to +5%		+4-+4.24	+4.25-+4.49	+4.50+4.74	+4.75+	5.2% (AKR)	Outperform
Relative vs. peer group		0% - 24%	25% - 49%	50% - 74%	75% - 100%	N/A(3)	
Total Shareholder Return:	20%						
Absolute		0% - 2.49%	2.5% - 4.99%	5.0% - 7.4%	7.5% +	34.5%	Outperform
Relative vs. peer group		Bottom 24%	25% - 49%	50% - 74%	75% +	N/A (3)	

Notes:

(1) See table below for a reconciliation of Net Income (GAAP) to FFO.

(2) NOI excludes various items included in operating income (GAAP) that are not indicative of the operating performance of a store. NOI is calculated by starting with operating income and (i) adding back general and administrative, depreciation and amortization, abandonment of project costs, reserve for notes receivable; and (ii) deducting management fee income; interest income; other income; lease termination income; and straight line rent and other adjustments.

(3) Each objective measurement is met if either one of the two performance standards (i.e. "Absolute" or "Relative") for each measurement is achieved. "Relative" performance of Peer Group was not applicable as the Company met the "Absolute" standards for each objective measurement.

(4) Reported FFO was $1.26. For purposes of compensation, the Compensation Committee adjusted this result for $0.09 of acquisition related costs.

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS	For the Year Ended December 31, 2014
(dollars in thousands, except per share data)	
Net income attributable to Common Shareholders	$71,064
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	38,020
Gain on disposition of properties (net of noncontrolling interests' share)	(33,438)
Income attributable to noncontrolling interests' in Operating Partnership	3,203
Distributions - Preferred OP Units	33
Funds from operations	78,882
Funds from operations per share - Diluted	
Weighted average Common Shares and OP Units	62,420
Funds from operations, per share	$1.26

Subjective Metrics

The other measure of Company performance, representing 30% of the bonus allocation, is subjective and includes the following aspects of executing the Company's strategic plan:

•Maintain a high-quality core portfolio of retail assets
•Maintain a healthy balance sheet with strong liquidity
•Maintain a disciplined growth strategy that enables opportunistic investing

With regard to the subjective Company metrics, the Compensation Committee and the full Board of Trustees evaluated the Company's performance with respect thereto to determine if it performed at a minimal, threshold, target or outperform level. The Compensation Committee and the full Board of Trustees agreed that the Company's performance on the subjective metrics met the "Target" level based on the following results for 2014:

•Same store net operating income increase of 5.2%, which compares favorably to our peer group average of 3.3%
•Including square footage leased, but not yet occupied, solid occupancy of the core portfolio of 95.9%
•Debt to market capitalization of 21%
•Fixed-charge coverage of 3.5:1
•100% fixed rate debt on the Company's core portfolio at an average rate of 4.8%
•Including the Company's share of Fund debt 89% is fixed at average rate of 4.7%

Individual/Business Unit Performance Metrics

With regard to the individual/business unit performance metrics, representing 30% of the bonus allocation, each Named Executive Officer had four goals that were established at the beginning of the year. These goals were different for each Named Executive Officer based on the different Company disciplines for which each of the Named Executive Officers was responsible and, while some could be objectively measured, overall they were more subjective in nature than the Company performance metrics. For example, some of the objective measures were as follows:

•Chief Financial Officer - ensure sufficient capital is available to execute the Company's growth plans
•Chief Investment Officer - invest opportunity fund (the "Funds") dollars within the Funds' investment period
•Chief Operating Officer - improve overall occupancy, same store lease spreads and property operating metrics

With respect to the subjective measures, each of the Named Executive Officers (other than the CEO) was judged on whether there was strong leadership of their departments. Other examples of the more subjective measures were as follows:

- Chief Executive Officer - ensuring the Company's long-term financial stability by raising new sources of capital and by preserving and expanding the Company's liquidity position
- Chief Executive Officer - stewardship at the top of the organization and success in interfacing with major institutional investors and joint venture partners
- Chief Financial Officer - source both equity and debt capital at the lowest cost possible
- Senior Legal Counsel - interface with joint venture partners; provide support in structuring investment transactions

With regard to the subjective individual/business unit metrics, the Compensation Committee and the full Board of Trustees evaluated the Named Executive Officers' performance to determine if they performed at a minimal, threshold, target or outperform level. The Compensation Committee and the full Board of Trustees agreed that the majority of the Named Executive Officers' performance met the "Outperform" level for the subjective individual/business unit metrics.

2014 Bonuses Based on Performance Metrics

On March 5, 2015, the Board of Trustees approved an annual bonus payable in the form of time-based Restricted LTIP Units, 2014 long-term incentive awards payable in the form of time-based and performance-based Restricted LTIP Units and an additional award as follows:

		2014 Long-term Incentive Awards (3)		LTIP Unit Award (1) (3)	Additional Award (3)
Name	Annual Bonus	Time-Based	Performance-Based	Time-Based	Time-Based
Kenneth F. Bernstein	(1)	$600,391	$600,425	$2,401,667	$—
Jonathan W. Grisham	(1)	110,768	110,802	443,139	—
Joel Braun	(1)	189,989	189,989	760,026	—
Christopher Conlon	$ 200,000 (2)	126,081	126,081	246,105	—
Robert Masters	(1)	92,391	92,391	369,532	363,168

Notes:
(1) NEO annual bonus was received in LTIP Units. The number of LTIP Units granted in connection with this portion of the LTIP Unit award were at a 25% discount as discussed below.
(2) Mr. Conlon converted 50% of the cash bonus to LTIP Units. The number of LTIP Units granted in connection with this portion of the LTIP Unit award were at a 25% discount as discussed below.
(3) Calculated in accordance with ASC Topic 718. The valuation of the awards detailed above is based on the Company's closing Common Share price of $34.03 on the day preceding the Grant Date. Reference is made to Footnote 1 of the Summary Compensation Table for a discussion of ASC Topic 718.

In recommending these awards to the Board, the Compensation Committee considered all the factors detailed above. The Compensation Committee also considered compensation studies provided by FTI Consulting and surveys with respect to other comparable publicly-traded real estate investment trusts regarding executive compensation and performance benchmarks.

2014 long-term incentive awards and LTIP Unit awards to executives

The total 2014 long-term incentive awards and LTIP Unit awards approved by the Board to certain executive officers, including the Named Executive Officers, were allocated 83% as time-based awards and 17% as performance-based awards. These time-based and performance-based awards consist of non-vested Restricted LTIP Units. 38% of these awards were in the form of 2014 long-term incentive awards, the number for which was determined based on the trailing 20-day average price of the Company's Common Shares from the date of grant of $35.14. The other 62% of these awards were in the form of Restricted LTIP Units awards, the number for which was determined by using a 25% discount to the trailing 20-day average price of the Company's Common Shares. The time-based portion of the Restricted LTIP Units will vest in five equal annual installments commencing on January 6, 2016 provided that the executive continues to be employed by the Company through the applicable vesting date. The performance-based portion of the Restricted LTIP Unit awards will also be subject to the Company achieving certain benchmarks established by the Board. 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 by vesting over future periods.

SUMMARY COMPENSATION TABLE

The following table lists the annual compensation for the fiscal years 2014, 2013 and 2012 awarded to the Named Executive Officers. Compensation included in the table relating to bonus and stock awards reflect amounts granted with respect to the periods reflected.

For information relating to the elements of compensation discussed in the Summary Compensation Table, please refer the "Compensation Discussion and Analysis" above.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Total ($) (4)
Kenneth F. Bernstein Chief Executive Officer and President (Principal Executive Officer)	2014	$568,500	$1,672,946 (2)	$4,661,506	$—	—	—	$ 7,878	$6,910,830
	2013	$554,590	$1,507,866 (2)	$1,507,946	$—	—	—	$ 7,728	$3,578,130
	2012	$500,000	$1,345,727 (2)	$1,345,466	$—	—	—	$ 20,120	$3,211,313
Jonathan W. Grisham Chief Financial Officer and Senior Vice President (Principal Financial Officer)	2014	$351,800	$315,120 (2)	$315,120	$—	—	—	$ 7,878	$989,918
	2013	$343,200	$232,204 (2)	$433,293	$—	—	—	$ 7,728	$1,016,425
	2012	$256,500	$141,707 (2)	$251,095	$—	—	—	$ 34,578	$683,880
Joel Braun Chief Investment Officer and Executive Vice President	2014	$394,100	$540,221 (2)	$540,195	$—	—	—	$ 7,878	$1,482,394
	2013	$384,500	$493,382 (2)	$493,383	$—	—	—	$ 7,728	$1,378,993
	2012	$327,800	$435,315 (2)	$174,946	$—	—	—	$ 80,703	$1,018,764
Christopher Conlon Chief Operating Officer and Executive Vice President	2014	$372,600	$558,291 (2)	$865,241	$—	—	—	$ 5,667	$1,801,799
	2013	$363,500	$327,523 (2)	$327,522	$—	—	—	$ 3,903	$1,022,448
	2012	$283,300	$227,346 (2)	$76,103	$—	—	—	$ 31,785	$618,534

Robert Masters	2014	$319,500	$262,810	(2)	$262,810	$—	—	—	$ 7,878	$852,998
Senior Vice President,	2013	$311,700	$237,068	(2)	$237,015	$—	—	—	$ 7,728	$793,511
Senior Legal Counsel, Chief Compliance Officer and Secretary	2012	$256,800	$205,947	(2)	$206,232	$—	—	—	$ 34,578	$703,557

Notes:

(1) Pursuant to SEC rules, the amounts disclosed in these columns reflect the grant date fair value of each Restricted Share and Restricted LTIP Unit award calculated in accordance with ASC Topic 718. The Grant Date fair values of performance-based awards were calculated based on the maximum outcome of performance at the time of the grant. The values were calculated using the Common Share price at date of grant times the number of Restricted Share Units and Restricted LTIP Units awarded. For further information as to the Company's Restricted Share and Restricted LTIP Unit awards issued to employees, see Note 15 (Share Incentive Plan) to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC on February 20, 2015.

(2) Cash bonus was received in the form of Restricted LTIP Units. The number of Restricted LTIP Units granted in connection with this portion of the LTIP Unit award were at a 25% discount as discussed above. In the case of Mr. Conlon, the amounts include a $200,000 cash bonus earned during 2014 but paid during 2015.

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

(4) Actual total compensation earned by the Named Executive Officers, after giving effect to share and option awards in the year they were earned rather than in the year they were granted were as follows:

	2014	2013	2012
Mr. Bernstein	$4,178,862	$3,908,208	$3,535,906
Mr. Grisham	$1,024,386	$981,168	$956,575
Mr. Braun	$1,541,983	$1,472,644	$1,395,268
Mr. Conlon	$1,076,534	$1,590,935	$970,104
Mr. Masters	$1,244,861	$845,048	$765,461

ALL OTHER COMPENSATION TABLE

	Kenneth F. Bernstein			Jonathan W. Grisham			Joel Braun		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Perquisites and other personal benefits, unless the aggregate amount is less than $10,000 (1)	$—	$—	$12,542	$—	$—	$27,000	$—	$—	$27,000
Annual Company contributions or allocations to vested and unvested defined contribution plans (2)	7,800	7,650	7,500	7,800	7,650	7,500	7,800	7,650	7,500
The dollar value of insurance premiums paid by the Company on life insurance policies for the benefit of the Named Executive Officer	78	78	78	78	78	78	78	78	78
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 (3)	—	—	—	—	—	—	—	—	46,125
Total Other Compensation	$7,878	$7,728	$20,120	$7,878	$7,728	$34,578	$7,878	$7,728	$80,703

ALL OTHER COMPENSATION TABLE (continued)

	Christopher Conlon			Robert Masters		
	2014	2013	2012	2014	2013	2012
Perquisites and other personal benefits, unless the aggregate amount is less than $10,000 (1)	$—	$—	$27,000	$—	$—	$27,000
Annual Company contributions or allocations to vested and unvested defined contribution plans (2)	5,589	3,825	4,707	7,800	7,650	7,500
The dollar value of insurance premiums paid by the Company on life insurance policies for the benefit of the Named Executive Officer	78	78	78	78	78	78
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 (3)	—	—	—	—	—	—
Total Other Compensation	$5,667	$3,903	$31,785	$7,878	$7,728	$34,578

Notes:

(1) Represents automobile allowances.

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

(3) The amounts include cumulative dividends on unvested Restricted Share Units which were paid to all Named Executive Officer's upon the vesting of those Restricted Share Units in January 2014, 2013 and 2012, respectively.

GRANTS OF PLAN-BASED AWARDS

Pursuant to the Company's Share Incentive Plans, the Company granted annual bonus unit awards and long-term incentive awards to the Named Executive Officers on February 28, 2014. The annual bonus unit awards consisted of time-based non-vested Restricted LTIP Units. The total long-term incentive awards consisted of non-vested Restricted LTIP Units which were allocated 50% as time-based awards and 50% as performance-based awards. For the 50% performance-based award, one of the following must occur: (i) the Company must achieve a 7% or greater increase in funds from operation ("FFO"); (ii) FFO growth must be equal to or greater than the top one-third of the Peer Group, as determined by the Compensation Committee; (iii) the Company must achieve a 8% annual total shareholder return; or (iv) the total annual shareholder return must be equal to or greater than the top one-third of the Peer Group.

The following table provides a summary of all grants awarded to the Named Executive Officers during 2014:

		Estimated Future Payouts Under Performance-Based Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Performance-Based Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares Stock or Units	Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Grant Date	Threshold	Target	Maximum	Threshold	Target	Maximum				
		($)	($)	($)	(#)	(#) (1)	(#)	(#) (2)	(#)	($/Sh)	($/Sh) (3)
Kenneth F. Bernstein	2/28/2014	—	—	—	—	21,236	—	21,236	—	—	$1,115,315
	2/28/2014	—	—	—	—	—	—	84,942	—	—	2,230,577
	3/31/2014	—	—	—	—	—	—	114,198 (4)	—	—	2,988,562
						21,236		220,376			$6,334,454
Jonathan W. Grisham	2/28/2014	—	—	—	—	4,000	—	4,000	—	—	$210,080
	2/28/2014	—	—	—	—	—	—	16,000	—	—	420,160
						4,000		20,000			$630,240
Joel Braun	2/28/2014	—	—	—	—	6,857		6,857			$360,130
	2/28/2014	—	—	—	—	—		27,429			720,286
						6,857		34,286			$1,080,416
Christopher Conlon	2/28/2014	—	—	—	—	4,548		4,548			$238,861
	2/28/2014	—	—	—	—	—		19,305			506,949
	2/28/2014	—	—	—	—	—		18,192			477,722
						4,548		42,045			$1,223,532
Robert Masters	2/28/2014	—	—	—	—	3,336	—	3,336	—	—	$175,207
	2/28/2014	—	—	—	—	—	—	13,344	—	—	350,413

	3,336	16,680	$525,620

Notes:

(1) Represents the performance-based portion of the 2013 awards which will be earned over 5 years with 20% earned each year subject to the Company meeting certain performance thresholds. The holders of these Restricted LTIP Units are entitled to receive distributions in an amount equal to the per share dividend paid to holders of Common Shares.

(2) The Restricted LTIP Units vest over 5 years with 20% vesting on January 6, 2015 and 20% on each anniversary thereof. The holders of these Restricted LTIP Units are entitled to receive distributions in an amount equal to the per share dividend paid to holders of Common Shares.

(3) Calculated in accordance with ASC Topic 718. The Grant Date fair values of performance-based awards were calculated based on the probable outcome of performance at the time of the grant. The values were calculated using the Common Share price at the date prior to the grant date times the number of Restricted LTIP Units awarded. The per share fair value of each grant was $26.26.

(4) Represents a one-time award granted to Mr. Bernstein in connection with his amended and restated employment agreement dated March 31, 2014. The values were calculated using the Common Share price at the date prior to the grant date times the number of Restricted LTIP Units awarded. The per share fair value of each grant was $26.17.

OUSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Grant Date	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	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, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
		(#) Exercisable	(#) Unexercisable	(#)	($)		(#) (1) (9)		($) (1) (10)	(#) (1) (11)	($) (1) (11)
Kenneth F. Bernstein	1/6/2006	36,034	—	—	$20.65	1/5/2016	—		$—	—	$—
	1/31/2008	—	—	—			12,974	(2)	415,557	—	—
	1/31/2008	—	—	—			8,984	(2)	287,758	8,984	287,758
	3/1/2010	—	—	—			14,133	(4)	452,680	—	—
	3/1/2010	—	—	—			5,300	(4)	169,759	5,300	169,759
	3/3/2011	—	—	—			33,596	(5)	1,076,080	—	—
	3/3/2011	—	—	—			8,399	(5)	269,020	8,400	269,052
	3/3/2011	—	—	—			89,237	(5)	2,858,261	—	—
	3/15/2012	—	—	—			12,250	(6)	392,368	12,249	392,335

	3/15/2012	—	—	—			48,999	(6)	1,569,438	—	—
	2/22/2013	—	—	—			15,043	(7)	481,827	15,044	481,859
	2/22/2013	—	—	—			60,174	(7)	1,927,373	—	—
	2/28/2014	—	—	—			21,236	(8)	680,189	21,236	680,189
	2/28/2014	—	—	—			84,942	(8)	2,720,692	—	—
	3/31/2014	—	—	—			114,198	(9)	3,657,762	—	—
		36,034	—	—			529,465		$16,958,764	71,213	$2,280,952
Jonathan W. Grisham	1/6/2006	1,491	—	—	$20.65	1/5/2016	—		$—	—	$—
	1/31/2008	—	—	—			256	(3)	8,200	—	—
	1/31/2008	—	—	—			380	(3)	12,171	380	12,171
	3/1/2010	—	—	—			883	(4)	28,282	—	—
	3/1/2010	—	—	—			663	(4)	21,236	662	21,204

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	3/3/2011	—	—	—			3,892 (5)	124,661	—	—
	3/3/2011	—	—	—			977 (5)	31,293	977	31,293
	3/15/2012	—	—	—			5,160 (6)	165,275	—	—
	3/15/2012	—	—	—			2,784 (6)	89,172	2,784	89,172
	2/22/2013	—	—	—			9,266 (7)	296,790	—	—
	2/22/2013	—	—	—			6,018 (7)	192,757	—	—
	2/22/2013	—	—	—			2,317 (7)	74,214	2,317	74,214
	2/28/2014	—	—	—			4,000 (8)	128,120	4,000	128,120
	2/28/2014	—	—	—			16,000 (8)	512,480	—	—
		1,491	—	—			52,596	$1,684,651	11,120	$356,174
Joel Braun	1/6/2006	6,088	—	—	$20.65	1/5/2016	—	$—	—	$—
	1/31/2008	—	—	—			1,629 (3)	52,177	—	—
	1/31/2008	—	—	—			1,131 (3)	36,226	1,129	36,162
	3/1/2010	—	—	—			2,528 (4)	80,972	—	—
	3/1/2010	—	—	—			1,896 (4)	60,729	1,896	60,729
	3/3/2011	—	—	—			10,891 (5)	348,839	—	—
	3/3/2011	—	—	—			2,730 (5)	87,442	2,730	87,442
	3/15/2012	—	—	—			7,925 (6)	253,838	—	—
	3/15/2012	—	—	—			835 (6)	26,745	—	—
	3/15/2012	—	—	—			3,954 (6)	126,647	3,953	126,615
	2/22/2013	—	—	—			4,923 (7)	157,684	4,922	157,652
	2/22/2013	—	—	—			19,689 (7)	630,639	—	—
	2/28/2014	—	—	—			6,857 (8)	219,630	6,857	219,630
	2/28/2014	—	—	—			27,429 (8)	878,551	—	—
		6,088	—	—			92,417	$2,960,119	21,487	$688,230
Christopher Conlon	3/1/2010	—	—	—			393 (4)	$12,588	—	$—
	3/1/2010	—	—	—			491 (4)	15,727	491	15,727
	3/3/2011	—	—	—			1,428 (5)	45,739	1,428	45,739
	3/3/2011	—	—	—			18,373 (5)	588,487	—	—
	3/15/2012	—	—	—			4,139 (6)	132,572	—	—
	3/15/2012	—	—	—			2,075 (6)	66,462	2,075	66,462
	2/22/2013	—	—	—			13,070 (7)	418,632	—	—
	2/22/2013	—	—	—			3,268 (7)	104,674	3,268	104,674
	2/28/2014	—	—	—			4,548 (8)	145,672	4,548	145,672
	2/28/2014	—	—	—			37,497 (8)	1,201,029	—	—
		—	—	—			85,282	$2,731,582	11,810	$378,274
Robert Masters	1/31/2008	—	—	—			689 (3)	$22,069	—	$—
	1/31/2008	—	—	—			478 (3)	15,310	478	15,310
	3/1/2010	—	—	—			2,241 (4)	71,779	—	—
	3/1/2010	—	—	—			841 (4)	26,937	840	26,905

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3/1/2010	—	—	—	4,685	(4)	150,061	—	—
3/3/2011	—	—	—	4,984	(5)	159,638	—	—
3/3/2011	—	—	—	1,239	(5)	39,685	1,239	39,685
3/15/2012	—	—	—	7,498	(6)	240,161	—	—
3/15/2012	—	—	—	1,880	(6)	60,216	1,880	60,216
2/22/2013	—	—	—	9,460	(7)	303,004	—	—
2/22/2013	—	—	—	2,365	(7)	75,751	2,365	75,751
2/28/2014	—	—	—	3,336	(8)	106,852	3,336	106,852
2/28/2014	—	—	—	13,344	(8)	427,408	—	—
	—	—	—	53,040		$1,698,871	10,138	$324,719

Notes:

(1) Market value computed by multiplying the closing market price of the Company's Common Shares of $32.03 as of December 31, 2014 by the number of Restricted Share Units or Restricted LTIP Units that have not vested.
(2) Restricted LTIP Units vest over ten years with the last vesting on January 6, 2018.
(3) Restricted LTIP Units vest over seven years with the last vesting on January 6, 2015.
(4) Restricted LTIP Units vest over five years with the last vesting on January 6, 2015.
(5) Restricted LTIP Units vest over five years with the last vesting on January 6, 2016.
(6) Restricted LTIP Units vest over five years with the last vesting on January 6, 2017.
(7) Restricted LTIP Units vest over five years with the last vesting on January 6, 2018.
(8) Restricted LTIP Units vest over five years with the last vesting on January 6, 2019.
(9) Restricted LTIP Units vest over five years with the last vesting on March 31, 2019.
(10) Represents the time-based portion of the awards.
(11) Represents the performance-based portion of the awards.

OPTION EXERCISES AND STOCK VESTED

The Option Exercises and Stock Vested Table provides a summary of all values realized by the Named Executive Officers upon the exercise of options and similar instruments or the vesting of Restricted Share Units or Restricted LTIP Units during the last fiscal year.

Name	Grant Date	Exercise/Vesting Date	Option Awards Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Stock Awards Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
Kenneth F. Bernstein	1/3/2005	5/8/2014	19,866	$219,122	—	$—
	1/31/2008	1/6/2014	—	—	7,733	194,949
	3/5/2009	1/6/2014	—	—	14,134	356,318
	3/1/2010	1/6/2014	—	—	24,733	623,519
	3/3/2011	1/6/2014	—	—	30,447	767,569
	3/15/2012	1/6/2014	—	—	24,498	617,595
	2/22/2013	1/6/2014	—	—	22,564	568,838
			19,866	$219,122	124,109	$3,128,788
Jonathan W. Grisham	1/3/2005	6/9/2014	2,384	$28,536	—	$—
	1/31/2008	1/6/2014	—	—	1,016	25,613
	3/5/2009	1/6/2014	—	—	3,638	91,714
	3/1/2010	1/6/2014	—	—	2,207	55,638
	3/3/2011	1/6/2014	—	—	2,922	73,664
	3/15/2012	1/6/2014	—	—	3,576	90,151
	2/22/2013	1/6/2014	—	—	4,979	125,521
			2,384	$28,536	18,338	$462,301
Joel Braun	1/3/2005	12/8/2014	7,152	$110,498	—	$—
	1/31/2008	1/6/2014	—	—	3,888	98,016
	3/5/2009	1/6/2014	—	—	5,024	126,655
	3/1/2010	1/6/2014	—	—	6,320	159,327
	3/3/2011	1/6/2014	—	—	8,176	206,117
	3/15/2012	1/6/2014	—	—	5,557	140,092
	2/22/2013	1/6/2014	—	—	7,382	186,100
			7,152	$110,498	36,347	$916,307
Christopher Conlon	3/5/2009	1/6/2014	—	$—	2,106	$53,092
	3/1/2010	1/6/2014	—	—	1,372	34,588
	3/3/2011	1/6/2014	—	—	1,428	36,000
	3/15/2012	1/6/2014	—	—	2,762	69,630
	2/22/2013	1/6/2014	—	—	4,900	123,529
			—	$—	12,568	$316,839
Robert Masters	1/31/2008	1/6/2014	—	$—	1,643	$41,420
	3/5/2009	1/6/2014	—	—	2,202	55,512
	3/1/2010	1/6/2014	—	—	8,605	216,932
	3/3/2011	1/6/2014	—	—	3,732	94,084
	3/15/2012	1/6/2014	—	—	3,752	94,588
	2/22/2013	1/6/2014			3,546	89,395

	—	$—	23,480	$591,931

Note:

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(1) Value based on the market value of the Company's common shares on the vesting date. The closing price of the Company's common shares was $25.21 on January 6, 2014.

EMPLOYMENT AND SEVERANCE AGREEMENTS WITH NAMED EXECUTIVE OFFICERS

The Company has entered into an employment agreement with Mr. Bernstein and severance agreements with each of the other Named Executive Officers.

Kenneth F. Bernstein Amended and Restated Employment Agreement

On March 31, 2014, the Company entered into an amended and restated employment agreement with Kenneth F. Bernstein, extending Mr. Bernstein's position as President and Chief Executive Officer for a minimum of three years and which is renewable for successive yearly periods. A new feature of the agreement is that Mr. Bernstein is now subject to a 15 month post-termination non-compete and non-poaching provision if his employment terminates under certain circumstances. Mr. Bernstein’s base salary was $568,500 and is subject to an annual review and adjustment by the Board of Trustees, based on recommendations of the Compensation Committee. In connection with the amendment and restatement of the employment agreement, the Company issued Mr. Bernstein an award of full-value shares with a fair value of $3,000,000, subject to vesting in equal installments over five years.

Each year during the term of Mr. Bernstein’s employment, the full Board of Trustees (excluding Mr. Bernstein), at the Compensation Committee’s recommendation, considers Mr. Bernstein for an incentive bonus (to be determined by the Compensation Committee and recommended for approval to the full Board of Trustees) and discretionary bonuses payable in cash, Restricted Share Units, options, Restricted LTIP Units, or any combination thereof, as the Board of Trustees and the Compensation Committee may approve. 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.

Severance Agreements for Named Executive Officers Other than Mr. Bernstein

The Company has entered into severance agreements with each of the Named Executive Officers other than Mr. Bernstein. These agreements provide for certain termination or severance payments to be made by the Company to a Named Executive Officer in the event of his termination of employment as the result of his Death, Disability, discharge for Cause or Without Cause, resignation or a termination by the Named Executive Officer for Good Reason (the terms, "Death," "Disability," "Cause," "Without Cause" and "Good Reason" each defined below). If the Named Executive Officer's employment is terminated either because he is discharged without Cause 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, severance and pro rata 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.

Termination and Definitions For Cause

The Company has the right to terminate a Named Executive Officer's employment for "Cause" upon the Named Executive Officer's: (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

Officer's incapacity due to physical or mental illness) which failure continues for a period of three 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 Company's property for personal purposes; (D) material violation of a Company policy; (E) disparagement of the Company, its officers, Trustees, employees or partners; (F) soliciting any existing employee of the Company above the level of an administrative assistant to work at another company; or (G) the commission by the Named Executive Officer of a felony or misdemeanor involving moral turpitude, deceit, dishonesty or fraud.

Death

A Named Executive Officer's employment will terminate upon their death.

Disability

The Company has the right to terminate a Named Executive Officer's 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 180 days within a twelve-month period.

Good Reason

A Named Executive Officer has the right to terminate his employment for "Good Reason," which is defined to mean: (A) upon the occurrence of any material breach of the agreement by the Company which includes 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 Officer's annual base salary or a material reduction in other benefits (except 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 days after written notice of such default by the Named Executive Officer; (C) if the Company relocates the Named Executive Officer's office requiring the Named Executive Officer to increase his commuting time by more than one hour; or (D) the Company's 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 will have the right to terminate his employment, which termination will be deemed for Good Reason.

Without Cause

The Company has the right to terminate a Named Executive Officer's employment without Cause.

Upon a Change of Control and Termination

The Named Executive Officers may be entitled to benefits upon a Change of Control and termination of their employment as discussed below.

"Change of Control" has the meaning as set forth in the 2006 Plan.

SPECIFIC CIRCUMSTANCES THAT WOULD TRIGGER PAYMENTS UNDER THE EMPLOYEE AND SEVERANCE AGREEMENTS AND POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The specific circumstances that would trigger payments and amount of compensation that would be paid by the Company under Mr. Bernstein's employment agreement and the other Named Executive Officers' severance agreements are as follows:

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

In the event the Company terminates a Named Executive Officer's employment for Cause, or a Named Executive Officer voluntarily terminates his employment, the Company will pay that Named Executive Officer 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 Named Executive Officer will 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 Share Units granted to the executive which have not vested on the date of termination will automatically terminate.

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Compensation under Mr. Bernstein's Employment Agreement upon Termination of Employment upon Death, Disability, Without Cause or for Good Reason or Change of Control and Termination of Employment

In the event of termination by the Company of Mr. Bernstein’s employment as a result of his Death, Disability, Without Cause or by Mr. Bernstein for Good Reason, subject to the execution of a release of claims by Mr. Bernstein (other than in the case of death), the Company is obligated to pay or provide to 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 Share Units or Restricted LTIP Units, the value of the latter to be calculated as of the date of the award) awarded to Mr. Bernstein for each of the last two years immediately preceding the year in which Mr. Bernstein’s employment is terminated; (iv) a further amount computed at an annualized rate equal to the average of the cash incentive bonuses awarded to Mr. Bernstein for each of the last two years, pro-rated for the year of termination; (v) reimbursement of expenses incurred prior to date of termination; (vi) all incentive compensation payments whether share based or otherwise that are subject to a vesting schedule including Restricted Share Units, Restricted LTIP Units and options shall immediately vest as of the date of the termination; and (vii) continuation of health coverage for two years with the exception of termination upon death. Following a Change of Control together with either a termination Without Cause or by Mr. Bernstein for Good Reason within 12 months thereafter, the Company will be obligated to make the payments described above.

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

In the event of termination by the Company of the employment of a Named Executive Officer as a result of the Named Executive Officer's Death, Disability, Termination Without Cause or by such Named Executive Officer for Good Reason, the Company is obligated to pay or to provide such Named Executive Officer, the following: (i) any unpaid accrued salary through and including the date of termination; (ii) an amount equal to one year's salary at the then current annual base; (iii) reimbursement of expenses incurred prior to date of termination; (iv) a pro rata portion of such Named Executive Officer's bonus (based upon the average of the last two years' bonuses); and (v) all incentive compensation payments whether share based or otherwise that are subject to a vesting schedule including Restricted Share Units, Restricted LTIP Units and options will immediately vest as of the date of the termination.

Following a Change of Control together with either Termination Without Cause or for Good Reason, the Company is obligated to pay or provide to the Named Executive Officer the full benefits described above. In addition, Messrs. Grisham, Braun, Masters and Conlon will be entitled to receive an amount equal to six months' base salary and the Company will continue the base salary and medical benefits of said Named Executive Officer for a period not to exceed the earlier of (a) six months from the date of such termination or (b) the date when such Named Executive Officer becomes reemployed.

Acceleration of Vesting and Forfeiture of Awards under Share Incentive Plans

In addition to the termination payments discussed above, the 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.

POTENTIAL PAYMENTS TO NAMED EXECUTIVE OFFICERS UPON TERMINATION

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, 2014. 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 ($)	Stock Awards ($) (4) (5)	Other Benefits ($) (6)
Kenneth F. Bernstein					
For Cause or Voluntary Resignation	$—	$—	$—	$—	$—
Death	1,705,500	11,197,107 (2)	—	19,239,716	—
Disability	1,705,500	11,197,107 (2)	—	19,239,716	35,282
Good Reason	1,705,500	11,197,107 (2)	—	19,239,716	35,282
Without Cause	1,705,500	11,197,107 (2)	—	19,239,716	35,282
Change in Control and Termination	1,705,500	11,197,107 (2)	—	19,239,716	35,282
Jonathan W. Grisham					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	351,800	647,869 (3)	—	2,040,823	—
Disability	351,800	647,869 (3)	—	2,040,823	—
Good Reason	351,800	647,869 (3)	—	2,040,823	—
Without Cause	351,800	647,869 (3)	—	2,040,823	—
Change in Control and Termination	527,700	647,869 (3)	—	2,040,823	—
Joel Braun					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	394,100	1,033,591 (3)	—	3,648,345	—
Disability	394,100	1,033,591 (3)	—	3,648,345	—
Good Reason	394,100	1,033,591 (3)	—	3,648,345	—
Without Cause	394,100	1,033,591 (3)	—	3,648,345	—
Change in Control and Termination	591,150	1,033,591 (3)	—	3,648,345	—
Christopher Conlon					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	372,600	939,289 (3)	—	3,109,857	—
Disability	372,600	939,289 (3)	—	3,109,857	—
Good Reason	372,600	939,289 (3)	—	3,109,857	—
Without Cause	372,600	939,289 (3)	—	3,109,857	—
Change in Control and Termination	558,900	939,289 (3)	—	3,109,857	—
Robert Masters					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	319,500	499,852 (3)	—	2,023,591	—

Disability	319,500	499,852	(3) —	2,023,591	—
Good Reason	319,500	499,852	(3) —	2,023,591	—
Without Cause	319,500	499,852	(3) —	2,023,591	—
Change in Control and Termination	479,250	499,852	(3) —	2,023,591	—

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Notes:

(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 employed by the Company receive one and one half years severance salary.

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

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

(4) Reflects the payment upon the immediate vesting of all Restricted Share Units and Restricted LTIP Units.

(5) Restricted Share payments based on the number of shares times $32.03, the closing price of the Company's Common Shares on December 31, 2014.

(6) Represents health coverage for Mr. Bernstein.

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 $130,000, comprised of $65,000 cash and $65,000 of Restricted Share Units or Restricted LTIP Units. In addition, Committee chairs receive an annual fee of $10,000, with the exception of the Audit Committee chair who receives an annual fee of $15,000. In addition to the other Trustee fees, the Lead Trustee receives an annual Lead Trustee fee of $75,000, comprised of $37,500 cash and $37,500 of Restricted Share Units. These Restricted Share Units or Restricted LTIP Units vest over three years with 33% vesting on each of the next three anniversaries of the grant date. Trustees have the option to convert all or part of any cash payment due to them under the Trust Compensation Plan to Common Shares with a vesting period of one year at a 10% discount to the preceding 20-day average share price from the date of the Annual Meeting of Shareholders. No dividends are paid on Restricted Share Units until they vest.

Trustees who are officers and full-time employees of the Company or its subsidiaries 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 and committees of the Board.

Pursuant to the Company's 2006 Deferred Compensation Plan (the "Deferred Compensation Plan"), Trustees may elect to defer receipt of their annual trustee fees and Common Share Awards. Each Trustee participating in the Deferred Compensation Plan has an account, which the administrator credits with a number of Common Shares having a fair market value (as of the date of the credit) equal to the amount of the participant's compensation that the Trustee has elected to defer and would otherwise have been paid in cash or other property to the Trustee during the preceding month. The Deferred Compensation Plan generally allows the Trustees to defer receipt of their compensation and, therefore, defer paying tax on that compensation. To defer eligible compensation for any given calendar year, a Trustee must make a written election at least 30 days before the calendar year begins. The Company will credit each Trustee's deferred compensation account with additional Common Shares that (i) have a fair market value, when credited, equal to the product of any per Common Share cash dividend paid during the prior quarter and the number of Common Shares credited to the Trustee's account and (ii) equitably adjust the Trustee's account for any share dividends that would have been paid during the prior month with respect to the Common Shares credited to the Trustee's account on the last day of the prior quarter. Generally, a Trustee's account will be paid to the Trustee upon his or her separation of service from the Company and will be paid to his or her beneficiaries in the event of his or her death, in each case based on the timeframe for distributions specified in the Trustee's deferral election form. Under certain circumstances, the Board may permit a Trustee to withdraw a limited number of Common Shares from his or her account if the Trustee suffers a Hardship (as defined in the Deferred Compensation Plan).

For 2014, Ms. Luscombe elected to defer payment of her Trustee fees that are payable in Common Shares. No other Trustee elected to defer compensation for 2014.

See the Board of Trustees Compensation Table below for a summary of the compensation paid to the members of the Board of Trustees during 2014.

TRUSTEE COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (2)		Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (8)		Total ($)
Lee S. Wielansky (1)	$102,500	$102,500	(3)	$—	$—	$—	$ 7,132		$212,132
Lorrence T. Kellar	—	153,888	(4)	—	—	—	6,882		160,770
Douglas Crocker II	37,500	106,666	(5)	—	—	—	6,710		150,876
Wendy Luscombe	75,000	65,000	(6)	—	—	—	4,130	(6)	144,130
William T. Spitz	—	148,334	(7)	—	—	—	6,710		155,044

Notes:

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

(2) Reflects 2,369 restricted Common Share or LTIP units granted in 2014 to each Trustee. The Restricted Share Units or Restricted LTIP Units vest over three years with 33% vesting on each of the next three anniversaries of the grant date. The grant date per share fair value for the grants was $27.71.

(3) Mr. Wielansky received 50% or $37,500 of his Lead Trustee Fees in Restricted Share Units. These Restricted Share Units vest over three years.

(4) Mr. Kellar elected to receive his Annual Retainer of $65,000 and Chairperson fee of $15,000 in Restricted Share Units. These Restricted Share Units were issued at a 10% discount and vest over one year.

(5) Mr. Crocker elected to receive 50% of his Annual Retainer of $65,000 and Chairperson fee of $10,000 in Restricted LTIP Units. These Restricted LTIP Units were issued at a 10% discount and vest over one year.

(6) Ms. Luscombe has deferred the Restricted Share portion of her 2014 trustee fee of $65,000 and dividends of $4,130.

(7) Mr. Spitz elected to receive his Annual Retainer of $65,000 and Chairperson fee of $10,000 in Restricted Share Units. These Restricted Share Units were issued at a 10% discount and vest over one year.

(8) Reflects cumulative dividends on unvested Restricted Share Units which vested in May 2014.

As of December 31, 2014, each independent Trustee had the following outstanding options and Restricted Share Unit awards:

OUTSTANDING TRUSTEE EQUITY AWARDS AT FISCAL YEAR-END

		Option Awards					Stock Awards			
Trustee	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 (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Lee S. Wielansky	5/15/2006	3,000	—		$ 22.40	5/15/2016	—	$—		
	5/16/2012	—	—				1,056 (3)	33,824		
	5/16/2013	—	—				1,936 (4)	62,010		
	6/4/2014	—	—				3,735 (5)	119,632		
Total		3,000	—				6,727	$ 215,466	—	$ —
Lorrence T. Kellar	5/16/2012	—	—				801 (3)	$ 25,656		
	5/16/2013	—	—				1,526 (4)	48,878		
	6/4/2014	—	—				2,369 (5)	75,879		
	6/4/2014	—	—				3,239 (6)	103,745		
Total		—	—				7,935	$ 254,158	—	$ —
Douglas Crocker II	5/15/2006	3,000	—		$ 22.40	5/15/2016	—	—		
	5/16/2012	—	—				801 (3)	25,656		
	5/16/2013	—	—				1,526 (4)	48,878		
	6/4/2014	—	—				2,369 (5)	75,879		
	6/4/2014	—	—				1,518 (5)	50,543		
Total		3,000	—				6,214	$ 200,956	—	$ —

Wendy Luscombe	5/16/2012	—	—	801	(3)	$25,656		
	5/16/2013	—	—	1,525	(4)	48,846		
	6/4/2014	—	—	2,369	(5)	75,879		
Total		—	—	4,695		$150,381	—	$—
William T. Spitz	5/16/2012	—	—	801	(3)	$25,656		
	5/16/2013	—	—	1,526	(4)	48,878		

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6/4/2014	—	—	2,369 (5)	75,879		
6/4/2014	—	—	3,037 (6)	97,275		
Total	—	—	7,733	$247,688	—	$—

Notes:

(1) Market value computed by multiplying the closing market price of the Company's Common Shares of $32.03 as of December 31, 2014 by the number of Shares or Units that have not vested.

(2) Represents time-based awards only.

(3) Restricted Share Units vest over three years with the last vesting on May 10, 2015.

(4) Restricted Share Units vest over three years with the last vesting on May 16, 2016.

(5) Restricted Share Units and Restricted LTIP Units vest over three years with the last vesting on June 4, 2017.

(6) Restricted Share Units vest on June 4, 2015.

ACADIA REALTY TRUST
COMPENSATION COMMITTEE REPORT (1)

Executive Summary

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and based on this review and discussion, has recommended to the Board of Trustees that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K and the Company's Proxy Statement. The members of the Compensation Committee for the 2014 fiscal year were Messrs. Spitz, Kellar, and Crocker.

COMPENSATION COMMITTEE
William T. Spitz, Chairman
Lorrence T. Kellar
Douglas Crocker II

Note:

(1) 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 Exchange Act, as amended, that might incorporate by reference this Proxy Statement or future filings made by the Company under those statutes, the Compensation Committee Report is 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.

AUDIT COMMITTEE INFORMATION

Independent Registered Public Accounting Firm Compensation

Audit Fees

The aggregate fees billed for professional services rendered by BDO USA, LLP for the audit of the Company's consolidated financial statements as included in the Company's Form 10-K, for rendering an opinion on the Company's internal control over financial reporting and for reviews of the consolidated financial statements as included in the Company's Forms 10-Q, were $1,064,691 and $960,867 for the years ended December 31, 2014 and 2013, respectively.

In addition to the fees above, aggregate fees billed for professional services rendered by BDO USA, LLP for audits performed in connection with financial statements of acquired properties prepared in accordance with Section 3-14 of Regulation S-X and equity transactions aggregated $215,070 and $148,143 for the years ended December 31, 2014 and 2013, respectively.

Audit Related Fees

There were no audit related fees that were not included in "Audit Fees," above, for the years ended December 31, 2014 and 2013.

Tax Fees

The aggregate fees billed for professional services rendered by BDO USA, LLP for tax preparation and compliance were $221,295 and $204,723 for the years ended December 31, 2014 and 2013, respectively.

Policy on Pre-Approval of Independent Auditor Services

The Audit Committee is responsible for approving the engagement of BDO USA, LLP to perform audit and non-audit services on behalf of the Company or any of its subsidiaries before BDO USA, LLP provides those services. The Audit Committee has approved services other than the audit of the Company's year-end financial statements as follows: (i) audit services in connection with financial statements of acquired properties prepared in accordance with Section 3-14 of Regulation S-X at a cost not to exceed $100,000 per quarter; (ii) non-audit services in connection with equity issuances at a cost not to exceed $100,000 per quarter; and (iii) other non-audit services in an amount not to exceed $100,000 per annum. Non-audit services in excess of these limits require the approval of the full Audit Committee. All audit fees were approved by the Audit Committee and all other fees were approved pursuant to the pre-approval policy discussed above.

REPORT OF THE AUDIT COMMITTEE (1)

The Audit Committee presently consists of the following members of the Company's Board of Trustees: Mr. Kellar, Mr. Spitz and Ms. Luscombe, all of whom meet the independence requirements for audit committee members 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, 2014 with the Company's management. The Audit Committee has discussed with BDO USA, LLP, the Company's independent auditors, the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16 (Communication with Audit Committees).

The Audit Committee has received the written disclosures and the letter from BDO USA, LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with BDO USA, LLP, its independence.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Trustees 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, 2014 for filing with the SEC.
Audit Committee
Lorrence T. Kellar, Chairman
Wendy Luscombe
William T. Spitz

Note:

(1) 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 Exchange Act, as amended, that might incorporate by reference this Proxy Statement or future filings made by the Company under those statutes, the Audit Committee Report is 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. The Board of Trustees has previously adopted an Audit Committee Charter that may be found on the Company's website at www.acadiarealty.com.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Although the Company does not believe it is a conflict of interest or a related party transaction, the Company notes that it earned property management, construction development, legal and leasing fees from its investments in unconsolidated partnerships totaling $201,796 for the years ended December 31, 2014.

Review and Approval of Related Person Transactions.

The Company reviews all relationships and transactions in which the Company and the Company's Trustees and Named Executive Officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. The Company's 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.

ANNUAL REPORT TO SHAREHOLDERS

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, 2014. 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: Corporate Secretary.

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. 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, certain other officers and Trustees and persons who own more than 10% 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.

SUBMISSION OF SHAREHOLDER PROPOSALS

Pursuant to Rule 14a-8 under the Exchange Act, some shareholder proposals may be eligible for inclusion in the Company's 2016 proxy statement and form of proxy. In accordance with Rule 14a-8, these proposals must be received by the Company no later than 5:00 PM EST on December 18, 2015. All such proposals must be submitted in writing to the Corporate Secretary of the Company at the following address: Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605, Attention: Corporate Secretary.

In addition, if you desire to bring business (including Trustee nominations) before the Company's 2016 annual meeting, other than proposals presented under Rule 14a-8, you must provide written notice to the Corporate Secretary at the address noted in the preceding paragraph between November 18, 2015 and December 18, 2015; provided, however, if the date of the 2016 annual meeting is advanced or delayed by more than 30 days from May 27, 2016 (the anniversary of the date of the Annual Meeting), notice by a shareholder must be delivered not earlier than the 150th day prior to 2016 annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the 2016 annual meeting or the tenth day following the day on which public announcement of the date of 2016 annual meeting is first made. You are also advised to review the Company's Bylaws, which contain additional requirements about advance notice of shareholder proposals and Trustee nominations.

DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS

The Company has adopted a procedure called "householding," which has been approved by the Securities and Exchange Commission. Under this procedure, the Company is delivering only one copy of its Annual Report and Proxy Statement to multiple shareholders who share the same mailing address and have the same last name, unless the Company has received contrary instructions from an affected shareholder. This procedure reduces the Company's printing costs, mailing costs and fees. Shareholders who participate in householding will continue to receive separate proxy cards.

The Company will deliver promptly, upon written or oral request, a separate copy of the Annual Report and Proxy Statement to any shareholder at a shared address to which a single copy of the Annual Report or the Proxy Statement 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 a request in writing to Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605, Attention: Corporate Secretary. You may also call (914) 288-8100 to request a copy of the Proxy Statement and Annual Report. You may also access the Company's Annual Report and Proxy statement at www.acadiarealty.com/proxy.

If you are a shareholder of record and would like to revoke your householding consent and receive multiple copies of the Annual Report or Proxy Statement in the future, or if you currently receive multiple copies of these documents and would like only to receive a single copy, please contact the Company at the address listed in the preceding paragraph.

A number of brokerage firms have instituted householding. If you hold your shares in "street name," please contact your bank, broker or other holder of record to request information about householding.

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 Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717.

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

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" ALL THE NOMINEES, AND "FOR" PROPOSALS 2 AND 3.

Vote On Trustees

		For	Against	Abstain
1.	Election of Trustees			
	Nominees:			
	1a. Kenneth F. Bernstein	o	o	o
	1b. Douglas Crocker II	o	o	o
	1c. Lorrence T. Kellar	o	o	o
	1d. Wendy Luscombe	o	o	o
	1e. William T. Spitz	o	o	o
	1f. Lee S. Wielansky	o	o	o

Vote On Proposals

		For	Against	Abstain
2.	THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015.	o	o	o
3.	THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THE COMPANY'S 2015 PROXY STATEMENT IN ACCORDANCE WITH COMPENSATION RULES OF THE SECURITIES AND EXCHANGE COMMISSION.	o	o	o
4.	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. o

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

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ACADIA REALTY TRUST
PROXY FOR ANNUAL MEETING OF SHAREHOLDERS
May 27, 2015

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 via live webcast at www.virtualshareholdermeeting.com/AKR15 at 1:00 p.m. EDT, May 27, 2015 or at any adjournments or postponements thereof.

This proxy will be voted as specified by the undersigned. If no choice is specified, the proxy will be voted according to the Board of Trustees recommendations indicated on the reverse side, and according to the discretion of the proxy holders for any other matters that may properly come before the meeting or any postponement or adjournment thereof.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 27, 2015: This Proxy Statement and the Company's 2014 Annual Report to shareholders are available at www.acadiarealty.com/proxy

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.)

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