

ACADIA REALTY TRUST  
Form DEF 14A  
April 05, 2012

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

**SCHEDULE 14A**

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

Filed by the Registrant  x

Filed by a Party other than the Registrant  o  
Check the appropriate box:

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

**Acadia Realty Trust**

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(Name of Registrant as Specified in its Charter)

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

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

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2) Aggregate number of securities to which transaction applies:

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

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- o Fee paid previously with preliminary materials.
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1) Amount Previously Paid:

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2012**

**TO OUR SHAREHOLDERS:**

Please take notice that the annual meeting of shareholders of Acadia Realty Trust (the Company) will be held on Wednesday, May 16, 2012, at 1:00 p.m., local time, at the offices of Paul, Hastings, Janofsky & Walker, LLP, which are located at 191 North Wacker Drive, Chicago, Illinois 60606, (the Annual Meeting) for the purpose of considering and voting upon:

1. The election of six Trustees to hold office until the next annual meeting and until their successors are duly elected and qualified;
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, 2012;
3. The approval, on an advisory basis, of the compensation of Named Executive Officers as disclosed in the Company's 2012 Proxy Statement in accordance with compensation rules of the Securities and Exchange Commission;
4. To consider and act upon a proposal to approve the Acadia Realty Trust Amended and Restated 2006 Share Incentive Plan; and
5. Such other business as may properly come before the Annual Meeting.

The Board of Trustees of the Company recommends a vote FOR proposals 1 through 4. You should carefully review the accompanying Proxy Statement which contains additional information.

The Board of Trustees has fixed the close of business on March 21, 2012 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

By order of the Board of Trustees

Robert Masters, Secretary  
April 5, 2012

**IT IS VERY IMPORTANT THAT YOU SUBMIT YOUR PROXY BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD. PLEASE COMPLETE, DATE, SIGN AND RETURN PROMPTLY THE ENCLOSED FORM OF PROXY IN THE ENVELOPE PROVIDED FOR THAT PURPOSE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. NO POSTAGE IS REQUIRED FOR MAILING IN THE UNITED STATES.**

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

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

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

PROXY STATEMENT  
FOR THE  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD  
May 16, 2012

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees ( Board of Trustees, Trustees or Board ) of Acadia Realty Trust (the Company ) for use at the annual meeting of shareholders scheduled to be held on Wednesday, May 16, 2012, at 1:00 p.m., local time, at the offices of Paul, Hastings, Janofsky & Walker, LLP, which are located at 191 North Wacker Drive, Chicago, Illinois 60606, or any postponement or adjournment thereof (the Annual Meeting ). This Proxy Statement and accompanying form of proxy were first sent to shareholders on or about April 5, 2012.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 16, 2012 This Proxy Statement and the Company s 2011 Annual Report to shareholders are available at [www.acadiarealty.com/proxy](http://www.acadiarealty.com/proxy).**

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

All properly executed and unrevoked proxies in the accompanying form that are received in time for the Annual Meeting will be voted at the Annual Meeting in accordance with the specification thereon. If no specification is made, signed proxies will be voted FOR each of proposals 1-4 set forth in the Notice of Annual Meeting. Any shareholder executing and delivering a proxy has the right to revoke such proxy at any time prior to the voting thereof by notice to the Company. In addition, although mere attendance at the Annual Meeting will not revoke a proxy, a person present at the Annual Meeting may withdraw his or her proxy and vote in person at that time. Any written notice revoking a proxy should be delivered at or prior to the Annual Meeting to the attention of the Secretary, Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605.

The Board of Trustees recommends a vote FOR proposals 1 through 4.

OUTSTANDING SHARES AND VOTING RIGHTS

The outstanding capital shares of the Company as of March 21, 2012 consisted of 42,763,925 Common Shares (the Common Shares ). Holders of Common Shares are entitled to one vote for each Common Share registered in their names on the record date. The Board of Trustees has fixed the close of business on March 21, 2012 as the record date for determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. The presence, in person or by proxy, of the holders of Common Shares entitled to cast at least a majority of the votes of the outstanding Common Shares on March 21, 2012 will constitute a quorum to transact business at the Annual Meeting.

The approval of a majority of the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting in the election of Trustees will be required to elect the nominees for Trustees at the Annual Meeting. There is no cumulative voting in the election of Trustees. The approval of a majority of the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting will be required for the ratification of the appointment of BDO USA, LLP as the independent registered public accounting firm.

The approval of a majority of the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting will be required for the advisory (non-binding) shareholder approval of the Company s executive compensation program for Named Executive Officers. Subject to the satisfaction of the additional thresholds under the rules of the New York Stock Exchange, the approval of a majority of the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting will be required for approval of the Amended and Restated 2006 Share Incentive Plan.

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Proxies marked Abstain and which have not voted on a particular proposal are included in determining a quorum for the Annual Meeting. Abstentions are not treated as votes cast in the election of Trustees or in the ratification of the appointment of the independent registered public accounting firm, and thus are not the equivalent of votes against a nominee or against the ratification of the appointment of BDO USA, LLP as the independent registered public accounting firm, as the case may be, and will not affect the vote with respect to these matters. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner (despite voting on at least one other proposal for which it does have discretionary authority or for which it has received instructions). Broker non-votes, if any, will have no effect and will not be counted towards the vote total for any proposal.

### PROPOSAL 1 ELECTION OF TRUSTEES

There are six nominees for election as Trustees for one-year terms, expiring in 2013 or until their successors are elected. Election of each Trustee requires the approval of the majority of the votes cast by the holders of Common Shares in person or by proxy at the Annual Meeting.

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

#### Trustee Independence

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

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

#### Nominees for Election as Trustees

**Kenneth F. Bernstein**, age 50, has been Chief Executive Officer of the Company since January of 2001. He has been President and Trustee of the Company since August 1998, when the Company acquired substantially all of the assets of RD Capital, Inc. ( RDC ) and affiliates. From 1990 to August 1998, Mr. Bernstein was the Chief Operating Officer of RDC. In such capacity, he was responsible for overseeing the day-to-day operations of RDC, its management companies, and its affiliated partnerships. Prior to joining RDC, Mr. Bernstein was an associate at the New York law firm of Battle Fowler, LLP, from 1986 to 1990. Mr. Bernstein received his Bachelor of Arts Degree from the University of Vermont and his Juris Doctorate from Boston University School of Law. Mr. Bernstein also serves on the boards of BRT Realty Trust and Golub Capital BDC. Mr. Bernstein is also a member of the National Association of Corporate Directors ( NACD ), International Council of Shopping Centers ( ICSC ), where he is on the Board of Trustees and serves as co-chair of the Committee on Open-Air Centers, National Association of Real Estate Investment Trusts ( NAREIT ), Urban Land Institute ( ULI ), and the Real Estate Roundtable. Mr. Bernstein is also a member of the Young President's Organization ( YPO ).

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We believe Mr. Bernstein's qualifications to sit on the Board include his extensive real estate, management and board experience. Highlights of these qualifications include Mr. Bernstein's:

- service as president and chief executive officer of the Company for the past 11 years;
- extensive network of contacts in the real estate industry and his leadership positions with various industry and business associations;
- five years experience as a real estate attorney;
- eight years experience as the Chief Operating Officer of a private real estate company; and
- three years experience as the Chief Operating Officer of a public real estate company.

**Douglas Crocker II**, age 72, has been a Trustee of the Company since November 2003. Mr. Crocker was most recently the Chief Executive Officer of Equity Residential, a multi-family residential real estate investment trust ( REIT ), from December 1992 until his retirement in December of 2002. During Mr. Crocker's tenure, Equity Residential grew from 21,000 apartments with a total market capitalization of \$700 million to a \$17 billion company with over 225,000 apartments. Mr. Crocker was also a former Managing Director of Prudential Securities, and from 1982 to 1992 served as Chief Executive Officer of McKinley Finance Group, a privately held company involved with real estate, banking and corporate finance. From 1979 to 1982 Mr. Crocker was President of American Invesco, the nation's largest condominium conversion company, and from 1969 to 1979 served as Vice President of Arlen Realty and Development Company. He currently sits on the boards of real estate companies Ventas and Post Properties and also serves on the board of the National Multi-Housing Council. In addition, Mr. Crocker serves as a director of Cypress Sharpridge Inc. Mr. Crocker has been a five-time recipient of Commercial Property News' Multifamily Executive of the Year Award, a three-time winner of their REIT Executive of the Year Award, a three-time winner of Realty Stock Review's Outstanding CEO Award, and received NAREIT's 2010 Edward H. Linde Industry Leadership Award.. Mr. Crocker is also a member of the NACD.

We believe Mr. Crocker's qualifications to sit on the Board include his extensive CEO, board, financial and real estate experience. Highlights of these qualifications include Mr. Crocker's:

- service as CEO of Equity Residential, a publicly traded REIT, for ten years;
- current service on the boards of directors of several REITs;
- past service on the audit committees of the boards of directors of a number of publicly traded companies; and
- over 40 years of experience in the real estate industry.

**Lorrence T. Kellar**, age 74, has been a Trustee of the Company since November 2003 and is an audit committee financial expert as that term is defined by the SEC. Mr. Kellar was Vice President at Continental Properties, a retail and residential developer from November 2002 until his retirement in November 2009. He is a director of Multi-Color Corporation (Chairman), Frisch's Restaurants and Spar Group, Inc. Prior to joining Continental Properties in November of 2002, Mr. Kellar served as Vice President of Real Estate with Kmart Corporation from 1996 to 2002. From 1965 to 1996, Mr. Kellar served with The Kroger Co., the country's largest supermarket company, where his final position was Group Vice President of Finance and Real Estate. Mr. Kellar is also a member of the NACD.

We believe Mr. Kellar's qualifications to sit on the Board include his extensive real estate development, public company board, asset management and mergers and acquisitions experience, as well as financial expertise. Highlights of these qualifications include Mr. Kellar's:

- over 40 years of real estate operating and development experience;
- extensive experience managing financial functions, including general accounting, audit, finance, and treasury;
- qualification as an audit committee financial expert as that term is defined by the SEC;
- service on the boards of directors of eight public companies, including his service as the chair of two of those boards;
- service as chair of both the City of Cincinnati and Kroger pension funds;
- past service as chair of the Bartlett Management Trust mutual fund group; and
- involvement in a number of mergers and acquisitions transactions while with Kroger, U.S. Shoe, BT Office Products International and Multi-Color Corporation.

**Wendy Luscombe**, age 60, has been a Trustee of the Company since 2004. She is Principal of WKL Consulting, successor to WKL Associates, Inc., a real estate investment manager and consultant founded in 1994. Ms. Luscombe has managed investment portfolios totaling \$5 billion over the last 25 years and has represented foreign investors including UK Prudential and British Coal Pension Funds in their United States real estate investment initiatives. For ten years she was Chief Executive Officer of Pan American

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Properties, Inc., a public REIT sponsored by British Coal Pension Funds. She was also a member of the Board of Governors of NAREIT. Ms. Luscombe has served on various boards of public companies in both the United States and United Kingdom for over 25 years and is an audit committee financial expert as that term is defined by the SEC. Currently she serves as Co-Lead Director, Executive Committee Member and Audit Committee member for the Zweig Fund and Zweig Total Return Fund, public closed-end mutual funds. Additionally, she serves as Chairman of the Management Oversight Committee for the Deutsche Bank International Real Estate Opportunities Funds IA and IB. She was formerly a Board Member, Chairman of the Investment Committee and member of the Audit Committee for PXRE Group Ltd., a New York Stock Exchange listed reinsurance company. She resigned from her positions with PXRE Group Ltd. in August 2007 when the company merged with Argonaut Group, but was appointed an outside director of PXRE Reinsurance Company, the United States subsidiary of PXRE Group Ltd. which she resigned from in March 2008. She was also a Board Member for Endeavour Real Estate Securities and Amadeus Real Estate Securities, both private REIT mutual funds. From May 2009 to December 2010, Ms. Luscombe served as a Board Member and Audit Committee member for Feldman Mall Properties, a private REIT. Ms. Luscombe is also a member of the NACD and an NACD Certified Director and a member of NACD's teaching faculty, a Fellow of the Royal Institution of Chartered Surveyors and a Member of the Chartered Institute of Arbitrators.

We believe Ms. Luscombe's qualifications to sit on the Board include her extensive real estate operational background, CEO experience, asset management experience, extensive board service and strong corporate governance background. Highlights of these qualifications include Ms. Luscombe's:

- experience as the CEO of a public equity REIT in the United States for ten years;
- experience as the CEO of a UK urban renewal developer for two years;
- experience as the chief investment officer in the United States for a foreign pension fund;
- experience in a variety of real estate asset types including, among others, regional malls, community shopping centers and mixed use;
- service as an independent director for nearly 30 years, including service on all board committees including audit, compensation, investment and nominating and corporate governance, including chairmanships of committees and service as co-director;
- service on the NACD faculty that conducts in-board training;
- experience as one of the first governors of NAREIT;
- successful launch of two successful contested REIT takeovers; and
- qualification as an audit committee financial expert as that term is defined by the SEC; and
- experience in website management, social media and internet reputation management

**William T. Spitz**, age 60, has been a Trustee of the Company since August 2007. Mr. Spitz has served as a Director of Diversified Trust Company, a private wealth management trust company, for 15 years and has served as a Principal since March 2009. Previously, he was Vice Chancellor for Investments and Treasurer of Vanderbilt University, Nashville, Tennessee from 1985 to July 2007. As Vice Chancellor for Investments at Vanderbilt, Mr. Spitz was responsible for managing the University's \$3.5 billion endowment. He was also a member of the Senior Management Group of the University, which is responsible for the day-to-day operations of the institution. During his tenure, the Vanderbilt endowment earned returns in the top 10% of a broad universe of endowments for multiple time frames. While at Vanderbilt, Mr. Spitz conducted asset allocation studies and implemented detailed investment objectives and guidelines, developed a comprehensive risk management plan, invested in approximately two hundred limited partnerships in five illiquid assets classes, selected new custodians for both the endowment fund and the University's charitable remainder trusts and implemented a more aggressive approach to working capital management which increased returns by 2% per annum. In addition, Mr. Spitz was also on the faculty of Vanderbilt University as Clinical Professor of Management-Owen Graduate School of Management. He has also held various high-level positions with successful asset management companies and has served on the board of several companies, including Cambium Global Timber Fund, The Common Fund, MassMutual Financial, and the Bradford Fund. He has also served on multiple advisory committees, including Acadia's Opportunity Fund Advisory Boards, on which he served from 2001 to July 2007. Mr. Spitz is a published author and frequent speaker at industry conferences and seminars.

We believe Mr. Spitz's qualifications to sit on the Board include his asset management experience as well as real estate development, board, fund, and REIT experience. Highlights of these qualifications include Mr. Spitz's:

- former role as Vice Chancellor for Investments and Treasurer of Vanderbilt University for over 20 years;
- former responsibilities managing Vanderbilt University's multi-billion dollar endowment fund;
- high-level positions with successful asset management companies;
- service on the boards of directors of several companies;
- service on multiple fund advisory committees, including, previously, the Company's fund advisory boards;
- involvement in numerous real estate development projects;

former position as director of a private REIT;  
past service on the audit committee of MassMutual; and  
qualification as chartered financial analyst.

**Lee S. Wielansky**, age 60, has been a Trustee of the Company since May 2000 and the Lead Trustee since 2004. Mr. Wielansky has been Chairman and Chief Executive Officer of Midland Development Group, Inc., which focuses on the development of retail properties in the mid-west and southeast, since May 2003. From November 2000 to March 2003, Mr. Wielansky served as Chief Executive Officer and President of JDN Development Company, Inc. and a director of JDN Realty Corporation through its merger with Developers Diversified Realty Corporation in 2003. He was also a founding partner and Chief Executive Officer of Midland Development Group, Inc. from 1983 through 1998 when the company was sold to Regency Centers Corporation. Mr. Wielansky serves as the Vice Chairman of the Board of Directors, as well as Chairman of the Compensation Committee of Pulaski Bank and is a Director for Isle of Capri Casinos, Inc. Mr. Wielansky is also a member of the NACD and ICSC.

We believe Mr. Wielansky's qualifications to sit on the Board include his real estate development, public company board, fund, asset management and CEO experience. Highlights of these qualifications include Mr. Wielansky's:

- over 36 years of real estate development experience;
- his role in developing over 150 shopping centers;
- his service as Chairman and CEO of Midland Development Group, Inc., which focuses on the development of retail properties in the mid-west and southeast, since May 2003;
- service on the boards of directors of four public companies, including three current public company directorships;
- service on compensation and audit committees;
- current service on the corporate governance committee for Pulaski Bank;
- current service as the Lead Trustee of the Company, a position he has held since 2004;
- service as an advisor to the Company for its fund business;
- responsibility for the asset management of 100 properties, accounting for over 11 million square feet;
- former position as CEO of JDN Development Company; and
- former position as Senior Vice President and Director of Regency Centers.

**Vote Required; Recommendation**

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

**PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Trustees has selected BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012 and has directed that the selection of the independent registered public accounting firm be submitted for ratification by the shareholders at the Annual Meeting.

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

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

**Vote Required; Recommendation**

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





**PROPOSAL 3 ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION**

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), the Company is seeking a non-binding shareholder vote approving the compensation of Named Executive Officers as disclosed in this Proxy Statement in accordance with SEC rules and as discussed in *Compensation Discussion and Analysis*, the compensation tables and any related material. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the policies and practices described in this Proxy Statement.

The Board and management have thoughtfully designed the Company's executive compensation philosophy, policies and programs tailored with the understanding of the Company's business and the strategic mission of the Company.

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.

**Vote Required; Recommendation**

Because the shareholder vote is advisory, the results will not be binding upon the Board. However, the Compensation Committee will take the outcome of the vote expressed by its shareholders into consideration for future executive compensation arrangements. The Board of Trustees unanimously recommends that the shareholders vote **FOR** the approval, on an advisory basis, of the Company's executive compensation program for Named Executive Officers as set forth in this Proxy Statement. Unless otherwise indicated by a shareholder on a proxy, shares will be voted **FOR** the approval of the executive compensation.

The Company currently plans to seek an advisory vote on executive compensation annually. The next advisory vote on executive compensation will occur at the 2013 annual meeting.

**PROPOSAL 4 APPROVAL OF THE AMENDED AND RESTATED 2006 SHARE INCENTIVE PLAN**

On March 15, 2012, the Company's Board of Trustees approved the amendment and restatement of the 2006 Share Incentive Plan (the Revised 2006 Plan), subject to the approval of the shareholders of the Company at the Annual Meeting because the Board of Trustees believes that the 2006 Share Incentive Plan is an important factor in attracting, retaining and motivating employees. As of March 21, 2012, only 333,924 Common Shares remain available for future grants under the existing 2006 Share Incentive Plan (the Original 2006 Plan). The Board of Trustees believes that the Company needs a greater reserve of Common Shares for future awards to key employees. Accordingly, the Board of Trustees approved the Revised 2006 Plan to increase the aggregate number of Common Shares authorized for issuance under the Revised 2006 Plan by 1,600,000 shares to 2,100,000 Common Shares. If the Revised 2006 Plan is approved by the shareholders, the Company will terminate the 2003 Share Incentive Plan (the 2003 Plan) and will no longer make any future grants under the 2003 Plan. The Company will, at its expense, register with the SEC on a Form S-8 Registration Statement the 1,600,000 additional Common Shares that would be issuable under the Revised 2006 Plan.

The Revised 2006 Plan provides for the granting of Options, Share Appreciation Rights, Restricted Share Units, Unrestricted Shares, Performance Shares, Performance Units, Dividend Equivalent Rights and Other-Share Based Awards (collectively, Awards) to officers, employees and trustees of the Company and its subsidiaries and consultants and advisors to the Company or its subsidiaries

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(collectively, Participants ). The class of Participants currently eligible to participate in the Revised 2006 Plan is approximately 125 persons. The following is a summary of certain provisions of the Revised 2006 Plan and is qualified by reference to the complete plan, a copy of which is attached as Exhibit A. Terms below that appear in initial capital letters have the special meaning set forth either above or in the Revised 2006 Plan.

Based solely on the closing price of our Common Shares as reported by the New York Stock Exchange on March 30, 2012, the maximum aggregate market value of 1,600,000 Common Shares proposed to be added to the Revised 2006 Plan is \$36,064,000.

### Summary of the Amended and Restated 2006 Share Incentive Plan

The Revised 2006 Plan provides financial incentives to the Participants, rewarding them for making significant contributions to the Company's success and encouraging them to align their interests with those of the Company and its shareholders. The Revised 2006 Plan also assists the Company in attracting and retaining competent and dedicated individuals whose efforts are important in helping the Company achieve its long-term growth objectives.

The Revised 2006 Plan is administered by the Compensation Committee of the Board Trustees of the Company, each member of the Compensation Committee satisfies the requirements for a non-management director within the meaning of Rule 16b-3 promulgated under Section 16(b) ( Rule 16b-3 ) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), and to the extent compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended ( Code ) is desired, an outside director within the meaning of regulations promulgated under Section 162(m) of the Code. Pursuant to the Revised 2006 Plan, the Compensation Committee selects Participants to whom Awards will be granted and determines the type, size, terms and conditions of Awards, including the per share purchase price and vesting provisions of Options and the restrictions or performance criteria relating to the Awards. The Compensation Committee administers, construes and interprets the Revised 2006 Plan. The Board may nevertheless act in lieu of the Compensation Committee, and has sole discretion with respect to making annual grants of Awards to officers, employees and non-management Trustees. Under the terms of the Revised 2006 Plan, without shareholder approval, no Options, or Share Appreciation Rights may be re-priced in any manner.

### Securities Offered

The maximum number of Common Shares that may be issued pursuant to Awards granted under the Revised 2006 Plan will be 2,100,000 Common Shares. No Participant may receive more than 2,100,000 Common Shares during the term of the Revised 2006 Plan in respect of Awards. The maximum amount of Performance Units and Performance Shares that any Participant may receive for any one performance cycle may not exceed 30 percent of the reserved Common Shares under the Plan, or 630,000 Shares. In the event of any Change in Capitalization, the Compensation Committee may adjust the maximum number and class of Common Shares with respect to which Awards may be granted under the Revised 2006 Plan, the maximum number of Common Shares with respect to which Awards may be granted to any Participant during the term of the Revised 2006 Plan, the number and class of Common Shares which are subject to outstanding Awards granted under the Revised 2006 Plan, and if applicable, the purchase price therefor. In addition, if any Award expires or terminates without having been exercised, the Common Shares subject to that Award again become available for grant under the Revised 2006 Plan.

### Individuals Who May Participate in the 2006 Plan

All of the Company's (and its subsidiaries') officers, employees and trustees together with its (and its subsidiaries') consultants and advisors are eligible to receive Awards under the Revised 2006 Plan. Awards under the Revised 2006 Plan are granted at the sole discretion of the Compensation Committee; subject to a limit of 2,100,000 Common Shares that applies both to the granting of all incentive share options, and of Awards to any individual for any calendar year or during the term of the Revised 2006 Plan. The granting of an Award does not confer upon the Participant any right to continue in the employ or service of the Company or affect any right or power of the Company to terminate the services of such Participant at any time.

### Awards

Options: The Compensation Committee may grant to Participants Options to purchase Common Shares. Subject to the provisions of the Code, Options may either be Incentive Share Options (within the meaning of Section 422 of the Code) or Nonqualified Share Options. The per Common Share purchase price (i.e., the exercise price ) under each Option is established by the Compensation Committee at the time the Option is granted. The per Common Share exercise price of any Option may not be less than 100% of the Fair Market Value, as determined under the Revised 2006 Plan, of a Common Share on the date the Option is granted (110% in the case of an Incentive Share Option granted to a Ten-Percent Shareholder). Options may be exercisable at such times and in such installments as determined by the Compensation Committee. The Compensation Committee may accelerate the exercisability of any Option at any time. Each Option granted pursuant to the Revised 2006 Plan has such term as determined by the Compensation



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Committee, provided, however, that no Option may be exercisable after the expiration of ten years from its grant date (five years in the case of an Incentive Share Option granted to a Ten-Percent Shareholder). The Agreement evidencing the Option grant will set forth the terms and conditions applicable to such Option upon a termination or change in the employment or service status of the Optionee as determined by the Compensation Committee and in accordance with the Revised 2006 Plan.

Unless permitted by the Compensation Committee, Options are not transferable by the Optionee other than by will or the laws of descent and distribution and may be exercised during the Optionee's lifetime only by the Optionee or the Optionee's guardian or legal representative. The purchase price for Common Shares acquired pursuant to the exercise of an Option must be paid (i) in cash, (ii) by transferring Common Shares to the Company, or (iii) a combination of the foregoing, upon such terms and conditions as determined by the Compensation Committee. Notwithstanding the foregoing, the Compensation Committee may establish cashless exercise procedures which provide for the simultaneous exercise of an Option and sale of the underlying Common Share. Upon a Change in Control, all Options outstanding under the Revised 2006 Plan will become immediately and fully exercisable.

Share Appreciation Rights: The Revised 2006 Plan permits the granting of Share Appreciation Rights to Participants in connection with an Option or as a freestanding right. A Share Appreciation Right permits the Grantee to receive, upon exercise, cash and/or Common Shares, at the discretion of the Compensation Committee, equal in value to an amount determined by multiplying (i) the excess, if any, of (x) for those granted in connection with an Option, the per Common Share Fair Market Value on the date preceding the exercise date over the per Common Share purchase price under the related Option, or (y) for those not granted in connection with an Option, the per Common Share Fair Market Value on the date preceding the exercise date over the per Common Share Fair Market Value on the grant date of the Share Appreciation Right by (ii) the number of Common Shares as to which such Share Appreciation Right is being exercised.

Share Appreciation Rights granted in connection with an Option cover the same Common Shares as those covered by such Option and are generally subject to the same terms. A Share Appreciation Right granted in connection with an Incentive Share Option is exercisable only if the Fair Market Value of a Common Share on the exercise date exceeds the purchase price specified in the related Incentive Share Option Agreement. Freestanding Share Appreciation Rights may be granted on such terms and conditions as shall be determined by the Compensation Committee, but may not have a term of greater than ten years. Upon a Change in Control, all Share Appreciation Rights will become immediately and fully exercisable.

Restricted Share Units: The terms of a Restricted Share Unit Award, including the restrictions placed on such Award and the time or times at which such restrictions will lapse, will be determined by the Compensation Committee at the time the Award is made. The Compensation Committee may determine at the time an Award of Restricted Share Unit is granted that such Award may accrue dividend equivalent rights during the restriction period. Accrued dividend equivalent rights (together with any interest accrued thereon) will be paid upon the lapsing of restrictions on Restricted Share Units or forfeited upon the forfeiture of Restricted Share Units. The agreements evidencing Awards of Restricted Share Units will set forth the terms and conditions of such Awards upon a Grantee's termination of employment or service. The extent, if any, to which the restrictions on Restricted Share Units will lapse upon a Change in Control will be determined by the Compensation Committee at the time of the grant of the Award of Restricted Share Unit and set forth in the Agreement evidencing the Award.

Unrestricted Shares: The Board may issue unrestricted shares to the non-management Trustees in lieu of cash fees.

Performance Units and Performance Shares: Performance Units and Performance Shares may be awarded at such times as the Compensation Committee may determine and the vesting of Performance Units and Performance Shares is based upon the attainment of specified performance objectives by the Company, a subsidiary or a division within the specified performance period (the "Performance Cycle"). Performance objectives and the length of the Performance Cycle for Performance Units and Performance Shares may be determined by the Compensation Committee at the time the Award is made. Performance objectives may be expressed in terms of earnings per Share, pre-tax profits, net earnings or net worth, return on equity or assets or any combination of the foregoing, or any other standard deemed appropriate by the Compensation Committee. Prior to the end of a Performance Cycle, the Compensation Committee, in its discretion, may adjust the performance objectives to reflect a Change in Capitalization, a change in the tax rate or book tax rate of the Company or any subsidiary, or any other event which may materially affect the performance of the Company, a subsidiary or division. The agreements evidencing Awards of Performance Units and Performance Shares may set forth the terms and conditions of such Awards, including those applicable in the event of the Grantee's termination of employment or service. Each Performance Unit will represent one Common Share and payments in respect of vested Performance Units will be made in cash, Common Shares or Restricted Share Units or any combination of the foregoing. The Compensation Committee may determine the total number of Performance Shares subject to an Award and the time or times at which the Performance Shares will be issued to the Grantee at the time the Award is made. In addition, the Compensation Committee may determine (a) the time or times at which the awarded but not issued Performance Shares will be issued to the grantee and (b) the time or times at which awarded and issued Performance Shares will become vested in or forfeited by the Grantee, in either case based upon the attainment of specified

performance objectives within the Performance Cycle. Dividends paid on the Performance Shares issued will accrue during the performance period. Accrued dividends (together with any interest accrued thereon) will be paid upon the lapsing of restrictions on Performance Shares or forfeited upon the forfeiture of Performance Shares. Upon a Change in Control, (x) a percentage of Performance Units, as determined by the Compensation Committee at the time an Award of Performance Units is made, will become vested and the Grantee will be entitled to receive a cash payment equal to the per Common Share Fair Market Value multiplied by the number of Performance Units which become vested, and (y) with respect to Performance Shares, all restrictions will lapse on a percentage of the Performance Shares, as determined by the Compensation Committee at the time the Award of Performance Shares is made.

**Other Share-Based Awards:** The Compensation Committee may grant awards of capital stock other than Common Shares and other awards that are valued in whole or in part by reference to or are otherwise based on, Common Shares, including, for example, profits interest in our Operating Partnership, convertible preferred stock, convertible debentures, exchangeable securities, awards valued by reference to book value or subsidiary performance. These awards may be subject to such conditions and restrictions as the Compensation Committee may determine. The extent, if any, to which the restrictions on Other Share-Based Awards will lapse upon a Change in Control will be determined by the Compensation Committee at the time of the grant of the Award of Other Share-Based Awards and set forth in the Agreement evidencing the Award.

#### **Additional Information**

The Compensation Committee has the sole discretion to interpret the requirements of the Code, including Section 409A, for purposes of the Revised 2006 Plan and all Awards granted thereunder. The Compensation Committee, in its discretion, may require deferral election forms or decide to grant or unilaterally modify any Award consistent with the Compensation Committee's interpretation of the requirements of the Code. In the event of a deferral election, the Compensation Committee will cause any deferred distribution to occur at the next earliest distribution event allowable under 409A.

The Revised 2006 Plan provides that in satisfaction of the federal, state and local income taxes and other amounts as may be required by law to be withheld with respect to an Option or Award, the Optionee or Grantee may make a written election to have withheld a portion of the Common Shares issuable to him or her having an aggregate Fair Market Value equal to the withholding taxes.

The Compensation Committee has the authority at the time a grant of Options or an Award is made to award designated Optionees or Grantees tax bonuses that will be paid on the exercise of such Options or payment of such Awards. The Compensation Committee will have full authority to determine the amount of any such tax bonus and the terms and conditions affecting the vesting and payment thereof.

The Revised 2006 Plan will terminate on the day preceding the tenth anniversary of the effective date of its amendment and restatement. The Board of Trustees may terminate or amend the Revised 2006 Plan at any time, except that (i) no such amendment or termination may adversely affect outstanding Awards, and (ii) to the extent necessary under applicable law or securities exchange rule, no amendment will be effective unless approved by shareholders.

#### **Certain Federal Income Tax Consequences**

In general, an Optionee will not recognize taxable income upon grant or exercise of an Incentive Share Option and the Company will not be entitled to any business expense deduction with respect to the grant or exercise of an Incentive Share Option. (However, upon the exercise of an Incentive Share Option, the excess of the fair market value on the date of the exercise of the Common Shares received over the exercise price of Common Shares will be treated as an adjustment to alternative minimum taxable income). In order for the exercise of an Incentive Share Option to qualify for the foregoing tax treatment, the Optionee generally must be an employee of the Company or a Subsidiary from the date the Incentive Share Option is granted through the date three months before the date of exercise, except in the case of death or disability, where special rules apply.

If the Optionee has held the Common Shares acquired upon exercise of an Incentive Share Option for at least two years after the date of grant and for at least one year after the date of exercise, upon disposition of the Common Shares by the Optionee, the difference, if any, between the sale price of the Common Shares and the exercise price of the Option will be treated as long-term capital gain or loss. If the Optionee does not satisfy these holding period requirements, the Optionee will recognize ordinary income at the time of the disposition of the Common Shares, generally in an amount equal to the excess of the fair market value of the Common Shares at the time the Option was exercised over the exercise price of the Option. The balance of gain realized, if any, will be long-term or short-term capital gain, depending on whether or not the Common Shares were sold more than one year after the Option was exercised. If the Optionee sells the Common Shares prior to the satisfaction of the holding period requirements but at a price below the Fair Market Value of the Common Shares at the time the Option was exercised, the amount of ordinary income will be limited to the excess of the

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amount realized on the sale over the exercise price of the Option. Subject to the discussion below with respect to Section 162(m) of the Code, the Company will be allowed a business expense deduction to the extent the Optionee recognizes ordinary income.

In general, an Optionee to whom a Nonqualified Share Option is granted will recognize no income at the time of the grant of the Option. Upon exercise of a Nonqualified Share Option, an Optionee will recognize ordinary income in an amount equal to the amount by which the fair market value of the Common Shares on the date of exercise exceeds the exercise price of the Option (special rules may apply in the case of an Optionee who is subject to Section 16(b) of the Exchange Act). Subject to the discussion below with respect to Section 162(m) of the Code, the Company will be entitled to a business expense deduction in the same amount and at the same time as the Optionee recognizes ordinary income.

Under certain circumstances, the accelerated vesting of Options or the accelerated lapse of restrictions on other Awards in connection with a change in control of the Company might be deemed an excess parachute payment for purposes of the golden parachute tax provisions of Section 280G of the Code. To the extent it is so considered, the Optionee may be subject to a 20% excise tax and the Company may be denied a tax deduction. Section 162(m) of the Code and the regulations thereunder generally would disallow the Company a federal income tax deduction for compensation paid to the chief executive officer and the four other most highly compensated executive officers to the extent such compensation paid to any of such individuals exceeds one million dollars in any year.

Section 162(m) generally does not disallow a deduction for payments of qualified performance-based compensation the material terms of which have been approved by shareholders. The Company intends that compensation attributable to Options, Share Appreciation Rights and Performance Shares granted under the Revised 2006 Plan will be qualified performance-based compensation. To qualify, the Company is seeking shareholder approval of the Revised 2006 Plan.

### **New Plan Benefits**

Because the grant of Awards under the Revised 2006 Plan is within the discretion of the Compensation Committee, the Company cannot determine the dollar value or number of Common Shares that will in the future be received by or allocated to any participant in the Revised 2006 Plan.

### **Vote Required; Recommendation**

The approval of a majority of the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting is required to ratify the Company's approval of the Revised 2006 Plan. The Board of Trustees unanimously recommends that the shareholders vote FOR the ratification of the Company's approval of the Revised 2006 Plan.

In addition, the rules of the New York Stock Exchange require that two separate thresholds be met for this proposal to be approved: (1) votes for the proposal must be at least a majority of all of the votes cast on the proposal (including votes for and against and abstentions) and (2) the total number of votes cast on the proposal (regardless of whether they are for or against or abstentions) must represent more than 50% of all of the shares entitled to vote on the proposal. The New York Stock Exchange treats abstentions both as shares entitled to vote and as votes cast, but does not treat broker non-votes as votes cast. Because this proposal is a non-routine matter under the rules of the New York Stock Exchange, brokerage firms, banks and other nominees who hold shares on behalf of clients in street name are not permitted to vote the shares if the client does not provide instructions.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2011 regarding the Common Shares that may be issued under the Company's equity compensation plans consisting of the Original 2006 Plan, the 2003 Plan and the Company's Employee Share Plan (the Share Purchase Plan), (but excluding the additional Common Shares subject to this proposal). In the footnotes to the table, the Company has also presented the information in relation to its equity compensation plans as of the record date.

Equity Compensation Plan Information (4)			
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted Average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities referenced in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:(1)	1,064,920(2)	\$17.95	647,089(3)
Equity compensation plans not approved by security holders:			
<b>Total</b>	<b>1,064,920</b>	<b>\$17.95</b>	<b>647,089</b>

**Notes:**

- (1) Includes information related to the Original 2006 Plan, the 2003 Plan and the Share Purchase Plan.
- (2) Includes (a) 150,283 Common Shares issuable upon the exercise of outstanding options, (b) 75,739 Common Shares issuable upon the vesting of Restricted Share Units, and (c) 838,898 long term incentive units (LTIP units) that, upon the satisfaction of certain conditions, are convertible into common units, which may be presented to us for redemption and acquired by us for Common Shares. Because there is no exercise price associated with restricted share units and LTIP units, such awards are not included in the weighted average exercise price calculation. As of March 21, 2012, there are stock options outstanding to acquire 149,647 Common Shares, with a weighted average exercise price of \$18.34 and an average weighted remaining term of 3.25 years. As of March 21, 2012, there are a total of 1,006,300 Restricted Share Units and LTIP units outstanding.
- (3) As of December 31, 2011, there were 600,451 Common Shares available for future issuance under the Original 2006 Plan and 46,638 Common Shares available for future issuance under the Share Purchase Plan. As of December 31, 2011, there are no Common Shares available for future issuance under the Company's 1999 Share Incentive Plan (the 1999 Plan). As of March 21, 2012, 333,924 Common Shares remain available for future issuance under the Original 2006 Plan and 45,356 Common Shares remain available for future issuance under the Share Purchase Plan. As of March 21, 2012, there are no Common Shares available for future issuance under the 1999 Plan or the 2003 Plan.
- (4) As of March 21, 2012, the Company had 42,763,925 Common Shares outstanding. Inclusive of 516,748 units ( OP Units ) of limited partnership interest outstanding, the Company had 43,280,673 Common Shares and OP Units outstanding as of March 21, 2012.

**MANAGEMENT****Trustee Meetings and Attendance**

During 2011, the Board of Trustees held four in-person meetings and three telephonic meetings, the Audit Committee held eight meetings, the Compensation Committee held four meetings and had a number of telephonic discussions, the Nominating and Corporate Governance Committee held four meetings and the Investment/Capital Markets Committee held no formal meetings but had numerous telephonic discussions to discuss potential transactions. The Board of Trustees believes consistent attendance with a minimum of missed meetings is important in



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carrying out the responsibilities of being a Trustee. The average attendance in the aggregate of the total number of Board of Trustees and committee meetings was 98%. No Trustee attended fewer than 96% of the aggregate of all meetings of the Board of Trustees and applicable committee meetings.

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The Company does not have a formal policy requiring Trustees to be present at Annual Meetings, although the Company does encourage their attendance. All of the Company's Trustees attended the 2011 Annual Meeting.

### Trustees and Executive Officers

The Trustees and executive officers of the Company as of the date of this Proxy Statement are as follows:

Name	Age	Office Held	Year First Became Officer/Trustee	Term Expires
Kenneth F. Bernstein	50	Trustee, Chief Executive Officer and President	1998	2012
Lee S. Wielansky	60	Trustee; Independent Lead Trustee	2000	2012
Douglas Crocker II	72	Trustee	2003	2012
Lorrence T. Kellar	74	Trustee	2003	2012
Wendy Luscombe	60	Trustee	2004	2012
William T. Spitz	60	Trustee	2007	2012
Joel Braun	60	Executive Vice President and Chief Investment Officer	1998	
Jonathan Grisham	54	Senior Vice President and Chief Financial Officer	1998	
Robert Masters	67	Senior Vice President, General Counsel, Chief Compliance Officer and Secretary	1998	
Christopher Conlon	52	Executive Vice President and Chief Operating Officer	2008	
Michael Nelsen	65	Senior Vice President, Accounting and Financial Principal	2003	

Biographical information with respect to Messrs. Bernstein, Crocker, Kellar, Spitz and Wielansky and Ms. Luscombe is set forth under PROPOSAL 1 ELECTION OF TRUSTEES, above.

**Joel Braun**, age 60, has been Chief Investment Officer of the Company since August 1998. Mr. Braun was a Senior Vice President of the Company from August 1998 until January 2007 when he was named Executive Vice President. Mr. Braun is responsible for all of the Company's merger and acquisition activities. Previously, Mr. Braun was Vice President of Acquisitions for RD Capital, Inc. Mr. Braun holds a Bachelor's Degree in Business Administration from Boston University and a Master's Degree in Planning from The Johns Hopkins University.

**Christopher Conlon**, age 52, as of January 1, 2012, Mr. Conlon was promoted to Executive Vice President/Chief Operating Officer. Previously, from February 2008, Mr. Conlon served as Senior Vice President - Leasing and Development. From 1992 to 2007, Mr. Conlon was a partner at Ripco Real Estate Corporation where he was responsible for the leasing and development/redevelopment of neighborhood shopping centers, vertical urban retail centers and mixed-use properties with retail components. Mr. Conlon received his Bachelor of Arts from the State University of New York at Stony Brook and his J.D. from St. John's University School of Law.

**Jonathan Grisham**, age 54, as of January 1, 2012, Mr. Grisham was promoted to Senior Vice President/Chief Financial Officer. Previously, from February 2005, Mr. Grisham served as Chief Accounting Officer and prior to that was the Director of Financial Reporting since the Company's formation. Prior to this, he served as controller at Mark Centers Trust from 1993 to 1998. From 1987 through 1992, Mr. Grisham was a supervisor in the public accounting firm of Aronson & Company in Washington, DC. Mr. Grisham is a Certified Public Accountant and holds a Master's Degree in Finance from Kings College and a Bachelor's of Science Degree in Accounting from George Mason University.

**Robert Masters, Esq.**, age 67, has been a Senior Vice President, the General Counsel, Chief Compliance Officer and Secretary of the Company since 1998 and was previously General Counsel of RD Capital, Inc. since 1994. Prior to that, Mr. Masters was General Counsel for API Asset Management for over five years, Senior Vice President, Deputy General Counsel for European American Bank from 1985 to 1990, and Vice President and Counsel for National Westminster Bank from 1977 to 1985. Mr. Masters received his Bachelor of Arts from the City University of New York and his Juris Doctorate from New York University Law School. Mr. Masters is a member of the New York State Bar.

**Michael Nelsen**, age 65, Mr. Nelsen currently serves as the Company's Senior Vice President and Accounting and Financial Principal. Previously, he served as Chief Financial Officer and a Senior Vice President of the Company from March 2003 through December 31, 2011. As part of, and in furtherance of, the Company's succession planning, Mr. Nelsen agreed to step down from his position as Chief Financial Officer in order to advance Mr. Grisham from Chief Accounting Officer to Chief Financial Officer. Prior to joining the Company, Mr. Nelsen was the President of G. Soros Realty, Inc. and Director of Real Estate for Soros Private Funds Management LLC from 1994 to 2003. His responsibilities included asset/portfolio management of real estate operations, financial reporting, financings, asset acquisitions and dispositions. From 1969 to 1980 he was an employee, and from 1981 to 1994, he was a



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partner, of the public accounting firm of Berdon LLP (formerly David Berdon & Co.). Mr. Nelsen graduated from Bernard M. Baruch School of Business in 1969 and has been a Certified Public Accountant since 1971.

### Board Leadership Structure

The Board's Lead Trustee and Chief Executive Officer generally serve as the leadership of the Board. The Company does not have a chairperson of the Board. Mr. Wielansky, an independent Trustee who serves as a member of the Investment/Capital Markets Committee, has been selected by the Board to serve as the Lead Trustee. The Lead Trustee has final say on the agenda for all Board meetings. The Chief Executive Officer presides over the regular meetings of the Board of Trustees, calling each meeting to order and leading the Trustees through the agenda items. The Lead Trustee presides over all meetings of the non-management Trustees held in executive session. Non-management Trustees are all those who are not Company officers and include Trustees, if any, who are not independent by virtue of the existence of a material relationship with the Company. An executive session is held in conjunction with each regularly scheduled Board meeting and other executive sessions may be called by the Lead Trustee in his own discretion or at the request of the Board. The Lead Trustee has responsibility for facilitating communication among independent Trustees and between the independent Trustees and management, as well as additional responsibilities that are more fully described in the Company's Corporate Governance Guidelines, which are available on the Company's website at [www.acadiarealty.com](http://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.

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](http://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
<b><u>EMPLOYEE TRUSTEE</u></b>				
Kenneth F. Bernstein				X <sup>(2)</sup>
<b><u>NON-EMPLOYEE TRUSTEES</u></b>				
Lee S. Wielansky				X
Douglas Crocker II		X	X	X <sup>(1)</sup>
Lorrence T. Kellar	X <sup>(1)</sup>	X		
Wendy Luscombe	X		X <sup>(1)</sup>	
William T. Spitz	X	X <sup>(1)</sup>		X

<sup>(1)</sup> Chairman of the committee.

<sup>(2)</sup> *Ex-Officio* member of the committee.

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### *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 eight meetings during the last fiscal year. See Report of the Audit Committee.

The Audit Committee Charter requires that the Audit Committee be comprised of at least three members, each of whom is independent, as defined by the listing standards of the New York Stock Exchange and at least one of whom is an audit committee financial expert, 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, Mr. Spitz serves on the audit committee of one other public company and Ms. Luscombe serves on the audit committees of a complex of closed end mutual funds, these meetings are held concurrently. The Board has determined that the participation by Messrs. Kellar and Spitz 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 Company's 2006 Share Incentive Plan, as amended and restated 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 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 2011 Decisions and 2012 Changes in Compensation Discussion and Analysis below.

### *Compensation Committee Interlocks and Insider Participation*

During 2011, none of the Compensation Committee members (i) were an officer or employee of the Company or any of its subsidiaries during the fiscal year ended December 31, 2011; (ii) is a former officer 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.

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 held four meetings during the last fiscal year.

The Nominating and Corporate Governance Committee will consider all shareholder recommendations for candidates for the Board of Trustees. All shareholder recommendations should be sent to the Committee, c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260 White Plains, NY 10605, Attention: Corporate Secretary, and should include all information relating to such person that is required to be disclosed in a proxy statement for the election of Trustees or is otherwise required pursuant to Regulation 14A 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 Committee may identify other candidates, if necessary, through recommendations from directors, management, employees or outside consultants.

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

*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 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.

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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 Board committees.

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;
- Asset management experience;
- REIT experience;
- Financial expertise;
- Real estate development experience;
- Public company board service;
- 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, (iii) for other investments and capital market transactions, the approval of which is not otherwise delegated by the Board of Trustees to management, from time to time, and (iv) exercising such other 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 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 each of these members is independent within the meaning of the listing standards of the New York Stock Exchange. The Investment Committee held no formal meetings, but had a number of informal telephonic discussions to discuss potential transactions, during the last fiscal year.

### **Communication with Trustees**

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

### **Other Corporate Governance Initiatives**

The Company has adopted a Code of Business Conduct and Ethics as defined under the rules of the SEC that applies to all of the Company's officers, trustees and employees. The Company regularly monitors developments in the area of corporate governance and





continues to enhance the Company's corporate governance structure based upon a review of new developments and recommended best practices. The Company's corporate governance materials, including the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Whistle Blower Policy and standing committee charters may be found on the Company's web site at [www.acadiarealty.com](http://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, New York 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 accountants, the Audit Committee discusses the scope and plan for the internal audit 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.

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 March 21, 2012, the Company had 42,763,925 Common Shares outstanding, which shares were held by 299 record holders. In addition, as of March 21, 2012, the Company had 516,748 units ( OP Units ) of limited partnership interest outstanding in Acadia Realty Limited Partnership, 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.

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The following table sets forth, as of March 21, 2012, certain information concerning the holdings of each person known to the Company to be beneficial owner of more than 5% of the Common Shares at March 21, 2012, 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
<i>5% Beneficial Owners</i>		
FMR LLC (1)	4,757,993	11.13
The Vanguard Group, Inc. (2)	4,546,123	10.63
Blackrock, Inc. (3)	4,272,922	9.99
Entities Affiliated with Invesco Ltd, (4)	4,229,270	9.89
Cohen & Steers, Inc. (5)	4,132,895	9.66
Entities Affiliated with Morgan Stanley (6)	2,878,555	6.73
T. Rowe Price Associates, Inc. (7)	2,866,273	6.70
Daiwa Asset Management Co. Ltd. (8)	2,472,946	5.78
<i>Trustees and Executive Officers (9)</i>		
Kenneth F. Bernstein	770,013(10)	1.78
Joel Braun	115,098(11)	*
Robert Masters	76,203(12)	*
Michael Nelsen	39,831(13)	*
Christopher Conlon	39,605(14)	*
Jonathan Grisham	49,562(15)	*
Douglas Crocker II	25,720(16)	*
Lorrence T. Kellar	37,396(17)	*
Wendy Luscombe	21,017(18)	*
William T. Spitz	14,104(19)	*
Lee S. Wielansky	36,307(20)	*
All Executive Officers and Trustees as a Group (11 persons)	1,224,856(21)	2.83

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 FMR LLC is based solely on a Schedule 13G (the "FMR LLC 13G") filed with the SEC on February 14, 2012 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 3,893,775 Common Shares outstanding of the Company as a result of its serving as an investment advisor to various investment companies.

According to the FMR LLC 13G, Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds, each has sole power to dispose of the 3,893,775 shares owned by the Funds.

According to the FMR LLC 13G, Pyramis Global Advisors Trust Company ("PGATC"), a wholly-owned subsidiary of FMR LLC, is the beneficial owner of 864,218 Common Shares outstanding of the Company as a result of its serving as an investment manager of institutional accounts owning such shares. Edward C. Johnson 3d and FMR LLC, through its control of PGATC, each has sole dispositive power over 864,218 shares and sole power to vote or to direct the voting of 864,218 shares owned by the institutional accounts managed by PGATC as reported above.

The principal business office address of FMR LLC is 82 Devonshire Street, Boston, MA 02109. According to the FMR LLC 13G, the reporting entities ownership of the Company's Common Shares is as follows:

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Number of shares beneficially owned by each reporting person with:

	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FMR LLC	864,218		4,757,993	

- (2) 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 (the Vanguard 13G) filed with the SEC on February 7, 2012 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 64,650 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.

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
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
The Vanguard Group	64,650		4,481,473	64,650

- (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 (the Blackrock 13G) filed with the SEC on January 10, 2012 by Blackrock Inc.

The principal business office address of Blackrock, Inc. is 40 East 52<sup>nd</sup> 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
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Blackrock, Inc.	4,272,922		4,272,922	

- (4) Other than the information relating to their percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to these entities is based solely on a Schedule 13G (the "Invesco 13G") filed with the SEC on February 6, 2012 by Invesco Ltd as a parent holding company for its subsidiaries listed below.

The principal business office address of Invesco Ltd. is 1555 Peachtree Street NE, Atlanta, GA 30309. According to the Invesco 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
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Invesco Advisers, Inc.	2,804,603	30,679	4,159,247	20,338
Invesco PowerShares Capital Management	46,076		46,076	
Invesco Investment Advisors, LLC	3,609		3,609	

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- (5) Other than the information relating to their percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to this entity is based solely on a Schedule 13G (the Cohen & Steers 13G) filed with the SEC on February 14, 2012 by Cohen & Steers Inc. as a parent holding company for its subsidiary listed below.

The principal business office address of Cohen & Steers Inc. is 280 Park Avenue, 10<sup>th</sup> Floor, New York, NY 10017. According to the Cohen & Steers 13G, the reporting entity'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
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cohen & Steers Capital Management, Inc.	1,603,585		4,132,895	

- (6) Other than the information relating to their percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to these entities is based solely on a Schedule 13G/A (the Morgan Stanley 13G) filed with the SEC on February 8, 2012 by Morgan Stanley and Morgan Stanley Investment Management Inc.

According to the Morgan Stanley 13G, the securities being reported upon by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by Morgan Stanley Investment Management Inc., an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) as amended. Morgan Stanley Investment Management Inc. is a wholly-owned subsidiary of Morgan Stanley.

The principal business office address of Morgan Stanley is 1585 Broadway, New York, NY 10036. The principal business office address of Morgan Stanley Investment Management Inc. is 522 Fifth Avenue, New York, NY 10036. According to the Morgan Stanley 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
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Morgan Stanley	2,063,565		2,878,555	
Morgan Stanley Investment Management Inc.	2,063,565		2,878,555	

- (7) 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 filed with the SEC on February 10, 2012 by T. Rowe Price (Price Associates 13G).

The principal business office address of Price Associates is 100 E. Pratt Street, Baltimore, Maryland 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
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
T. Rowe Price Associates, Inc.	485,523		2,866,273	



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- (8) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to Daiwa Asset Management Co. Ltd. is based solely on a Schedule 13G (the "Daiwa 13G") filed with the SEC on January 10, 2012 by Daiwa Asset Management Co. Ltd.

The principal business office address of Daiwa Asset Management Co. Ltd. is 10-5 Nihonbashi-Kayabacho, 2-Chrome, Chuo-Ku, Tokyo, Japan 103-0025. According to the Daiwa 13G, the reporting entity'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
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Daiwa Asset Management Co. Ltd.	2,472,946		1,341	2,471,605

- (9) The principal business office address of each such person is c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605.
- (10) The Common Shares beneficially owned by Mr. Bernstein in his individual capacity consist of (i) 243,558 OP Units which are immediately exchangeable into a like number of Common Shares and 84 LTIP Units (as hereinafter defined), (ii) 470,471 Common Shares and (iii) 55,900 vested options issued pursuant to the Share Incentive Plans. The amount reflected does not include 349,401 Restricted LTIP Units (as hereinafter defined), none of which will vest in the next 60 days.
- (11) Represents (i) 54,846 LTIP Units (ii) 47,012 Common Shares and (iii) 13,240 vested options issued pursuant to the Share Incentive Plans. The amount reflected does not include 73,372 Restricted LTIP Units, none of which will vest in the next 60 days.
- (12) Represents (i) 34,281 Common Shares, (ii) 35,533 LTIP Units and (iii) 6,389 vested options issued pursuant to the Share Incentive Plans. The amount reflected does not include 50,065 Restricted LTIP Units, none of which will vest in the next 60 days.
- (13) Represents (i) 11,732 Common Shares, (ii) 22,435 LTIP Units and (iii) 5,664 vested options issued pursuant to the Share Incentive Plans. The amount reflected does not include 29,996 Restricted LTIP Units, none of which will vest in the next 60 days.
- (14) Represents 39,605 LTIP Units issued pursuant to the Share Incentive Plans. The amount reflected does not include 32,417 Restricted LTIP Units, none of which will vest in the next 60 days.
- (15) Represents (i) 22,480 Common Shares, (ii) 23,207 LTIP Units and (iii) 3,875 vested options issued pursuant to the Share Incentive Plans. The amount reflected does not include 28,632 Restricted LTIP Units, none of which will vest in the next 60 days.
- (16) Represents 10,000 vested options issued pursuant to the Share Incentive Plans and 15,720 Common Shares. The amount reflected does not include 4,749 Restricted Share Units (as hereinafter defined), none of which will vest in the next 60 days.
- (17) Represents 10,000 vested options issued pursuant to the Share Incentive Plan and 27,396 Common Shares. The amount reflected does not include 8,638 Restricted Share Units, none of which will vest in the next 60 days. Of the Common Shares shown, 27,308 were pledged as security for a loan.
- (18) Represents 8,000 vested options issued pursuant to the Share Incentive Plan and 13,017 Common Shares. The amount reflected does not include 4,749 Restricted Share Units, none of which will vest in the next 60 days.
- (19) Represents 14,104 Common Shares. The amount reflected does not include 8,361 Restricted Share Units, none of which will vest in the next 60 days.
- (20) Represents 9,000 vested options issued pursuant to the Share Incentive Plans and 27,307 Common Shares. The amount reflected does not include 8,402 Restricted Share Units, none of which will vest in the next 60 days.
- (21) See Notes (10) through (20).

**COMPENSATION DISCUSSION AND ANALYSIS**

Discussed and analyzed below are the Company's compensation programs for its Named Executive Officers who are included in the Summary Compensation Table on page 35 (collectively, the "Named Executive Officers" or "NEOs").

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 investors and retaining key employees. In 2011, the Company provided a solid total shareholder return (an approximate 14% return), 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 2011 performance based compensation, together with 2011 base salary levels are well aligned with the Company performance for the year and that the linkage between pay and performance is strong.

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

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

The executive compensation program is designed to help the Company achieve the objectives that are reflected in the Compensation Committee's Charter which is available on the Company's website at [www.acadiarealty.com](http://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 individual Named Executive Officer's unit performance. For a discussion of compensation for the members of the Board of Trustees, see "Board of Trustees Compensation."



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

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

At the 2011 annual meeting, the Company's shareholders approved the Company's executive compensation plan by a vote of approximately 96.7%. The Compensation Committee reviewed the results of that vote and determined that the Company's shareholders prefer that the Company continue with its current model of executive compensation.

### 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 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 engaged FTI as its independent third party consultant to obtain executive compensation information for the Peer Group. The Peer Group compensation information provided by FTI, 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 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 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 has not been retained to provide any other services to the Company.

### B. Performance Incentive Compensation

The Compensation Committee and the Board of Trustees continue to emphasize long-term performance in the form of Common Shares subject to time-based vesting and, in some instances, performance-based vesting (Restricted Share Units), long-term incentive partnership units (LTIP Units) that are subject to 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. The Company has historically used Restricted Share Units and options to purchase Common Shares issued under its Share Incentive Plans, 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 a 10% 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.

(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 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 a 10% 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.

(3) Share Options

Although the Company has the discretion to award options pursuant to the 2006 Share Incentive Plans, it has not done so in the last five years and has no present intention to do so, which is consistent with industry and marketplace practices that are moving toward Restricted Share Units, Restricted LTIP Units and other incentive based awards or direct ownership based awards.

(4) Long Term Investment Alignment Program

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 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 joint venture investment funds. 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 thereby increasing shareholder value.

Provide a retention tool for years to come.

Further align the interests of management and shareholders and external investors.

The Program is directly tied to the actual performance of Fund III and is designed as follows: The Company is entitled to a profit participation (the Promote ) of 20% of all cash distributed from Fund III in excess of (i) the return of all invested capital and (ii) the 6% preferred rate of return (i.e., 6% IRR). 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 Fund III 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 1 and 2, 20% in years 3 and 4 and 40% in year 5.

If the Fund III investors 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 Fund III investors. Additionally, it should be noted that the Company is a significant Fund III investor, with a 20% investment. The long term success of Fund III benefits the Company, and thus shareholders, through both its capital investment and the Promote.

In 2009, 2010, 2011 and 2012, 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%.

<b>Name</b>	<b>2009 Award Percentage</b>	<b>2010 Award Percentage</b>	<b>2011 Award Percentage</b>	<b>2012 Award Percentage</b>	<b>Total Percentage</b>
Kenneth F. Bernstein	6.2500%	0.6250%	0.8350%	0.8350%	8.5450%
Michael Nelsen	0.7500%	0.1250%	0.1300%	0.1350%	