

ACADIA REALTY TRUST  
Form DEF 14A  
March 30, 2016

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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Acadia Realty Trust

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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):

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 9, 2016  
TO OUR SHAREHOLDERS:

Please take notice that the annual meeting of shareholders (the "Annual Meeting") of Acadia Realty Trust (the "Company") will be held on Monday, May 9, 2016, at 1:00 p.m., EDT time. This year's Annual Meeting will be a completely "virtual meeting" of shareholders. You will be able to attend the Annual Meeting, vote and submit your questions during the Annual Meeting via live webcast by visiting [www.virtualshareholdermeeting.com/AKR16](http://www.virtualshareholdermeeting.com/AKR16). Prior to the Annual Meeting, you will be able to vote at [www.proxyvote.com](http://www.proxyvote.com) for the purpose of considering and voting upon:

1. The election of eight 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, 2016;

- The approval, on an advisory basis, of the compensation of Named Executive Officers as disclosed in the
3. Company's 2016 Proxy Statement in accordance with compensation rules of the Securities and Exchange Commission;
  4. To consider and act upon a proposal to approve the Second Amended and Restated Acadia Realty Trust 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 18, 2016 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  
March 30, 2016

SHAREHOLDERS, WHETHER OR NOT THEY EXPECT TO ATTEND THE VIRTUAL MEETING, ARE REQUESTED TO VOTE THEIR SHARES ELECTRONICALLY VIA THE INTERNET OR BY COMPLETING AND RETURNING THE PROXY CARD, IF YOU REQUESTED PAPER PROXY MATERIALS. VOTING INSTRUCTIONS ARE PROVIDED IN THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS, OR, IF YOU REQUESTED PRINTED MATERIALS, THE INSTRUCTIONS ARE PRINTED ON YOUR PROXY CARD AND INCLUDED IN THE ACCOMPANYING PROXY STATEMENT. ANY PERSON GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME PRIOR TO THE MEETING, AND SHAREHOLDERS WHO ATTEND THE MEETING MAY WITHDRAW THEIR PROXIES AND VOTE DURING THE MEETING. IT IS IMPORTANT THAT YOU VOTE YOUR COMMON SHARES. YOUR FAILURE TO PROMPTLY VOTE YOUR SHARES INCREASES THE OPERATING COSTS OF YOUR

INVESTMENT.

YOU ARE CORDIALLY INVITED TO ATTEND THE VIRTUAL MEETING VIA LIVE WEBCAST BY VISITING [WWW.VIRTUALSHAREHOLDERMEETING.COM/AKR16](http://WWW.VIRTUALSHAREHOLDERMEETING.COM/AKR16), BUT YOU SHOULD SUBMIT A PROXY BY INTERNET OR MAIL PRIOR TO THE MEETING, WHETHER OR NOT YOU PLAN TO ATTEND.

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ACADIA REALTY TRUST  
411 THEODORE FREMD AVENUE, SUITE 300, RYE, NEW YORK 10580

PROXY STATEMENT  
FOR THE  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD  
May 9, 2016

#### 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 Monday, May 9, 2016, at 1:00 p.m., EDT time, via live webcast at [www.virtualshareholdermeeting.com/AKR16](http://www.virtualshareholdermeeting.com/AKR16), 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 March 30, 2016.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 9, 2016. This Proxy Statement and the Company's 2015 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 retaining a third party that will assist the Company in 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 e-mail, 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 through 4 set forth in the Notice of Annual Meeting.

You may revoke your proxy and reclaim your right to vote:

- by submitting a later-dated proxy either by Internet or telephone by following the instructions on your proxy or voting card;
- electronically during the annual meeting at [www.virtualshareholdermeeting.com/AKR16](http://www.virtualshareholdermeeting.com/AKR16) when you enter your 12-Digit Control Number;
- by submitting a later-dated written proxy to the address shown on your proxy or voting card; or
- if you are a holder of record, by (i) delivering by mail to our Corporate Secretary at or prior to the Annual Meeting an instrument revoking your proxy or (ii) delivering a subsequently dated proxy with respect to the same Common Shares to our Board at or prior to the annual meeting.

Any written notice revoking a proxy should be delivered at or prior to the Annual Meeting to the attention of the Corporate Secretary, Acadia Realty Trust, 411 Theodore Fremd Avenue, Suite 300, Rye, NY 10580.

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 18, 2016 consisted of 71,403,621 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 18, 2016 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 a majority of all the votes entitled to be cast at the Annual Meeting on any matter will constitute a quorum at the Annual Meeting.

The affirmative vote of a majority of all the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting at which a quorum is present is required for (i) the election of each Trustee, (ii) the ratification of the appointment of BDO USA,

LLP as the independent registered public accounting firm for the year ended December 31, 2016, (iii) the advisory (non-binding) resolution approving the Company's executive compensation program for Named Executive Officers, and (iv) the approval of the Second Amended and Restated Acadia Realty Trust 2006 Share Incentive Plan. With respect to any of the foregoing, an "affirmative vote of a majority of all the votes cast" means that the number of shares voted for such Trustee-nominee or proposal must exceed the number of shares voted against such Trustee-nominee or proposal. There is no cumulative voting in the election of Trustees.

With respect to a particular Trustee-nominee or proposal, holders of Common Shares may vote for or against such Trustee-nominee or proposal by marking "FOR" or "AGAINST", respectively, on their proxy. Alternatively, holders of Common Shares may abstain from voting on a particular Trustee-nominee or proposal by marking "ABSTAIN" on their proxy. Proxies marked "ABSTAIN" (or for which no vote is indicated) are included in determining the presence of a quorum for the Annual Meeting. Except with respect to broker non-votes, proxies for which no vote is indicated are treated as votes cast and are voted in accordance with the recommendation of the Board of Trustees as set forth in this Proxy Statement. Proxies marked "ABSTAIN", on the other hand, are not treated as votes cast and thus are not the equivalent of votes for or against a Trustee-nominee or any of the proposals, as the case may be, and will not affect the vote with respect to these matters other than with respect to the proposal to approve the Second Amended and Restated Acadia Realty Trust 2006 Share Incentive Plan. With respect to such proposal, a vote to "ABSTAIN" is treated as a vote "AGAINST" that proposal.

A "broker non-vote" occurs when a nominee holding Common 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 not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum. Of the proposals to be voted upon at the Annual Meeting, the only vote that a nominee may cast without receiving instructions from the beneficial owner is the vote to ratify the appointment of the independent registered public accounting firm.

## PROPOSAL 1 - ELECTION OF TRUSTEES

There are eight nominees for election as Trustees for one-year terms, expiring in 2017 or until their respective successors are duly elected and qualified. Election of each Trustee requires the approval of all 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 eight 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 discretion. The Board of Trustees has a Nominating and Corporate Governance Committee.

### Trustee Independence

With seven independent Trustees out of eight, 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, Wielansky and Zoba, and Mss. Luscombe and Thurber is independent under the rules of the New York Stock Exchange. In determining this, the Board of Trustees considered transactions and relationships between each

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Trustee or any member of his or her immediate family and the Company and its subsidiaries and affiliates. 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:

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## Nominees for Election as Trustees

Kenneth F. Bernstein, age 54, has been Chief Executive Officer of the Company since January of 2001. He has been the President and a 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 board of 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 has previously served as the 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. In addition to being a member of the Young Presidents Organization, where he was the founding chairman of the Real Estate Network and currently sits on the Board of Advisors, he also sits on the Department of Real Estate Advisory Board at Baruch College.

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 15 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 75, has been a Trustee of the Company since November 2003. Mr. Crocker has been the managing partner of DC Partners LLC since 2013. He was 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 the real estate investment trusts Ventas and Care Capital Properties. Mr. Crocker is a member of the National Multi-Housing Council. In addition, Mr. Crocker serves as a trustee of Milton Academy. 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 other 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 78, has been a Trustee of the Company since November 2003 and is an "audit committee financial expert" as that term is defined by the U.S. Securities and Exchange Commission ("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 Frisch's Restaurants and Spar Group, Inc. and the recently retired chairman of Multi-Color Corporation. 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 on 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 64, has been a Trustee of the Company since May 2004. Since 1994 Ms. Luscombe has worked independently including being master advisor to the Prudential, PLC of the U.K. on its US real estate strategy and also asset managing its retail properties. The strategy was tactical and involved acquiring and selling individual assets and portfolios over market cycles. From 1989 to 1994, Ms. Luscombe was based in London and was Chief Executive Officer of Taylor Woodrow Construction's urban renewal subsidiary, responsible for its London Dockland developments. She also worked on the Russian and Australian projects of a private developer. Prior to that, from 1979 to 1989, Ms. Luscombe was Chief Executive Officer of Pan American Properties, Inc. a New York based public REIT sponsored by the British Coal Pension Funds. During the same period she was also Chief Executive Officer and Chief Investment Officer of Buckingham Holdings, Inc. the U.S. private equity investor of the British Coal Pension Funds. Ms. Luscombe was responsible for the acquisition, management and disposition of all the assets of these two entities, including the unsolicited takeover of two publicly traded REITs. The portfolios of these entities totaled approximately \$1 billion. Ms. Luscombe has sat on the boards of both public and private companies in both the U.S. and Europe, including the Zweig Fund and Zweig Total Return Fund where she was Co-Lead Director from 2005-2013 and Deutsche Bank's International Real Estate Opportunity Funds (1A and B) where she was Chair of the Management Oversight Committee until 2014. Additionally, she was appointed by the State Comptroller to serve on the Real Estate Advisory Committee for the New York State Common Retirement Fund from 2012 to 2013. She sat on the board of PXRE Reinsurance Company where she served as Chair of the Investment Committee from 1994 to 2007. Ms. Luscombe is also a member of the NACD and served as 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. Her government and not for profit board service includes the Board of Governors of NAREIT and the Commission for the New Towns, a U.K. Government entity. She received her degree in Estate Management from Oxford Brookes University.

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 and a real estate advisor to a U.S. 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-lead 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;
- 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 65, 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 22 years and has served as a Director and 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.

Lynn C. Thurber, 69, has been a Trustee of the Company since March 2016. Ms. Thurber is currently the chairman of LaSalle Investment Management, a global real estate money management firm with over \$55 billion of assets under management, investing in private real estate as well as publicly-traded real estate companies on behalf of institutional and individual investors. Prior to becoming chairman of LaSalle Investment Management, Ms. Thurber was the chief executive officer of LaSalle Investment Management from March 2000 to December 2006 and co-president from December 1994 to March 2000. Prior to Alex Brown, Kleinwort Benson ("ABKB") Realty Advisors' merger with LaSalle Partners in 1994, Ms. Thurber was chief executive officer of that company. Before joining ABKB in 1992, she was a principal at Morgan Stanley & Co. Ms. Thurber is also chairman of the board of Jones Lang LaSalle Income Property Trust, an SEC registered, non-traded REIT. Ms. Thurber earned an M.B.A. from Harvard Business School and an A.B. from Wellesley College. Ms. Thurber is a member of the board of Duke Realty Corporation. Ms. Thurber is a board member and the immediate past global Chairman of ULI-Urban Land Institute. In addition, Ms. Thurber is currently a member of The Chicago Network and the Wellesley College Business Leadership Council and a member of the board of the Bitterroot Land Trust. Ms. Thurber was the 2013 recipient of the Landauer White award from the Counselors of Real Estate and the 2015 recipient of the Lifetime Achievement Award from the ULI District Council of Chicago.

We believe Ms. Thurber's qualifications to sit on the Board include her extensive real estate investment, capital markets and Board experiences. Highlights of these qualifications include Ms. Thurber's:

- experience as CEO, Co-president or Chairman of real estate investment management companies for over twenty-two years;
- extensive experience investing in and managing real estate properties including retail shopping centers, neighborhood and community centers and mixed-use properties;
- experience in investing and managing real estate in private fund entities on behalf of institutional investors for twenty-six years;
- current service on two other public REIT boards and past service on another public real estate company board and numerous private real estate fund and company boards;
- service on audit, finance, nominating and compensation committees of real estate company boards; and

over 35 years' experience in the real estate industry

Lee S. Wielansky, age 64, 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 sold its assets to Regency Centers Corporation. Mr. Wielansky is a director of Pulaski Bank, a Director for Isle of Capri Casinos, Inc. and a director of Brookdale Senior Living. Mr. Wielansky is also a member of the NACD.

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 38 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;
- 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.

C. David Zoba, age 64, has been a Trustee of the Company since August 2015. Mr. Zoba retired on January 31, 2016 from his position as Senior Real Estate Strategy advisor for Gap Inc. that he held since 2015, after having served, since 2009, as Senior Vice President of Global Real Estate and Store Development for Gap Inc., the \$16 billion retailer operating as Gap, Banana Republic, Old Navy, Athleta, Intermix and Outlet Brands. Immediately prior to joining Gap, Inc., Mr. Zoba was Principal and Chief Operating Officer for Steiner + Associates, one of the country's most respected mixed-use retail developers. From November 2004 through April 2006, Mr. Zoba served as president and chief operating officer of Premier Properties, a real estate development company. From 2001 through late 2004, Mr. Zoba worked for Galyan's Trading Company, Inc., where, as EVP, he helped create and launch a specialty sporting goods retailer that later became part of Dick's Sporting Goods. In the mid-1990s, Mr. Zoba was with The Limited and served as chief transaction attorney, and then expanded his responsibilities significantly to other areas during his seven years there. Mr. Zoba earned his undergraduate degree from Harvard University and attended the London School of Economics for graduate studies. Mr. Zoba has a Juris Doctorate from Case Western Reserve University Law School. Since July 2015, Mr. Zoba has been Chairman (Non-Executive), Global Retail Leasing Board, with Jones Lang LaSalle Incorporated. Mr. Zoba is also an Executive Board Member and Chair of the Compensation Committee, International Council of Shopping Centers and serves on the newly constituted governing board for this 65,000+ member shopping center real estate trade association. He serves as a consultant for Crown Acquisitions, Inc., serving as a non-employee consultant in connection with urban retail real estate acquisitions and in support of retailer relationships. In addition, Mr. Zoba serves on the Board of Larkin Street Youth Services in San Francisco.

We believe Mr. Zoba's qualifications to sit on the Board include his extensive retail, real estate and Board experiences. Highlights of these qualifications include Mr. Zoba's:

- management of real estate transactions and professionals for Gap Inc.'s 3,300 retail stores operating in 10 countries;
- experience as a chief transaction attorney;
- experience in growing retail brands in both North America and globally;
- service on the boards of directors of several companies; and
- experience in supporting the strategy and growth of the retail leasing business for global real estate services and consulting businesses.

#### Vote Required; Recommendation

The election to the Board of Trustees of each of the eight nominees will require the affirmative vote of a majority of all 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 eight nominees to the Board of Trustees. Unless otherwise indicated by a shareholder on a proxy and except with respect to broker non-votes, shares will be voted "FOR" the election of each nominee.

Because the election of nominees to the Board of Trustees 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.

For additional information regarding voting requirements, please refer to "Outstanding Shares and Voting Rights" above.



## 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, 2016 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, the Company's auditors for 2015, are expected to be present at the Annual Meeting and will have the opportunity to make a statement if such representatives desire to do so and will be available to respond to appropriate questions.

### Vote Required; Recommendation

The affirmative vote of a majority of all the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting is required to ratify the appointment of BDO USA, LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2016. The Board of Trustees unanimously recommends that the shareholders vote "FOR" the ratification of BDO USA, LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2016. Unless otherwise indicated by a shareholder on a proxy and except with respect to broker non-votes, shares will be voted "FOR" such ratification.

For additional information regarding voting requirements, please refer to "Outstanding Shares and Voting Rights" above.

## 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.

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## Vote Required; Recommendation

The affirmative vote of a majority of all the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting is required to approve the advisory (non-binding) resolution approving the Company's executive compensation program for Named Executive Officers as set forth in this Proxy Statement. 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 the 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 and except with respect to broker non-votes, shares will be voted "FOR" the approval of the executive compensation.

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.

The Company currently plans to seek an advisory vote on executive compensation annually. The next advisory vote on executive compensation will occur at the 2017 annual meeting.

For additional information regarding voting requirements, please refer to "Outstanding Shares and Voting Rights" above.

## PROPOSAL 4 -APPROVAL OF THE SECOND AMENDED AND RESTATED 2006 SHARE INCENTIVE PLAN

On March 17, 2016, the Company's Board of Trustees approved the second amendment and restatement of the 2006 Share Incentive Plan (the "Second Amended 2006 Plan"), subject to the approval of the shareholders of the Company at the Annual Meeting because the Board of Trustees believes that the Second Amended 2006 Plan is an important factor in attracting, retaining and motivating employees. As of March 18, 2016, only 551,737 Common Shares remain available for future grants under the existing Amended and Restated 2006 Share Incentive Plan (the "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 Second Amended 2006 Plan to increase the aggregate number of Common Shares authorized for issuance under the 2006 Plan by 1,600,000 shares to 3,700,000 Common Shares. 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 Second Amended 2006 Plan.

The Second Amended 2006 Plan provides for the granting of Options, Share Appreciation Rights, Restricted Shares, 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 (collectively, "Participants"). The class of Participants currently eligible to participate in the Second Amended 2006 Plan is approximately 125 persons.

The following table sets forth information regarding historical awards granted and earned for the 2013 through 2015 period, and the corresponding burn rate, which is defined as the number of shares subject to stock Awards granted (or, for awards subject to performance based vesting, earned) in a fiscal year divided by the weighted average common shares outstanding for that fiscal year, for each of the last three fiscal years:

	Fiscal 2015	Fiscal 2014	Fiscal 2013
Stock Options Granted	—	—	—
Time-based full-value shares and units granted	243,621	419,580	275,063
Performance-based full-value shares and units earned during the year	40,232	53,298	49,769
	283,853	472,878	324,832

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Total time-based full-value Awards granted and performance-based full-value Awards earned						
Weighted average common shares outstanding during the fiscal year	68,851,083		59,401,969		54,918,621	
Annual Burn Rate	0.41	%	0.80	%	0.59	%
Three-Year Average Burn Rate(1)					0.60	%

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- (1) As illustrated in the table above, the Company's three-year average burn rate for the 2013-2015 period was 0.60%, which is below the ISS industry category burn rate threshold of 2.67%.

As of March 18, 2016, there are no remaining stock options outstanding, and there are a total of 960,799 unvested Restricted Share Units and unvested LTIP Units. As of March 18, 2016, the Company had 71,403,621 Common Shares outstanding. Inclusive of 4,427,573 OP Units outstanding, the Company had 75,831,194 Common Shares and OP units outstanding as of March 18, 2016.

Based solely on the closing price of our Common Shares as reported by the New York Stock Exchange on March 18, 2016, the maximum aggregate market value of the 1,600,000 Common Shares proposed to be added to the Second Amended 2006 Plan is \$55,248,000.

The following is a summary of certain provisions of the Second Amended 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 Second Amended 2006 Plan.

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

The Second Amended 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 Second Amended 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 Second Amended 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-employee 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 (the "Code") is desired, an "outside director" within the meaning of regulations promulgated under Section 162(m) of the Code. Pursuant to the Second Amended 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 Second Amended 2006 Plan. The Board may nevertheless act in lieu of the Compensation Committee. Under the terms of the Second Amended 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 Second Amended 2006 Plan will be 3,700,000 Common Shares. No Participant may receive more than 1,600,000 Common Shares during the term of the Second Amended 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 Second Amended 2006 Plan, or 1,110,000 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 Second Amended 2006 Plan, the maximum number of Common Shares with respect to which Awards may be granted to any Participant during the term of the Second Amended 2006 Plan, the number and class of Common Shares which are subject to outstanding Awards granted under the Second Amended 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 Second Amended 2006 Plan.

#### Individuals Who May Participate in the Second Amended 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 Second Amended 2006 Plan. Awards under the Second Amended 2006 Plan are granted at the sole discretion of the Compensation Committee; subject to a limit of 3,700,000 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 Second Amended 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 Second Amended 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 Second Amended 2006 Plan has such term as determined by the Compensation 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 Second Amended 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 Second Amended 2006 Plan will become immediately and fully exercisable.

**Share Appreciation Rights:** The Second Amended 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 Participant 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 agreement evidencing Awards of Restricted Share Units will set forth the terms and conditions of such Awards upon a Participant'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.

Restricted Shares. The Compensation Committee may grant Restricted Shares to Participants. The terms of such Award shall include the restrictions placed on such Award and the time or times at which such restrictions will lapse, as determined by the Compensation Committee at the time the Award is made. The agreement evidencing Awards of Restricted Shares will set forth the terms and conditions of such Awards upon a Participant's termination of employment or service. The extent, if any, to which the restriction on Restricted Shares will lapse upon a Change in Control will be determined by the Compensation Committee at the time of the Award of Restricted Shares and set forth in the agreement evidencing the Award. During the restriction periods, dividends will accrue and will be paid to the Participant only if the Restricted Shares vest.



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 total shareholder return, funds from operation, 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 Participant'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, Restricted 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 Participant 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 Participant and (b) the time or times at which awarded and issued Performance Shares will become vested in or forfeited by the Participant, 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 Participant 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 Second Amended 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.

The Second Amended 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 Participant 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 required 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 Participants 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 Second Amended 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 Second Amended 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 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 Units and Shares granted under the Second Amended 2006 Plan will be qualified "performance-based compensation." To qualify, the Company is seeking shareholder approval of the Second Amended 2006 Plan.

### New Plan Benefits

Because the grant of Awards under the Second Amended 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 Second Amended 2006 Plan.

Vote Required; Recommendation

The affirmative vote of a majority of all the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting is required to approve the Second Amended 2006 Plan. The Board of Trustees unanimously recommends that the shareholders vote "FOR" the approval of the Second Amended 2006 Plan. Unless otherwise indicated by a shareholder on a proxy and except with respect to broker non-votes, shares will be voted "FOR" the Second Amended 2006 Plan.

In addition, the rules of the New York Stock Exchange require that the affirmative vote of a majority of all of the votes cast on this proposal (including votes "FOR", "AGAINST" and "ABSTAIN") in order for this proposal to be approved. For the purposes of this proposal, the New York Stock Exchange treats votes to "ABSTAIN" 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.

For additional information regarding voting requirements, please refer to "Outstanding Shares and Voting Rights" above.

### Equity Compensation Plan Information

The following table provides information as of December 31, 2015 regarding the Common Shares that may be issued under the Company's equity compensation plans consisting of the Company's Amended and Restated 2006 Share Incentive Plan (the "2006 Plan") and the Company's Employee Share Plan (the "Share Purchase Plan"). 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.

Plan category	Equity Compensation Plan Information (4)		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted Average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities referenced in column (a)) (c)
Equity compensation plans approved by security holders:(1)	1,049,395 (2)	\$22.27	881,827 (3)
Equity compensation plans not approved by security holders:	—	—	—
Total	1,049,395	\$22.27	881,827

#### Notes:

(1) Includes information related to the 2006 Plan.

Includes (a) 3,249 Common Shares issuable upon the exercise of outstanding options, (b) 49,692 Common Shares issuable upon the vesting of Common Shares subject to time-based vesting and, in some instances, performance-based vesting ("Restricted Share Units"), and (c) 996,454 long-term incentive units ("LTIP Units")

(2) 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.

(3) As of December 31, 2015, there were 851,125 Common Shares available for future issuance under the 2006 Plan and 30,702 Common Shares available for future issuance under the Share Purchase Plan.

### MANAGEMENT

#### Trustee Meetings and Attendance

During 2015, the Board of Trustees held four in-person meetings and three telephonic meetings, the Audit Committee held five telephonic meetings, the Compensation Committee held five in-person meetings and had a number of telephonic discussions, the Nominating and Corporate Governance Committee held five telephonic meetings and the

Investment/Capital Markets Committee held numerous telephonic discussions to discuss potential transactions. The Board of Trustees believes consistent attendance with a minimum of missed meetings is important in 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 99%. No Trustee attended fewer than 89% of the aggregate of all meetings of the Board of Trustees and applicable committee meetings.

The Company does not have a formal policy requiring Trustees to be present at Annual Meetings, although the Company does encourage their attendance. All of the Company's Trustees attended the 2015 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	54	Trustee, Chief Executive Officer and President	1998	2016
Lee S. Wielansky	64	Trustee; Independent Lead Trustee	2000	2016
Douglas Crocker II	75	Trustee	2003	2016
Lorrence T. Kellar	78	Trustee	2003	2016
Wendy Luscombe	64	Trustee	2004	2016
William T. Spitz	65	Trustee	2007	2016
Lynn C. Thurber	69	Trustee	2016	2016
C. David Zoba	64	Trustee	2015	2016
Joel Braun	64	Executive Vice President and Chief Investment Officer	1998	-
Jonathan W. Grisham	58	Senior Vice President and Chief Financial Officer	1998	-
Robert Masters	71	Senior Vice President, Senior Legal Counsel, Chief Compliance Officer and Secretary	1998	-
Christopher Conlon	56	Executive Vice President and Chief Operating Officer	2008	-
Joseph M. Napolitano	51	Senior Vice President and Chief Administrative Officer	1998	-
Jason Blacksberg	40	Senior Vice President and General Counsel	2014	-

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

Joel Braun, age 64, has been Chief Investment Officer of the Company since January 2007. 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 RDC. Mr. Braun holds a Bachelor's Degree in Business Administration and Psychology from Boston University and a Master's Degree in Planning from The Johns Hopkins University.

Jonathan W. Grisham, age 58, has been Chief Financial Officer since January 2012. On November 10, 2015, Mr. Grisham announced that he would retire from the Company upon the selection of a successor. Previously, from February 2005, Mr. Grisham had served as Senior Vice President/Chief Accounting Officer and prior to that was the Director of Financial Reporting since the Company's formation. Prior to that, Mr. Grisham served as Controller at Mark Centers Trust and 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 71, has been a Senior Vice President, Chief Compliance Officer and Secretary of the Company since 1998. Mr. Masters served as General Counsel to the Company from 1998 through 2014. He currently serves as Senior Legal Counsel. Prior to that he served as General Counsel of RDC, from 1994 to 1998. Mr. Masters was General Counsel for API Asset Management from 1990 to the time he joined RDC. Previously, Mr. Masters worked in the banking sector, a private law firm and the Department of Justice. Mr. Masters received his Bachelor of Arts from the City University of New York and his Juris Doctorate from New York University Law School from which he graduated in 1973. Mr. Masters is a member of the New York State Bar.

Christopher Conlon, age 56, as of January 1, 2012, 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.

Joseph M. Napolitano, age 51, has been Senior Vice President and Chief Administrative Officer of the Company since April 2007. He is accountable for managing the Company's property management, human resources, marketing and information technology disciplines. Mr. Napolitano has been with the Company since January 1998. Mr. Napolitano holds a Bachelor's in Business Administration from Adelphi University, and is a Master Human Capital Strategist (MHCS) as certified by the Human



Capital Institute, is a Certified Property Manager (CPM) by the Institute of Real Estate Management, and is a Real Property Administrator (RPA) by the Building Owners and Managers Institute International. Mr. Napolitano is also a board member for DDI (Developmental Disabilities Institute), a non-profit, multi-site agency serving the special needs of children with Autism and other developmental disabilities, for which he serves on the property committee.

Jason Blacksberg, age 40, has been Senior Vice President and General Counsel for the Company since May 2014. He is accountable for leading and executing Acadia's legal strategy and affairs. Prior to joining the Company, Mr. Blacksberg was Senior Vice President of Investments & Assistant General Counsel at the Trump Organization. Prior to joining Trump, Mr. Blacksberg was an Associate at the law firm of Davis Polk & Wardwell. Mr. Blacksberg began his legal career as a law clerk to Chief Judge Marilyn Huff in the U.S. District Court, Southern District of CA. He received his law degree from Georgetown University Law Center and his bachelor's degree from the University of Pennsylvania.

### Board Leadership Structure

The Board's Lead Trustee and the Company's 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 duties of the Lead Trustee include, without limitation, the following:

- to chair and facilitate discussions among the independent Trustees;
- to facilitate communication between the independent Trustees, the Chief Executive Officer and management;
- to assist in the planning and preparation of meetings of the independent Trustees and meetings of the Board of Trustees, including the preparation of the agendas for such meetings;
- to be available to participate in any and all committee meetings, as needed;
- and
- to act as the spokesperson of the independent Trustees in matters dealing with the press and public when called upon.

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 (although all of the current non-management trustees are also independent). 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's responsibilities 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.

The Company's current standing committees are as follows:

NAME	AUDIT COMMITTEE	COMPENSATION COMMITTEE	NOMINATING AND CORPORATE GOVERNANCE COMMITTEE	INVESTMENT/CAPITAL MARKETS COMMITTEE
EMPLOYEE TRUSTEE				
Kenneth F. Bernstein				X(2)
NON-EMPLOYEE TRUSTEES				
Lee S. Wielansky				X
Douglas Crocker II		X	X	X(1)
Lorrence T. Kellar	X(1)	X		
Wendy Luscombe	X		X(1)	
William T. Spitz	X	X(1)		X
Lynn C. Thurber (3)				
C. David Zoba			X	X

Notes:

- (1) Chairman of the committee.
- (2) Ex-Officio member of the committee.
- (3) Ms. Thurber was recently elected to the Board but has not yet been appointed to any committees.

Audit Committee

The Audit Committee is empowered to engage the Company's independent registered public accounting firm and review the scope and results of the audit. The Audit Committee examines the accounting practices and methods of control and the manner of reporting financial results. These reviews and examinations include meetings with independent auditors, staff accountants and representatives of management. The results of the Audit Committee's examinations and the choice of the Company's independent registered public accounting firm are reported to the full Board of Trustees. The Audit Committee includes no officers or employees of the Company or any of its subsidiaries.

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

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

The following Trustees are members of the Audit Committee: Mr. Kellar (Chair), Ms. Luscombe and Mr. Spitz. Mr. Kellar and Ms. Luscombe have served as members of the Audit Committee since the 2004 annual meeting and Mr. Spitz was appointed a member in February 2010. The Board has determined that each of these members meets the independence requirements for members of audit committees prescribed by the listing standards of the New York Stock Exchange. Mr. Kellar serves on the audit committee of one other public company. The Board has determined that the participation by Mr. Kellar on this other audit committee does not impair his 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 2006 Plan and recommending to the full Board the compensation of the executive officers of the Company, including the Chief Executive Officer. In addition, the Compensation Committee evaluates the Chief Executive Officer's performance, coordinates and reviews the Company's succession plans related to the Chief Executive Officer and other executive officers and reports the status of such plans to the Board annually.

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

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

The members of the Compensation Committee during the last fiscal year were Messrs. Spitz (Chair), Kellar and Crocker. Mr. Spitz and Mr. Crocker have served as members since 2007 and Mr. Kellar has served as a member since 2004. The Board of Trustees has determined that each of these members is independent within the meaning of the listing standards of the New York Stock Exchange. See "Acadia Realty Trust Compensation Committee Report."

For information relating to the compensation consultant hired by the Compensation Committee, please refer to the discussions under the headings "Role of the Independent Compensation Consultant and Use of Peer Group Data" in "Compensation Discussion and Analysis" below.

## Compensation Committee Interlocks and Insider Participation

During 2015, none of the Compensation Committee members (i) were officers or employees of the Company or any of its subsidiaries; (ii) are former officers of the Company or any of the Company's subsidiaries or (iii) had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. In addition, during the last completed fiscal year, none of the 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, in an instance where one of such entities' 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, in an instance where one of such entities' 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, in an instance where one of such entities' executive officers served as a Trustee of the Company.

## Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for reviewing the qualifications and performance of the Board of Trustees and recommending nominees for Trustees and Board committees to the Board. The Nominating and Corporate Governance Committee is also responsible for recommending to the Board changes in the Company's Corporate Governance Guidelines. The Nominating and Corporate Governance Committee charter

requires the Nominating and Corporate Governance Committee to be comprised of at least two members, each of whom is "independent" as defined by the listing standards of the New York Stock Exchange.

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

Members of the Nominating and Corporate Governance Committee during the last fiscal year were Ms. Luscombe (Chair), who has served since the 2005 annual meeting, Mr. Crocker, who has served since August 2005 and Mr. Zoba who has served since November 2015. The Board of Trustees has determined that these members are independent within the meaning of the listing standards of the New York Stock Exchange.

The Nominating and Corporate Governance Committee will consider all shareholder recommendations for candidates for the Board of Trustees. All shareholder recommendations should be sent to the Company's Corporate Secretary at Acadia Realty Trust, 411 Theodore Fremd Avenue, Suite 300, Rye, New York 10580, 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 Nominating and Corporate Governance Committee may identify other candidates, if necessary, through recommendations from directors, management, employees or outside consultants. The Nominating and Corporate Governance Committee will review candidates in the same manner regardless of the source of the recommendation. The Committee received no shareholder recommendations for candidates for the Board of Trustees for this Annual Meeting. Under the Company's Bylaws, if a shareholder wishes to put forward a nominee for Trustee, it must deliver notice of such nominee to the Company's Corporate Secretary not less than 120 days and no more than 150 days prior to the first anniversary date of the proxy statement for the preceding year's annual meeting, provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the anniversary date of the preceding year's annual meeting, notice by the shareholder must be so delivered not earlier than the 150th day prior to such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such annual meeting is first made. See "Submission of Shareholder Proposals" below.

#### Trustee Qualifications and Review of Trustee Nominees

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

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

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

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

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

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

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- Experience in supporting strategy and growth of the retail leasing business.

#### Investment/Capital Markets Committee

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

The Investment Committee held numerous informal telephonic discussions to discuss potential transactions during the last fiscal year.

The Investment Committee charter requires that it be comprised of at least three members, each of whom is "independent" as defined by the listing standards of the New York Stock Exchange. The Company's Chief Executive Officer is an ex-officio member of the Investment Committee. Messrs. Crocker (Chair) and Wielansky have served as the members of the Investment Committee since the 2004 Annual Meeting, Mr. Spitz has served since 2007 and Mr. Zoba has served since November 2015. The Board of Trustees has determined that Messrs. Crocker, Wielansky, Spitz and Zoba are "independent" within the meaning of the listing standards of the New York Stock Exchange.

#### Communication with Trustees

You may communicate directly with the Board of Trustees by sending correspondence to the Company's Corporate Secretary at Acadia Realty Trust, 411 Theodore Fremd Avenue, Suite 300, Rye, New York 10580. 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, the independent Trustees or an individual Trustee received by the Corporate Secretary will be promptly forwarded to the intended recipients in accordance with the sender's instructions.

#### Other Corporate Governance Initiatives

The Company regularly monitors developments in the area of corporate governance and continues to enhance the Company's corporate governance structure based upon a review of new developments and recommended best practices.

The Company's corporate governance materials, including the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Whistle Blower Policy and standing committee charters may be found on the Company's web site at [www.acadiarealty.com](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. Copies of these materials are also available to shareholders upon written request to the Company's Corporate Secretary, Acadia Realty Trust 411 Theodore Fremd Avenue, Suite 300, Rye, New York 10580.

#### Risk Oversight

#### Financial and Accounting

The entire Board and each of its committees are involved in overseeing risk associated with the Company. The Board and the Audit Committee monitor the Company's financial and regulatory risk through regular reviews with

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

## Cyber Security

The Company is aware of the existence of threats to cyber security and issues related to cyber security form an integral part of the Board's and the Audit Committee's risk analysis and discussions with management. While the Company attempts to mitigate these risks by employing a number of measures, including a dedicated information technology team, employee training and background checks, comprehensive monitoring of the Company's networks and systems and maintenance of backup systems and redundancy along with purchasing available insurance coverage, the Company's systems, networks and services remain potentially vulnerable to advanced threats.

## Compensation

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 18, 2016, the Company had 71,403,621 Common Shares outstanding, which shares were held by 205 record holders. In addition, as of March 18, 2016, the Company had 4,427,573 units of limited partnership interest outstanding in Acadia Realty Limited Partnership ("OP Units"), a Delaware limited partnership, of which the Company serves as general partner (the "Operating Partnership").

The Company is not aware of any person or any group within the meaning of Section 13(d)(3) of the Exchange Act that is the beneficial owner of more than 5% of any class of the Company's voting securities other than as set forth in the table below. The Company does not know of any arrangements at present, the operation of which may, at a subsequent date, result in a change in control of the Company.

The following table sets forth, as of March 18, 2016, certain information concerning the holdings of each person known to the Company to be a beneficial owner of more than 5% of the Common Shares at March 18, 2016, 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.

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Beneficial Owners	Number of Common Shares Beneficially Owned		Percent of Class
<b>5% Beneficial Owners</b>			
The Vanguard Group, Inc. (1)	10,336,684		14.48
FMR LLC (2)	8,853,593		12.40
BlackRock, Inc. (3)	7,708,511		10.80
T. Rowe Price Associates, Inc. (4)	7,177,259		10.05
Vanguard Specialized Funds (5)	4,952,483		6.94
<b>Trustees and Executive Officers (6)</b>			
Kenneth F. Bernstein	1,047,914	(7)	1.47
Joel Braun	29,755	(8)	*
Jonathan W. Grisham	113,108	(9)	*
Robert Masters	141,488	(10)	*
Christopher Conlon	21,491	(11)	*
Douglas Crocker II	28,120	(12)	*
Lorrence T. Kellar	37,519	(13)	*
Wendy Luscombe	29,148	(14)	*
William T. Spitz	36,309	(15)	*
Lee S. Wielansky	40,441	(16)	*
Lynn C. Thurber	—		*
C. David Zoba	1,000	(17)	*
All Executive Officers and Trustees as a Group (14 persons)	1,587,182	(18)	2.22

Notes:

\* Represents less than 1%.

(1) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to The Vanguard Group, Inc. ("The Vanguard Group") is based solely on a Schedule 13G/A (the "Vanguard 13G") filed with the SEC on February 10, 2016 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 83,194 Common Shares outstanding of the Company as a result of its serving as investment manager of collective trust accounts. VFTC directs the voting of these shares.

According to the Vanguard 13G, Vanguard Investments Australia, LTD. ("VIA"), a wholly-owned subsidiary of The Vanguard Group, is the beneficial owner of 166,677 Common Shares outstanding of the Company as a result of its serving as investment manager of Australian investment offerings. VFTC directs the voting of these shares.

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

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

The Vanguard Group	188,776	55,955	10,192,395	144,289
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(2) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to FMR LLC is based solely on a Schedule 13G/A (the "FMR LLC 13G") filed with the SEC on February 12, 2016 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 8,853,593 Common Shares outstanding of the Company as a result of acting as investment adviser to various investment companies.

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

	Number of shares beneficially owned by each reporting person with:			
	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power
FMR LLC	3,122,700	—	8,853,593	—

(3) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to Blackrock Inc. is based solely on a Schedule 13G/A (the "Blackrock 13G") filed with the SEC on January 8, 2016 by Blackrock Inc.

The principal business office address of Blackrock, Inc. is 55 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
Blackrock, Inc.	7,543,269	—	7,708,511	—

(4) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to T. Rowe Price Associates, Inc. ("Price Associates") is based solely on a Schedule 13G/A filed with the SEC on February 16, 2016 by T. Rowe Price ("Price Associates 13G").

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

	Number of shares beneficially owned by each reporting person with:			
	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power
T. Rowe Price Associates, Inc.	1,043,214	—	7,177,259	—

(5) Other than the information relating to its percentage of ownership of the Company's Common Shares, the beneficial ownership information with respect to Vanguard Specialized Funds - Vanguard REIT Index Fund ("Vanguard REIT Fund") is based solely on a Schedule 13G/A (the "Vanguard REIT Fund 13G") filed with the SEC on February 9, 2016 by Vanguard REIT Funds.

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

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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

Vanguard Specialized Funds    4,952,483                          —                          —                          —

- (6 ) The principal business office address of each such person is c/o Acadia Realty Trust, 411 Theodore Fremd Avenue, Suite 300, Rye, NY 10580.  
 The Common Shares beneficially owned by Mr. Bernstein in his individual capacity consist of (i) 143,639 OP Units which are immediately exchangeable into a like number of Common Shares and 563,914 LTIP Units (as hereinafter defined) and (ii) 340,361 Common Shares. The amount reflected does not include 437,761 Restricted LTIP Units (as hereinafter defined), none of which will vest in the next 60 days.
- (7 ) Represents (i) 27,646 LTIP Units and (ii) 2,109 Common Shares. The amount reflected does not include 117,911 Restricted LTIP Units, none of which will vest in the next 60 days.
- (8 ) Represents (i) 19,176 Common Shares and (ii) 93,932 LTIP Units issued pursuant to the Share Incentive Plans. The amount reflected does not include 66,546 Restricted LTIP Units, none of which will vest in the next 60 days.
- (9 ) Represents (i) 17,386 Common Shares and (ii) 124,102 LTIP Units issued pursuant to the Share Incentive Plans. The amount reflected does not include 61,485 Restricted LTIP Units, none of which will vest in the next 60 days.
- (10 ) Represents 21,491 LTIP Units issued pursuant to the Share Incentive Plans. The amount reflected does not include 77,199 Restricted LTIP Units, none of which will vest in the next 60 days.
- (11 ) Represents (i) 26,602 Common Shares and (ii) 1,518 LTIP Units issued. The amount reflected does not include 4,912 Restricted Share Units and 1,383 Restricted LTIP Units, 3,792 of which will vest in the next 60 days.
- (12 ) Represents 37,519 Common Shares. The amount reflected does not include 2,342 Restricted Share Units and 5,603 Restricted LTIP Units, 4,652 of which will vest in the next 60 days.
- (13 ) Represents 29,148 Common Shares. The amount reflected does not include 4,912 Restricted Share Units, 2,409 of which will vest in the next 60 days. Of these 29,148 Common Shares, 19,434 have been deferred.
- (14 ) Represents 36,309 Common Shares. The amount reflected does not include 7,678 Restricted Share Units, 5,175 of which will vest in the next 60 days.
- (15 ) Represents 40,441 Common Shares. The amount reflected does not include 8,348 Restricted Share Units, 5,389 of which will vest in the next 60 days.
- (16 ) Represents 1,000 Common Shares. The amount reflected does not include 3,615 Restricted LTIP Units, none of which will vest in the next 60 days.
- (17 ) See Notes (7) through (17).



## COMPENSATION DISCUSSION AND ANALYSIS

The "Compensation Discussion and Analysis" section of this Proxy Statement presents the detailed compensation arrangements for our named executive officers ("NEOs") for fiscal year 2015, which were determined by the Compensation Committee. For the fiscal year ended December 31, 2015, our NEOs and their titles were as follows:

- Kenneth F. Bernstein - President and Chief Executive Officer ("CEO")
- Christopher Conlon - Executive Vice President and Chief Operating Officer ("COO")
- Joel Braun - Executive Vice President and Chief Investment Officer ("CIO")
- Jon Grisham - Senior Vice President and Chief Financial Officer ("CFO")
- Robert Masters - Senior Vice President, Senior Legal Counsel, Chief Compliance Officer and Secretary

### 2015 Highlights

#### Shareholder Say-on-Pay Vote

At the 2015 annual meeting, the Company's shareholders approved, on an advisory basis, the Company's executive plan with a vote of approximately 90.1%, which the Company believes affirms our shareholders support of our executive compensation program. The Compensation Committee is committed to reviewing the results of our advisory say-on-pay vote, market practices and governance standards on an annual basis and making changes as appropriate.

#### Business Highlights

We are an equity real estate investment trust focused on the ownership, acquisition, redevelopment and management of high-quality retail properties in the United States. We are focused on developing long-term profitable growth via our dual action - core and opportunity fund - platforms. Our core real estate portfolio is structured to take advantage of densely populated, high barrier-to-entry supply-constrained markets and has meaningful concentrations of assets in the nation's most dynamic urban and street-retail corridors, including those in New York, San Francisco, Chicago, Washington DC and Boston. Our fund platform is focused around opportunity funds through which we invest in opportunistic, value-add acquisitions as well as core/stabilized asset acquisitions.

During 2015, the executive officers led the Company to achieve strong operational and financial results, including the following:

- Our total shareholder return ("TSR") performance has consistently outperformed our peers and been in the upper quartile of our retail sector. Our exceptional TSR performance is illustrated in more detail in the "Total Shareholder Return" section below.
- FFO per share increased by approximately 16% in 2015, which is well above peer averages of approximately 6.1%;
- Same-property NOI growth of 4.0%, which exceeded the sector average of 3.3%;
- Completed \$944 million in transactional activity in connection with the Company's strategic business plan, including:
  - Completed \$237 million in retail property acquisitions within the Company's core portfolio;
  - Completed \$41 million of structured finance investments;
  - Increased the Company's equity interests in two of our opportunity funds by \$57 million of gross property value by providing liquidity to two existing fund investors by acquiring their interests in those funds;
  - Completed \$174 million of fund acquisitions; and
  - Opportunistically sold \$435 million in stabilized fund assets.

#### Total Shareholder Return

Our TSR has consistently been above average over the past 10 years, and we outperformed our executive compensation peer group, the broader SNL US Equity REIT Index and the SNL US Retail REIT Index over the one-year, three-year, five-year and ten-year periods ended December 31, 2015:

	1-Year	3-Year	5-Year	10-Year	
AKR	7.48	% 44.55	% 117.68	% 154.22	%
Executive Compensation Peer Group Average	2.76	% 31.01	% 77.01	% 112.43	%
SNL US Equity REIT Index	5.35	% 36.51	% 78.88	% 52.94	%
SNL US Retail REIT Index	(5.98	)% 19.17	% 72.1	% 75.92	%

Source: SNL Financial LC

### Compensation Highlights

Our in-place compensation program for NEOs includes the following key elements:

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Pay Element	Description and Key Features	Objective
Base Salary	Fixed cash compensation, reviewed annually Designed to recognize job responsibilities, individual performance and experience Variable compensation, payable in cash and LTIP Units, based on corporate performance goals and individual performance	Competitive salaries are set at a level that promotes executive retention and recruitment
Annual Incentives	Target bonus pool is established at the beginning of each fiscal year and is earned based on: Corporate financial targets (40% weighting); Executing the Strategic Plan (30% weighting); and Business unit and individual performance (30% weighting)  Bonus is payable 60% in cash, which may be exchanged for Company shares or LTIP Units (at a 25% discount), and 40% in equity-based awards (described in more detail below) 40% of the annual incentives is payable in restricted LTIP Units, of which 50% vest ratably based on continued service and 50% vest upon the achievement of performance goals	Emphasize short-term corporate objectives and individual contributions to the achievement of those objectives  Metrics and targets align with business strategy
Long-Term Incentives	Management is allocated a portion of the Promote distributions from our opportunity funds, which is subject to time-based, annual vesting over a five-year period	Emphasize long-term performance and retention over the vesting period. Create direct alignment with our shareholder interests and our opportunity fund investors

#### 2015 Compensation Decisions

For 2015 compensation, the Compensation Committee approved the following compensation for our NEOs:

- 2015 base salaries increased by 2.5%.

- Annual incentives (including cash and equity) increased by 8.1% for our CEO and approximately 9.5% for our other NEOs, with the exception of Mr. Masters whose annual incentive decreased by approximately 3%.

- Time-vested Restricted LTIP Units (granted in 2016 for 2015 performance) for our NEOs will vest ratably over five years.

Performance-based Restricted LTIP Units will be measured over a cumulative three-year performance period based on the achievement of TSR or FFO targets, with 60% of the earned units vesting at the end of the performance period, and the remaining 40% vesting ratably over the next two years, provided that the initial 60% vests as described above. NEOs were granted an additional allocation in our Long-Term Investment Alignment Plan, with our CEO receiving an allocation of 1.75% of our Promote earned in our fourth opportunity fund ("Fund IV") and other NEOs receiving an allocation ranging from 0.325% to 0.8%, with the exception of Mr. Masters who was not granted any allocation.

#### Compensation Program Objectives

##### Compensation Program Objectives and Rewards

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 for NEOs are as follows:

- ♣Motivating the Company's NEOs to create maximum shareholder value.
- ♣Providing incentives to the Company's NEOs that reward dedication, hard work and success.
- ♣Providing a compensation program that ensures "pay for performance."
- ♣Aligning the interests of the Company's NEOs and shareholders as closely as possible.

- Aligning the interests of the Company's NEOs and the Company's external fund investors as closely as possible.
- Creating the right mix of long-term incentives to motivate and to retain the Company's NEOs.
- Creating an incentive compensation program that can go beyond the Company's NEOs 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 NEOs. The process includes input from the 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 NEOs performance and the performance of the business unit that reports to each individual NEO. For a discussion of compensation for the members of the Board of Trustees, see "Board of Trustees Compensation," below.

#### Role of Management and the Chief Executive Officer in Setting Executive Compensation

On an annual basis, the Compensation Committee considers market competitiveness, business results, experience and individual performance when evaluating executive compensation. The process includes input from our CEO (except with respect to his own compensation), including recommending for Compensation Committee approval the financial performance goals for annual incentives. Targets are set in order to drive both annual performance and long-term value creation for shareholders. The CEO is subject to the same financial performance goals as other executives, all of which are approved by the Compensation Committee. All final decisions affecting executive compensation are made by the Compensation Committee.

#### Role of the Independent Compensation Consultant and Use of Peer Group Data

In 2015, the Compensation Committee engaged the services of an outside independent compensation consultant, FTI Consulting, Inc. ("FTI Consulting"), to assist it in determining the appropriate amounts, types and mix of compensation to executive officers in order to achieve the overall objectives as described above. The Compensation Committee has the sole authority to retain and terminate FTI Consulting as its compensation consultant and approve fees and other engagement terms. The Compensation Committee has determined that FTI Consulting is independent from management based upon the consideration of the final rules adopted by the SEC to implement Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Compensation Committee, with the help of FTI Consulting, reviews the compensation practices of other REITs in order to evaluate market trends and compare our compensation program with our competitors. Based in part on this data and analysis provided by FTI Consulting, the Compensation Committee develops a compensation plan that is intended to maintain the link between corporate performance and shareholder returns while being generally competitive within our industry. FTI Consulting also reviews proposed recommendations made to the Compensation Committee by management and provides a commentary regarding the reasonableness of such pay programs and pay level adjustments. The Compensation Committee considered FTI Consulting's peer group analysis when determining base salaries and bonuses paid out to the executives for 2015.

In selecting the targeted peer group, the Company considers REITs based upon the following characteristics:

- Retail property focus (shopping centers and regional malls); and
- Companies that are approximately no less than one-third (1/3) and no more than 3x the size of AKR in terms of implied market capitalization.

The following table provides the names and key information for each peer company at the time at which the Compensation Committee reviewed the peer group market data in October 2015.



(Dollars in millions)

Company	Implied Equity Market Cap <sup>(1)</sup> (\$)	Total Enterprise Value <sup>(1)</sup> (\$)	Headquarters	Sector
CBL & Associates Properties, Inc.	\$2,968.3	\$8,679.3	Chattanooga, TN	Regional Malls
Equity One, Inc.	3,409.5	4,471.0	North Miami Beach, FL	Shopping Centers
Kite Realty Group Trust	2,224.0	3,775.0	Indianapolis, IN	Shopping Centers
National Retail Properties, Inc.	5,144.8	7,127.7	Orlando, FL	Free Standing
Pennsylvania RE Investment Trust	1,690.6	3,697.9	Philadelphia, PA	Regional Malls
Ramco-Gershenson Property Trust	1,308.2	2,321.2	Farmington Hills, MI	Shopping Centers
Regency Centers Corporation	6,300.0	7,880.3	Jacksonville, FL	Shopping Centers
Retail Opportunity Investments Corp.	1,846.3	2,374.2	San Diego, CA	Shopping Centers
Retail Properties of America, Inc.	3,496.7	5,849.3	Oak Brook, IL	Shopping Centers
Rouse Properties, Inc.	1,034.8	2,564.7	New York, NY	Regional Malls
Seritage Growth Properties	2,238.3	1,305.7	New York, NY	Other Retail
Spirit Realty Capital	4,406.4	8,225.5	Scottsdale, AZ	Free Standing
Tanger Factory Outlet Centers, Inc.	3,637.2	4,697.3	Greensboro, NC	Shopping Centers
Urban Edge Properties	2,508.3	3,249.0	New York, NY	Shopping Centers
Weingarten Realty Investors	4,381.5	6,326.1	Houston, TX	Shopping Centers
WP Glimcher, Inc.	2,709.4	6,906.8	Columbus, OH	Regional Malls
Acadia Realty Trust	2,375.8	3,769.9	Rye, NY	Shopping Centers
Peer Group Median	2,838.9	4,584.1		

<sup>(1)</sup> Data as of October 20, 2015

Source: SNL Financial LC

### Elements of Compensation

Historically, the Company's primary components of compensation for its executive officers have been base salary, annual incentive cash bonuses, and annual long-term equity-based incentive compensation.

The Company seeks to maintain a competitive total compensation package that aligns the economic interest of the executives with that of shareholders while maintaining sensitivity to multiple factors including the Company's fiscal year budget, annual accounting cost and the impact to share dilution.

### Base Salary

Utilizing market data supplied by FTI Consulting, the Compensation Committee reviewed the base salaries of the NEOS and consistent with the Company's philosophy to offer competitive salaries to key executives, the Compensation Committee recommended and the Board of Trustees approved increased base salaries of 2.5% over 2014 amounts for all NEOs as follows:

Named Executive Officer	2014 Base Salaries	2015 Base Salaries	% Change
Ken Bernstein, President & CEO	\$568,500	\$582,700	2.5%



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Christopher Conlon, EVP & COO	372,600	381,900	2.5%
Joel Braun, EVP & CIO	394,100	404,000	2.5%
Jon Grisham, SVP & CFO	351,800	360,600	2.5%
Robert Masters, SVP & Senior Legal Counsel	319,500	327,500	2.5%

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Annual Incentives (Cash and Equity)

During 2015, our executive officers were eligible for an annual incentive bonus payment based upon achieving certain performance criteria during the year. The annual incentive process begins with the creation of a bonus pool for our NEOs (and other Senior Vice Presidents) as a group, which for 2015 was equal to \$7.1 million. The pool is then adjusted upwards or downwards based on the results of corporate, business unit and individual performance objectives discussed below. The total bonus pool is based on the following performance objectives:

Annual Incentive Performance Criteria	2015 Weighting
Funds From Operations "FFO" Growth	10%
Same Property Net Operating Income "NOI" Growth	10%
1YR Total Shareholder Return	20%
Executing the Strategic Plan	30%
Business Unit & Individual Performance	30%

If all metrics did not meet the "Threshold" performance hurdle, no bonus pool would be paid out. Below is a summary of the 2015 performance measures that were utilized to determine the bonus pool.

2015 Corporate Measures

FFO Growth <sup>(1)</sup>	Bonus Allocation	Minimal	Threshold	Target	Outperform	Actual 2015 Results	Bonus Level Achieved
Absolute	10%	\$1.35 - \$1.369	\$1.37 - \$1.389	\$1.39 - \$1.409	\$1.41 +	\$1.53	Outperform
Relative vs. Peer Group		0% - 24%	25% - 49%	50% - 74%	75%+	N/A <sup>(3)</sup>	

NOI Growth (Same Property) <sup>(2)</sup>	Bonus Allocation	Minimal	Threshold	Target	Outperform	Actual 2015 Results	Bonus Level Achieved
Absolute	10%	+3-3.24%	+3.25-3.49%	+3.50-3.74%	+3.75+	4.0%	Outperform
Relative vs. Peer Group		0% - 24%	25% - 49%	50% - 74%	75%+	N/A <sup>(3)</sup>	

Total Shareholder Return:	Bonus Allocation	Minimal	Threshold	Target	Outperform	Actual 2015 Results	Bonus Level Achieved
Absolute	20%	0% - 2.49%	2.5% - 4.99%	5.0% - 7.4%	7.5%+	7.5	Outperform
Relative vs. Peer Group		Bottom 24%	25% - 49%	50% - 74%	75%+	N/A <sup>(3)</sup>	

Executing the Strategic Plan	Bonus Weighting	Bonus Level Achieved
Maintain a high-quality core portfolio of retail assets		
Maintain a healthy balance sheet with strong liquidity	30%	Target
Maintain a disciplined growth strategy that enable opportunistic investing		

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

(2) Same-Property NOI excludes various items included in operating income (GAAP) that are not indicative of the operating performance of a store. Same-Property NOI is calculated by starting with operating income and (i) adding back general and administrative, depreciation and amortization, abandonment of project costs, reserve for

notes receivable; and (ii) deducting management fee income; interest income; other income; lease termination income; and straight line rent and other adjustments.

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

	For the Year Ended December 31, 2015
<b>RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS</b>	
(dollars in thousands, except per share data)	
Net income attributable to Common Shareholders	\$65,708
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	52,013
Gain on disposition of properties (net of noncontrolling interests' share)	(11,114 )
Income attributable to noncontrolling interests' in Operating Partnership	3,811
Impairment of asset (net of noncontrolling interests' share)	1,111
Distributions - Preferred OP Units	31
Funds from operations	\$111,560
Funds from operations per share - Diluted	
Weighted average Common Shares and OP Units	73,067
Funds from operations, per share	\$1.53

#### Business Unit and Individual Performance Measures

The remaining 30% of the bonus allocation is subjective business unit and individual performance measures. These goals were different for each NEO based on the different Company disciplines for which each NEO was responsible and, while some could be objectively measured, overall they were more subjective in nature than the other Company performance measures. The 2015 business unit and individual performance measures were as follows:

	Bonus Allocation	Bonus Level Achieved
<b>President &amp; CEO</b>		
Ensuring AKR's long-term financial stability by raising new sources of capital, and by preserving & expanding AKR's liquidity position	7.5%	Target
Developing short & long-term incentives consistent with the current economic environment and forecasts	7.5%	Target
Success in interfacing with Board of Directors to develop Company strategy to ensure shareholder value is maximized over the long-term	7.5%	Target
Stewardship at the top of organization, and success in interfacing with major institutional investors and JV partners	7.5%	Target
<b>EVP &amp; CIO</b>		
Maintain and improve morale of the Acquisitions team and retain/attract new and higher level talent to the team	7.5%	Target
Invested fund dollars within the time frame committed, and continue to reduce investments in non-strategic markets	7.5%	Target
Communication: interfacing with JV partners & support with investment transactions	7.5%	Outperform
Strong Leadership in the disciplines Executive is accountable for	7.5%	Target

	Bonus Allocation	Bonus Level Achieved
<b>EVP &amp; COO</b>		
Improve overall occupancy, same store lease spreads and property operating metrics	7.5%	Outperform
Summarize financial detail on all major redevelopment assets, and create tracking mechanism of progress and issues	7.5%	Target
Maintain and enhance key retailer and other relationships	7.5%	Target
Strong Leadership in the disciplines Executive is accountable for	7.5%	Target
<b>EVP &amp; CFO</b>		
Ensure sufficient capital is available to execute the Company's growth plans	7.5%	Target
Source both equity and debt capital at the lowest cost possible	7.5%	Target
Ensure effective communication with the Street (Sellside, Buyside and press release)	7.5%	Outperform
Strong Leadership in the disciplines Executive is accountable for	7.5%	Target
<b>SVP/Senior Legal Counsel</b>		
Invest extensive time mentoring the newly appointed General Counsel	7.5%	Target
Communication: interfacing with JV partners & support with investment transactions	7.5%	Target
Increase cross-training and cross-assignments within the Legal discipline	7.5%	Target
Strong Leadership in the disciplines Executive is accountable for	7.5%	Target

On March 17, 2016, the Board of Trustees approved annual incentives payable 60% in cash (with the option for the NEO to elect to receive LTIP Units in lieu of cash at a 25% discount) and 40% in equity-based compensation (allocated equally between time-based and performance-based equity) as follows:

Named Executive Officer	2014 Annual Incentives	2015 Annual Incentives	% Change
Ken Bernstein, President & CEO	\$3,100,000	\$3,350,000	8.1%
Christopher Conlon, EVP & COO	651,000	713,000	9.5%
Joel Braun, EVP & CIO	981,000	1,074,000	9.5%
Jon Grisham, SVP & CFO	572,000	626,000	9.4%
Robert Masters, SVP & Senior Legal Counsel	477,000	463,000	(2.9)%

Consistent with our long-standing policy adopted by the Board of Trustees, our NEOs have the option of exchanging all or a portion of their cash bonus for restricted stock or LTIP Units that will vest on a ratable basis over five years. The LTIP Units granted in lieu of the cash bonus are granted based on a 25% discounted share price. Based on the election of each of our NEOs, the 2015 Annual Incentives were paid as follows:

Named Executive Officer	Cash <sup>(1)</sup>	Elective LTIP Units <sup>(2)(3)</sup>	Long-Term Incentives - Time-Based <sup>(3)</sup>	Long-Term Incentives - Performance-Based <sup>(3)</sup>
Ken Bernstein, President & CEO	\$—	\$2,767,111	\$691,778	\$691,778
Christopher Conlon, EVP & COO	428,000	—	420,771	420,771
Joel Braun, EVP & CIO	—	886,565	338,159	338,159

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Jon Grisham, SVP & CFO	—	517,626	129,059	129,059
Robert Masters, SVP & Senior Legal Counsel	—	382,731	95,500	95,500

Notes:

- (1) NEOs have the option of exchanging all or a portion of their cash bonus for LTIP Units. Amount reflects the amount elected in cash.
- (2) NEOs have the option of exchanging all or a portion of their cash bonus for LTIP Units. Amount reflects the amount elected in LTIP Units, inclusive of the additional value in connection with the 25% discounted share price.
- (3) The valuation of the awards is based on the Company's closing Common Share price of \$34.74 on the day preceding the grant date.
- (4) The term of long-term incentives is described in detail in the "Long-Term Incentives" section, below.

In addition to the long-term incentives described above, the Compensation Committee also approved one-time stock awards for Messrs. Conlon and Braun equal to \$530,000 and \$225,000, respectively. Such awards were determined based on a review of each executives competitive pay positioning to our peers, internal equity considerations and to promote the Company's retention and succession planning objectives. These one-time awards are subject to the same vesting provisions described below under "Long-Term Incentives."

#### Long-Term Incentives

The Compensation Committee and the Board of Trustees continue to emphasize long-term performance in the form of:

- Time-based Restricted Share Units or LTIP Units;
- Performance-based Restricted Share Units or LTIP Units; and
- The Long-Term Investment Alignment Program.

In keeping with the long-term, 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. Our long-term incentives are intended to (i) retain our management team through the inclusion of vesting provisions, (ii) emphasize share ownership, (iii) create direct alignment with shareholder interests, and (iv) motivate management to focus on sustained Company performance.

#### Time-Based Long-Term Incentives

The time-based long-term incentives represent 50% of the annual incentives paid in equity awards granted to each NEO and were issued in the form of Restricted Share Units or LTIP Units. These shares vest ratably over five years for each of our NEOs.

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.

#### Performance-Based Long-Term Incentives

Performance-based Restricted Share Units or LTIP Units are earned over a cumulative three-year performance period if the Company achieves one of the following performance hurdles: (i) a 7% or greater annual increase in FFO, (ii) FFO growth equal to or greater than the top one-third of the peer group, (iii) 8% annual TSR or (iv) TSR in the top one-third of the peer group average. If the Company's performance fails to achieve the aforementioned hurdles at the culmination of the 3-year performance period, all performance-based shares will be forfeited. Any earned performance-based shares vest 60% at the end of the performance period, with the remaining 40% of shares vesting

ratably over the next two years.



### Long-Term Incentive Alignment Program

In 2009 the Compensation Committee and Board of Trustees approved the Company's Long-Term Investment Alignment Program (the "Program"), a multi-year performance-based compensation program designed to provide an incentive for high, long-term performance by motivating management to create shareholder value by increasing earnings through the profitable management of investment funds and joint ventures. 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, strategic investments and successful liquidation of Acadia Strategic Opportunity Fund III LLC ("Fund III") and Acadia Strategic Opportunity Fund IV LLC ("Fund IV," and together with Fund III, the "Funds"), thereby increasing shareholder value;
- Provide a retention tool for years to come; and
- Further align the interests of management, shareholders and external investors.

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

If the investors of the Funds do not receive a return of all their invested capital and the 6% preferred return, no Promote will be paid to the Company and senior executives will receive no compensation under the Program. There is no interim profit participation on a transaction by transaction basis and thus a greater emphasis is placed on all investments being carefully selected and managed for the long term. The Program increases the alignment between senior executives and the investors of the Funds. Additionally, it should be noted that the Company is a significant investor in the Funds, with a 25% investment in Fund III and approximately a 23% investment in Fund IV. The long term success of the Funds benefits the Company, and thus shareholders, through both its capital investment and the Promote.

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

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

Named Executive Officer	2009 Award Percentage	2010 Award Percentage	2011 Award Percentage	2012 Award Percentage	2013 Award Percentage	Total Percentage
Ken Bernstein, President & CEO	6.2500%	0.8350%	0.8350%	0.8350%	1.4050%	10.1600%
Christopher Conlon, EVP & COO	0.2500%	0.5475%	0.5475%	0.5475%	0.9931%	2.8856%
Joel Braun, EVP & CIO	2.5000%	0.3000%	0.4000%	0.4000%	0.5750%	4.1750%
Jon Grisham, SVP & CFO	0.6250%	0.1000%	0.1000%	0.1350%	0.2600%	1.2200%
	0.7500%	0.1350%	0.1350%	0.1350%	0.1350%	1.2900%

Robert Masters, SVP & Senior Legal  
Counsel

Total	10.3750%	1.9175%	2.0175%	2.0525%	3.3681%	19.7306% <sup>(1)</sup>
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The total percentage of the Promote allocated may not be directly correlated with the amount of the Fund's invested (1) capital. This provides the promote recipients with incentive to acquire appropriate assets with the remaining funds in the Fund and to ensure that diligent efforts will be made to achieve stabilization of those assets.

Fund IV Awards listed in the table below are reflective of each NEO's role in connection with investments made in Fund IV. The Company has allocated a total of 1.7925% of the Company's 20% promote allocation (7.1700% of the allowable 25%) to one or more of the other officers of the Company.

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Named Executive Officer	2013 Award Percentage	2014 Award Percentage	2015 Award Percentage	Total Percentage
Ken Bernstein, President & CEO	0.8750%	0.8750%	1.7500%	3.5000%
Christopher Conlon, EVP & COO	0.4000%	0.4000%	0.8000%	1.6000%
Joel Braun, EVP & CIO	0.4000%	0.4000%	0.8000%	1.6000%
Jon Grisham, SVP & CFO	0.1625%	0.1625%	0.3250%	0.6500%
Robert Masters, SVP & Senior Legal Counsel	0.0000%	0.0000%	0.0000%	0.0000%
Total	1.8375%	1.8375%	3.675%	7.3500% <sup>(1)</sup>

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

As of year-end 2015, no payouts have been distributed under the Program. It is anticipated that the first distribution to Program participants will be made in 2016.

#### Governance and Other Policies Relating to Compensation

##### Share Ownership Guidelines

In order to further foster the strong ownership culture among our senior executive management team and ensure the continued direct alignment of management and shareholder interests, and consistent with emerging corporate governance trends, we have adopted a share ownership policy. The policy contains guidelines for NEOs and Trustees to own at all times a certain level of the Company's Common Shares (also includes Restricted Share Units, LTIP Units, restricted LTIP Units and OP units). The share ownership guidelines are not mandatory but rather are recommended targets as follows:

Title	Multiple
CEO	10 x Base Salary + Cash Bonus
CIO	4 x Base Salary + Cash Bonus
All other NEOs	3 x Base Salary + Cash Bonus
Non-Employee Trustees	3x total annual fees

New executive officers and non-employee Trustees have five years to reach the standard that applies to them. As of the date hereof, all NEOs, including the CEO, and non-employee Trustees met the recommended targets (other than the two newly appointed non-employee Trustees that were elected late 2015 and early 2016).

##### Anti-Hedging and Anti-Pledging Policies

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

##### Standard Employment Benefits

The Company provides a variety of medical, dental, life, disability and accidental death and dismemberment insurance policies that are generally available to all of its full-time employees. The Company also provides a contributory

401(k) savings plan to employees of the Company, which provides for matching contributions of 50% up to the first 6% of the participant's base salary contributed to the 401(k) Plan. The All Other Compensation Table summarizes the matching contributions that the Company made to our NEOs for fiscal 2015, 2014 and 2013.

In 2003, the Company instituted the Acadia Realty Trust Employee Share Purchase Plan (the "Share Purchase Plan", and collectively with the 2006 Plan, "Share Incentive Plans"). The Share Purchase Plan allows eligible employees of the Company to purchase, through payroll deductions, Common Shares in the Company at a 15% discount to the closing price of the Company's Common

Shares on either the first day or the last day of the quarter, whichever is lower. The Share Purchase Plan is designed to retain and motivate employees of the Company and its designated affiliates by encouraging them to acquire ownership in the Company. The Company has reserved 100,000 Common Shares for issuance under the Share Purchase Plan. The Share Purchase Plan is intended to be an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended. During 2015, 2014 and 2013, 3,761, 4,668 and 3,678 Common Shares were purchased under the Share Purchase Plan, respectively. As of the date hereof, no NEOs participate in the Share Purchase Plan.

#### Impact of Accounting and Tax Treatment

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

The Compensation Committee has reviewed the Company's compensation policies in light of Section 162(m) of the Internal Revenue Code, as amended, which generally limits deductions for compensation paid to certain executive officers to \$1,000,000 per annum (although certain performance based compensation is not subject to that limit), and determined that the compensation levels of the Company's CEO, Chief Investment Officer ("CIO") and Chief Operating Officer ("COO") (but no other NEOs) could be affected by such provisions. The Compensation Committee intends to continue to review the application of Section 162(m) to the Company with respect to any future compensation programs considered by the Company. In view of its overall executive compensation structure, the Compensation Committee has determined that it is appropriate for the CEO, CIO and COO to have the potential to receive compensation that is not deductible under Section 162(m).

#### Timing of Equity Grants

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

#### Relationship of Compensation Policies and Practices to Risk Management

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

#### SUMMARY COMPENSATION TABLE

The following table lists the annual compensation for the fiscal years 2015, 2014 and 2013 awarded to the NEOs. Compensation included in the table relating to bonus and stock awards reflect amounts granted with respect to the periods reflected.

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

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Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$ (1))	Option Awards (\$ (1))	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$ (3))	Total (\$ (4))
Kenneth F. Bernstein Chief Executive Officer and President (Principal Executive Officer)	2015	\$582,700	\$1,711,259 (2)	\$1,551,778	\$—	—	—	\$ 8,011	\$3,853,748
	2014	\$568,500	\$1,672,946 (2)	\$4,661,506	\$—	—	—	\$ 7,878	\$6,910,830
	2013	\$554,590	\$1,507,866 (2)	\$1,507,946	\$—	—	—	\$ 7,728	\$3,578,130
Jonathan W. Grisham Chief Financial Officer and Senior Vice President (Principal Financial Officer)	2015	\$360,600	\$315,735 (2)	\$286,338	\$—	—	—	\$ 8,011	\$970,684
	2014	\$351,800	\$315,120 (2)	\$315,120	\$—	—	—	\$ 7,878	\$989,918
	2013	\$343,200	\$232,204 (2)	\$433,293	\$—	—	—	\$ 7,728	\$1,016,425
Joel Braun Chief Investment Officer and Executive Vice President	2015	\$404,000	\$541,560 (2)	\$491,025	\$—	—	—	\$ 8,011	\$1,444,596
	2014	\$394,100	\$540,221 (2)	\$540,195	\$—	—	—	\$ 7,878	\$1,482,394
	2013	\$384,500	\$493,382 (2)	\$493,383	\$—	—	—	\$ 7,728	\$1,378,993
Christopher Conlon Chief Operating Officer and Executive Vice President	2015	\$381,900	\$603,358 (2)	\$264,524	\$—	—	—	\$ 8,011	\$1,257,793
	2014	\$372,600	\$558,291 (2)	\$865,241	\$—	—	—	\$ 5,667	\$1,801,799
	2013	\$363,500	\$327,523 (2)	\$327,522	\$—	—	—	\$ 3,903	\$1,022,448

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Robert Masters	2015	\$327,500	\$263,296	(2)	\$583,810	\$—	—	—	\$ 8,011	\$1,182,617
Senior Vice President,	2014	\$319,500	\$262,810	(2)	\$262,810	\$—	—	—	\$ 7,878	\$852,998
Senior Legal Counsel, Chief Compliance Officer and Secretary	2013	\$311,700	\$237,068	(2)	\$237,015	\$—	—	—	\$ 7,728	\$793,511

Notes:

(1) Pursuant to SEC rules, the amounts disclosed in these columns reflect the grant date fair value of each Restricted Share Unit and Restricted LTIP Unit award calculated in accordance with ASC Topic 718. The Grant Date fair values of performance-based awards were calculated based on the maximum outcome of performance at the time of the grant. For further information as to the Company's Restricted Share Unit and Restricted LTIP Unit awards issued to employees, see Note 15 (Share Incentive Plan) to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on February 19, 2016.

(2) Cash bonus was received in the form of Restricted LTIP Units. The number of Restricted LTIP Units granted in connection with this portion of the LTIP Unit award were at a 25% discount as discussed above. In the case of Mr. Conlon, the 2015 amounts include a \$428,000 cash bonus earned during 2015 but paid during 2016.

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

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



	2015	2014	2013
Mr. Bernstein	\$4,741,377	\$7,167,424	\$3,908,208
Mr. Grisham	\$1,144,355	\$1,024,386	\$981,168
Mr. Braun	\$1,974,894	\$1,541,983	\$1,472,644
Mr. Conlon	\$1,659,518	\$1,076,534	\$1,590,935
Mr. Masters	\$909,242	\$1,244,861	\$845,048

ALL OTHER COMPENSATION TABLE

	Kenneth F. Bernstein			Jonathan W. Grisham			Joel Braun		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Perquisites and other personal benefits, unless the aggregate amount is less than \$10,000 (1)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Annual Company contributions or allocations to vested and unvested defined contribution plans (2)	7,950	7,800	7,650	7,950	7,800	7,650	7,950	7,800	7,650
The dollar value of insurance premiums paid by the Company on life insurance policies for the benefit of the NEO	61	78	78	61	78	78	61	78	78
Total Other Compensation	\$8,011	\$7,878	\$7,728	\$8,011	\$7,878	\$7,728	\$8,011	\$7,878	\$7,728

	Christopher Conlon			Robert Masters		
	2015	2014	2013	2015	2014	2013
Perquisites and other personal benefits, unless the aggregate amount is less than \$10,000	\$—	\$—	\$—	\$—	\$—	\$—
Annual Company contributions or allocations to vested and unvested defined contribution plans (1)	7,950	5,589	3,825	7,950	7,800	7,650
	61	78	78	61	78	78

The dollar value of insurance premiums paid by the Company on life insurance policies for the benefit of the NEO

Total Other Compensation	\$8,011	\$5,667	\$3,903	\$8,011	\$7,878	\$7,728
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Notes:

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

## GRANTS OF PLAN-BASED AWARDS

Pursuant to the Company's Share Incentive Plans, the Company granted annual bonus unit awards and long-term incentive awards to the NEOs on March 5, 2015. The annual bonus unit awards consisted of time-based non-vested Restricted LTIP Units. The total long-term incentive awards consisted of non-vested Restricted LTIP Units which were allocated 50% as time-based awards and 50% as performance-based awards. For the 50% performance-based award, one of the following must occur: (i) the Company must achieve a 7% or greater increase in funds from operation ("FFO"); (ii) FFO growth must be equal to or greater than the top one-third of the Peer Group, as determined by the Compensation Committee; (iii) the Company must achieve a 8% annual total shareholder return; or (iv) the total annual shareholder return must be equal to or greater than the top one-third of the Peer Group. These measurements will be based on a cumulative three-year performance period.

The following table provides a summary of all grants awarded to the NEOs during 2015:

Name	Grant Date	Estimated Future Payouts Under Performance-Based Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Performance-Based Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date of Stock and Option Awards	Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum					
		(\$)	(\$)	(\$)	(#)	(#) (1)	(#)	(#) (2)	(#)	(\$/Sh)	(\$/Sh) (3)	
Kenneth F. Bernstein	3/5/2015	—	—	—	—	17,644	—	17,643	—	—	\$981,348	
	3/5/2015	—	—	—	—	—	—	70,575	—	—	2,281,689	
						17,644					\$3,263,037	
Jonathan W. Grisham	3/5/2015	—	—	—	—	3,256	—	3,255	—	—	\$181,071	
	3/5/2015	—	—	—	—	—	—	13,022	—	—	421,002	
						3,256					\$602,073	
Joel Braun	3/5/2015	—	—	—	—	5,583	—	5,583	—	—	\$310,526	
	3/5/2015	—	—	—	—	—	—	22,334	—	—	722,059	
						5,583					\$1,032,585	
Christopher Conlon	3/5/2015	—	—	—	—	3,705	—	3,705	—	—	\$206,072	
	3/5/2015	—	—	—	—	—	—	7,232	—	—	233,810	
						3,705					\$439,882	
Robert Masters	3/5/2015	—	—	—	—	2,715	—	2,715	—	—	\$151,008	
	3/5/2015	—	—	—	—	—	—	10,672	—	—	345,026	
	3/5/2015	—	—	—	—	—	—	10,859	—	—	351,072	

2,715

24,246

\$847,106

Notes:

(1) Represents the performance-based portion of the 2014 awards which will be earned over 5 years with 60% earned at the end of the third year subject to the Company meeting certain performance thresholds. The remaining 40% will be earned ratably over the following two years, provided that the initial 60% is earned as described above. The holders of these Restricted LTIP Units are entitled to receive distributions in an amount equal to the per share dividend paid to holders of Common Shares.

(2) The Restricted LTIP Units vest over 5 years with 20% vesting on January 6, 2016 and 20% on each anniversary thereof. The holders of these Restricted LTIP Units are entitled to receive distributions in an amount equal to the per share dividend paid to holders of Common Shares.

(3) Calculated in accordance with ASC Topic 718. The Grant Date fair values of performance-based awards were calculated based on the probable outcome of performance at the time of the grant.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Grant Date	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Exercised Options	Equity Incentive Plan Awards:		Number of Shares or Units That Have Not Vested	Market Value of Shares or Units That Have Not Vested	Equity Incentive Plan Awards:	
				Number of Securities Underlying Unexercised Options	Exercise Price			Option Expiration Date	Number of Unearned Shares, Units or Rights That Have Not Vested
		(#)	(#)	(#)	(\$)	(#) (1)	(\$) (1) (9)	(#) (1) (10)	(\$) (1) (10)
Kenneth F. Bernstein	1/31/2008	—	—	—		9,731	(2) \$322,583	\$—	\$—
	1/31/2008	—	—	—		6,738	(2) 223,365	6,738	223,365
	3/3/2011	—	—	—		16,798	(3) 556,854	—	—
	3/3/2011	—	—	—		4,200	(3) 139,230	4,200	139,230
	3/3/2011	—	—	—		83,987	(3) 2,784,169	—	—
	3/15/2012	—	—	—		8,167	(4) 270,736	8,166	270,703
	3/15/2012	—	—	—		32,666	(4) 1,082,878	—	—
	2/22/2013	—	—	—		11,282	(5) 373,998	11,283	374,031
	2/22/2013	—	—	—		45,131	(5) 1,496,093	—	—
	2/28/2014	—	—	—		16,989	(6) 563,185	16,989	563,185
	2/28/2014	—	—	—		67,954	(6) 2,252,675	—	—
	3/31/2014	—	—	—		91,358	(7) 3,028,518	—	—

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	3/5/2015	—	—	17,644	(8) 584,899	17,643	584,865
	3/5/2015	—	—	70,575	(8) 2,339,561	—	—
		—	—	483,220	\$ 16,018,744	65,019	\$ 2,155,379
Jonathan							
W.	3/3/2011	—	—	1,946	(3) \$64,510	\$—	\$—
Grisham							
	3/3/2011	—	—	489	(3) 16,210	489	16,210
	3/15/2012	—	—	3,440	(4) 114,036	—	—
	3/15/2012	—	—	1,856	(4) 61,526	1,856	61,526
	2/22/2013	—	—	6,949	(5) 230,359	—	—
	2/22/2013	—	—	4,514	(5) 149,639	—	—
	2/22/2013	—	—	1,738	(5) 57,615	1,738	57,615
	2/28/2014	—	—	3,200	(6) 106,080	3,200	106,080

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	2/28/2014	—	—	12,800	(6) 424,320	—	—
	3/5/2015	—	—	3,255	(8) 107,903	3,256	107,936
	3/5/2015	—	—	13,022	(8) 431,679	—	—
		—	—	53,209	\$ 1,763,877	10,539	\$ 349,367
Joel Braun	3/3/2011	—	—	5,446	(3) \$ 180,535	\$—	\$—
	3/3/2011	—	—	1,365	(3) 45,250	1,365	45,250
	3/15/2012	—	—	5,284	(4) 175,165	—	—
	3/15/2012	—	—	557	(4) 18,465	—	—
	3/15/2012	—	—	2,636	(4) 87,383	2,636	87,383
	2/22/2013	—	—	3,692	(5) 122,390	3,692	122,390
	2/22/2013	—	—	14,767	(5) 489,526	—	—
	2/28/2014	—	—	5,486	(6) 181,861	5,486	181,861
	2/28/2014	—	—	21,944	(6) 727,444	—	—
	3/5/2015	—	—	5,583	(8) 185,076	5,583	185,076
	3/5/2015	—	—	22,334	(8) 740,372	—	—
		—	—	89,094	\$ 2,953,467	18,762	\$ 621,960
Christopher Conlon	3/3/2011	—	—	714	(3) \$ 23,669	\$ 714	\$ 23,669
	3/3/2011	—	—	18,373	(3) 609,065	—	—
	3/15/2012	—	—	2,760	(4) 91,494	—	—
	3/15/2012	—	—	1,383	(4) 45,846	1,383	45,846
	2/22/2013	—	—	9,803	(5) 324,969	—	—
	2/22/2013	—	—	2,451	(5) 81,251	2,451	81,251
	2/28/2014	—	—	3,639	(6) 120,633	3,639	120,633
	2/28/2014	—	—	14,554	(6) 482,465	—	—
	2/28/2014	—	—	15,444	(6) 511,969	—	—
	3/5/2015	—	—	3,705	(8) 122,821	3,705	122,821
	3/5/2015	—	—	7,232	(8) 239,741	—	—
		—	—	80,058	\$ 2,653,923	11,892	\$ 394,220
Robert Masters	3/3/2011	—	—	2,492	(3) \$ 82,610	\$—	\$—
	3/3/2011	—	—	620	(3) 20,553	620	20,553
	3/15/2012	—	—	4,999	(4) 165,717	—	—
	3/15/2012	—	—	1,253	(4) 41,537	1,254	41,570
	2/22/2013	—	—	7,095	(5) 235,199	—	—
	2/22/2013	—	—	1,774	(5) 58,808	1,774	58,808
	2/28/2014	—	—	2,669	(6) 88,477	2,669	88,477
	2/28/2014	—	—	10,676	(6) 353,909	—	—
	3/5/2015	—	—	2,715	(8) 90,002	2,715	90,002
	3/5/2015	—	—	10,672	(8) 353,777	—	—
	3/5/2015	—	—	10,859	(8) 359,976	—	—
		—	—	55,824	\$ 1,850,565	9,032	\$ 299,410

Notes:

- (1) Market value computed by multiplying the closing market price of the Company's Common Shares of \$33.15 as of December 31, 2015 by the number of Restricted Share Units or Restricted LTIP Units that have not vested.
- (2) Restricted LTIP Units vest over ten years with the last vesting on January 6, 2018.
- (3) Restricted LTIP Units vest over five years with the last vesting on January 6, 2016.
- (4) Restricted LTIP Units vest over five years with the last vesting on January 6, 2017.
- (5) Restricted LTIP Units vest over five years with the last vesting on January 6, 2018.
- (6) Restricted LTIP Units vest over five years with the last vesting on January 6, 2019.
- (7) Restricted LTIP Units vest over five years with the last vesting on March 31, 2019.
- (8) Restricted LTIP Units vest over five years with the last vesting on January 6, 2020.
- (9) Represents the time-based portion of the awards.
- (10) Represents the performance-based portion of the awards.

OPTION EXERCISES AND STOCK VESTED

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



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Name	Grant Date	Exercise/Vesting Date	Option Awards		Stock Awards	
			Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) (1)
Kenneth F. Bernstein	1/6/2006	11/16/2015	36,034	\$401,058	—	\$—
	1/31/2008	1/6/2015	—	—	7,735	257,730
	3/1/2010	1/6/2015	—	—	24,733	824,104
	3/3/2011	1/6/2015	—	—	30,447	1,014,494
	3/15/2012	1/6/2015	—	—	24,499	816,307
	2/22/2013	1/6/2015	—	—	22,565	751,866
	2/28/2014	1/6/2015	—	—	25,482	849,060
	3/31/2014	1/6/2015	—	—	22,840	761,029
			36,034	\$401,058	158,301	\$5,274,590
Jonathan W. Grisham	1/6/2006	2/24/2015	1,491	\$22,231	—	\$—
	1/31/2008	1/6/2015	—	—	1,016	33,853
	3/1/2010	1/6/2015	—	—	2,208	73,571
	3/3/2011	1/6/2015	—	—	2,922	97,361
	3/15/2012	1/6/2015	—	—	3,576	119,152
	2/22/2013	1/6/2015	—	—	4,979	165,900
	2/28/2014	1/6/2015	—	—	4,800	159,936
			1,491	\$22,231	19,501	\$649,773
Joel Braun	1/6/2006	9/8/2015	6,088	\$48,156	—	\$—
	1/31/2008	1/6/2015	—	—	3,889	129,581
	3/1/2010	1/6/2015	—	—	6,320	210,582
	3/3/2011	1/6/2015	—	—	8,175	272,391
	3/15/2012	1/6/2015	—	—	5,554	185,059
	2/22/2013	1/6/2015	—	—	7,383	246,002
	2/28/2014	1/6/2015	—	—	8,227	274,124
			6,088	\$48,156	39,548	\$1,317,739
Christopher Conlon	3/1/2010	1/6/2015	—	\$—	1,375	\$45,815
	3/3/2011	1/6/2015	—	—	1,428	47,581
	3/15/2012	1/6/2015	—	—	2,763	92,063
	2/22/2013	1/6/2015	—	—	4,901	163,301
	2/28/2014	1/6/2015	—	—	9,317	310,442
			—	\$—	19,784	\$659,202
Robert Masters	1/31/2008	1/6/2015	—	\$—	1,645	\$54,811
	3/1/2010	1/6/2015	—	—	8,607	286,785
	3/3/2011	1/6/2015	—	—	3,730	124,284
	3/15/2012	1/6/2015	—	—	3,752	125,017
	2/22/2013	1/6/2015	—	—	3,547	118,186

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2/28/2014	1/6/2015	—	—	4,002	133,347
		—	\$—	25,283	\$842,430

Note:

(1) Value based on the market value of the Company's common shares on the vesting date. The closing price of the Company's common shares was \$33.32 on January 6, 2015.

## EMPLOYMENT AND SEVERANCE AGREEMENTS WITH NAMED EXECUTIVE OFFICERS

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

### Kenneth F. Bernstein Amended and Restated Employment Agreement

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

Each year during the term of Mr. Bernstein's employment, the full Board of Trustees (excluding Mr. Bernstein), at the Compensation Committee's recommendation, considers Mr. Bernstein for an incentive bonus (to be determined by the Compensation Committee and recommended for approval to the full Board of Trustees) and discretionary bonuses payable in cash, Restricted Share Units, options, Restricted LTIP Units, or any combination thereof, as the Board of Trustees and the Compensation Committee may approve. Mr. Bernstein is also entitled to participate in all benefit plans, health insurance, disability, retirement and incentive compensation plans generally available to the Company's executives.

### Severance Agreements for Named Executive Officers Other than Mr. Bernstein

The Company has entered into severance agreements with each of the NEOs other than Mr. Bernstein. These agreements provide for certain termination or severance payments to be made by the Company to a NEO in the event of his termination of employment as the result of his Death, Disability, discharge for Cause or Without Cause, resignation or a termination by the NEO for Good Reason (the terms, "Death," "Disability," "Cause," "Without Cause" and "Good Reason" each defined below). If the NEO's employment is terminated either because he is discharged without Cause or due to a termination by the NEO for Good Reason, the Company will be required to make a lump sum payment equal to among other things, unpaid salary and bonus, severance and pro rata bonus, each paid in accordance with the terms and conditions of such agreements. These payments will be reduced to the extent that they would otherwise be considered parachute payments within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended.

### Termination and Definitions For Cause

The Company has the right to terminate a NEO's employment for "Cause" upon the NEO's: (A) deliberate misrepresentation in connection with, or willful failure to cooperate with, a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials; (B) failure to perform his duties hereunder (other than any such failure resulting from NEO's incapacity due to physical or mental illness)

which failure continues for a period of three business days after written demand for corrective action is delivered by the Company specifically identifying the manner in which the Company believes the NEO has not performed his duties; (C) conduct by the NEO constituting a material act of willful misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Company other than the occasional, customary and de minimis use of the Company's property for personal purposes; (D) material violation of a Company policy; (E) disparagement of the Company, its officers, Trustees, employees or partners; (F) soliciting any existing employee of the Company above the level of an administrative assistant to work at another company; or (G) the commission by the NEO of a felony or misdemeanor involving moral turpitude, deceit, dishonesty or fraud.

#### Death

A NEO's employment will terminate upon their death ("Death").

#### Disability

The Company has the right to terminate a NEO's employment due to "Disability" in the event that there is a determination by the Company that the NEO has become physically or mentally incapable of performing his duties under the agreement and such Disability has disabled the NEO for a cumulative period of 180 days within a twelve-month period.

#### Good Reason

A NEO has the right to terminate his employment for "Good Reason," which is defined to mean: (A) upon the occurrence of any material breach of the agreement by the Company which includes but not be limited to: a material, adverse alteration in the nature of NEO's duties, responsibilities or authority; (B) upon a reduction in NEO's annual base salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, or a failure to pay such amounts when due which is not cured by the Company within ten days after written notice of such default by the NEO; (C) if the Company relocates the NEO's office requiring the NEO to increase his commuting time by more than one hour; or (D) the Company's failure to provide benefits comparable to those provided the NEO as of the effective date, other than any such failure which affects all comparably situated officers, then the NEO will have the right to terminate his employment, which termination will be deemed for Good Reason.

#### Without Cause

The Company has the right to terminate a NEO's employment without Cause.

#### Upon a Change of Control and Termination

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

"Change of Control" has the meaning as set forth in the employment agreement or severance agreements, as applicable.

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

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

#### Compensation upon Termination of Employment by the Company for Cause or Voluntarily By the NEO

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

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

In the event of termination by the Company of Mr. Bernstein's employment as a result of his Death, Disability, Without Cause or by Mr. Bernstein for Good Reason, subject to the execution of a release of claims by Mr. Bernstein (other than in the case of Death), the Company is obligated to pay or provide to Mr. Bernstein, his estate or personal representative, the following: (i) any unpaid accrued salary through and including the date of termination; plus (ii) an amount equal to three times his current salary; (iii) an additional amount equal to three times the average of the cash value of the bonuses (whether awarded as cash incentive bonuses or in Restricted Share Units or Restricted LTIP Units, the value of the latter to be calculated as of the date of the award) awarded to Mr. Bernstein for each of the last two years immediately preceding the year in which Mr. Bernstein's employment is terminated; (iv) a further amount computed at an annualized rate equal to the average of the cash incentive bonuses awarded to Mr. Bernstein for each of the last two years, pro-rated for the year of termination; (v) reimbursement of expenses incurred prior to date of termination; (vi) all incentive compensation payments whether share based or otherwise that are subject to a vesting schedule including Restricted Share Units, Restricted LTIP Units and options shall immediately vest as of the date of the termination; and (vii) continuation of health coverage for two years with the exception of termination upon Death. Following a Change of

Control together with either a termination Without Cause or by Mr. Bernstein for Good Reason within 12 months thereafter, the Company will be obligated to make the payments described above.

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

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

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

#### Acceleration of Vesting and Forfeiture of Awards under Share Incentive Plans

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

#### POTENTIAL PAYMENTS TO NAMED EXECUTIVE OFFICERS UPON TERMINATION

The following table estimates the potential payments and benefits to the NEOs upon termination of employment and Change in Control, assuming the event occurred on December 31, 2015. These estimates do not reflect the actual amounts that would be paid to such persons, which would only be known at the time they become eligible for payment and would only be payable if the specified event occurs.

## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Name	Cash Severance (\$ (1))	Bonus Severance (\$)	Options Awards (\$)	Stock Awards (\$ (4) (5))	Other Benefits (\$ (6))
<b>Kenneth F. Bernstein</b>					
For Cause or Voluntary Resignation	\$—	\$—	\$—	\$—	\$—
Death	1,748,100	11,851,678	(2)—	18,174,123	—
Disability	1,748,100	11,851,678	(2)—	18,174,123	35,282
Good Reason	1,748,100	11,851,678	(2)—	18,174,123	35,282
Without Cause	1,748,100	11,851,678	(2)—	18,174,123	35,282
Change in Control and Termination	1,748,100	11,851,678	(2)—	18,174,123	35,282
<b>Jonathan W. Grisham</b>					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	360,600	616,156	(3)—	2,113,244	—
Disability	360,600	616,156	(3)—	2,113,244	—
Good Reason	360,600	616,156	(3)—	2,113,244	—
Without Cause	360,600	616,156	(3)—	2,113,244	—
Change in Control and Termination	540,900	616,156	(3)—	2,113,244	—
<b>Joel Braun</b>					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	404,000	1,056,501	(3)—	3,575,427	—
Disability	404,000	1,056,501	(3)—	3,575,427	—
Good Reason	404,000	1,056,501	(3)—	3,575,427	—
Without Cause	404,000	1,056,501	(3)—	3,575,427	—
Change in Control and Termination	606,000	1,056,501	(3)—	3,575,427	—
<b>Christopher Conlon</b>					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	381,900	931,708	(3)—	3,048,143	—
Disability	381,900	931,708	(3)—	3,048,143	—
Good Reason	381,900	931,708	(3)—	3,048,143	—
Without Cause	381,900	931,708	(3)—	3,048,143	—
Change in Control and Termination	572,850	931,708	(3)—	3,048,143	—
<b>Robert Masters</b>					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	327,500	686,363	(3)—	2,149,975	—



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Disability	327,500	686,363	(3)—	2,149,975	—
Good Reason	327,500	686,363	(3)—	2,149,975	—
Without Cause	327,500	686,363	(3)—	2,149,975	—
Change in Control and Termination	491,250	686,363	(3)—	2,149,975	—

Notes:

- (1) Reflects three years of severance salary for Mr. Bernstein and one year of severance salary for the other NEOs. In the case of a Change in Control and termination, the other NEOs employed by the Company receive one and one half years severance salary.
- (2) Reflects three years of severance bonuses and one year of cash bonus for Mr. Bernstein.
- (3) Reflects one year of severance bonuses for the other NEOs.
- (4) Reflects the payment upon the immediate vesting of all Restricted Share Units and Restricted LTIP Units.
- (5) Restricted Share payments based on the number of shares times \$33.15, the closing price of the Company's Common Shares on December 31, 2015.
- (6) Represents health coverage for Mr. Bernstein.

#### BOARD OF TRUSTEES COMPENSATION

Each Trustee who is not also an officer and full-time employee of the Company or the Operating Partnership receives an annual Trustee fee in the amount of \$145,000, comprised of \$65,000 cash and \$80,000 of Restricted Share Units or Restricted LTIP Units. In addition, Committee chairs receive an annual fee of \$12,500, with the exception of the Audit Committee chair who receives an annual fee of \$20,000. In addition to the other Trustee fees, the Lead Trustee receives an annual Lead Trustee fee of \$100,000. These Restricted Share Units or Restricted LTIP Units vest over three years with 33% vesting on each of the next three anniversaries of the grant date. Trustees have the option to convert all or part of any cash payment due to them to Common Shares or LTIP Units with a vesting period of one year at a 10% discount to the preceding 20-day average share price from the date of the Annual Meeting of Shareholders. No dividends are paid currently on Restricted Share Units until they vest.

Trustees who are officers and full-time employees of the Company or its subsidiaries receive no separate compensation for service as a Trustee or Committee member. Additionally, members of the Board of Trustees are reimbursed for travel and lodging expenses associated with attending meetings of the Board and committees of the Board.

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

death, in each case based on the timeframe for distributions specified in the Trustee's deferral election form. Under certain circumstances, the Board may permit a Trustee to withdraw a limited number of Common Shares from his or her account if the Trustee suffers a Hardship (as defined in the Deferred Compensation Plan).

For 2015, Ms. Luscombe elected to defer payment of her Trustee fees that are payable in Common Shares. No other Trustee elected to defer compensation for 2015.

See the Board of Trustees Compensation Table below for a summary of the compensation paid to the members of the Board of Trustees during 2015.

## TRUSTEE COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(2)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(9)	Total (\$)
Lee S. Wielansky (1)	\$ 100,000	\$ 152,223 (3)	\$—	\$—	\$—	\$ 6,627	\$ 258,850
Lorraine T. Kellar	—	174,443 (4)	—	—	—	8,912	183,355
Douglas Crocker II	—	166,112 (5)	—	—	—	4,896	171,008
Wendy Luscombe	77,500	80,000 (6)	—	—	—	4,895	(6) 162,395
William T. Spitz	—	166,112 (7)	—	—	—	8,662	174,774
C. David Zoba	—	108,750 (8)	—	—	—	—	108,750

## Notes:

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

(2) Reflects 2,570 restricted Common Share or LTIP Units granted in 2015 to each Trustee. The Restricted Share Units or Restricted LTIP Units vest over three years with 33% vesting on each of the next three anniversaries of the grant date. The grant date per share fair value for the grants was \$30.31.

(3) Mr. Wielansky elected to receive the cash component of his Annual Retainer of \$65,000 in Restricted Share Units. These Restricted Share Units were issued at a 10% discount and vest over one year.

(4) Mr. Kellar elected to receive the cash component of his Annual Retainer of \$65,000 and Chairperson fee of \$20,000 in Restricted LTIP Units. These Restricted LTIP Units were issued at a 10% discount and vest over one year.

(5) Mr. Crocker elected to receive 50% of the cash component of his Annual Retainer of \$65,000 and 100% of his Chairperson fee of \$12,500 in Restricted LTIP Units. Mr. Crocker elected to receive 50% of the cash component of his Annual Retainer of \$65,000 in Restricted Share Units. These Restricted LTIP Units were issued at a 10% discount and vest over one year.

(6) Ms. Luscombe has deferred the Restricted Share portion of her 2015 trustee fee of \$80,000 and dividends of \$4,895.

(7) Mr. Spitz elected to receive the cash component of his Annual Retainer of \$65,000 and Chairperson fee of \$12,500 in Restricted Share Units. These Restricted Share Units were issued at a 10% discount and vest over one year.

(8) Mr. Zoba elected to receive the cash component of his pro-rated Annual Retainer of \$48,750 in Restricted LTIP Units. These Restricted LTIP Units were issued at a 10% discount and vest over one year.

(9) Reflects cumulative dividends on unvested Restricted Share Units which vested in May 2015.

As of December 31, 2015, each independent Trustee had the following outstanding options and Restricted Share Unit awards:

OUTSTANDING TRUSTEE EQUITY AWARDS AT FISCAL YEAR-END

Trustee	Grant Date	Option Awards			Option Exercise Price	Option Expiration Date	Stock Awards		Equity Incentive Plan Awards	Equity Incentive Plan Awards
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Nonexercisable	Number of Securities Underlying Unexercised Options (#)			Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Units of Stock That Have Not Vested (\$) (1)		
Lee S. Wielansky	5/16/2013	—	—			968	(3)	\$32,089		
	6/4/2014	—	—			2,490	(4)	82,544		
	6/9/2015	—	—			2,320	(5)	76,908		
	6/9/2015					2,570	(6)	85,196		
Total		—	—			8,348		\$276,737	—	\$—
Lorraine T. Kellar	5/16/2013	—	—			763	(3)	\$25,293		
	6/4/2014	—	—			1,579	(4)	52,344		
	6/9/2015	—	—			3,033	(5)	100,544		
	6/9/2015	—	—			2,570	(6)	85,196		
Total		—	—			7,945		\$263,377	—	\$—
Douglas Crocker II	5/15/2006	3,000	—		\$ 22.40	5/15/2016	—	\$—		
	5/16/2013	—	—			763	(3)	25,293		
	6/4/2014	—	—			1,579	(4)	52,344		
	6/9/2015	—	—			1,383	(5)	45,846		
	6/9/2015					1,383	(5)	45,846		
	6/9/2015	—	—			2,570	(6)	85,196		
Total		3,000	—			7,678		\$254,525	—	\$—

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Wendy Luscombe	5/16/2013	—	—	762	(3)	\$25,260		
	6/4/2014	—	—	1,580	(4)	52,377		
	6/9/2015	—	—	2,570	(6)	85,196		
Total		—	—	4,912		\$162,833	—	\$—
William T. Spitz	5/16/2013	—	—	763	(3)	\$25,293		
	6/4/2014	—	—	1,579	(4)	52,344		

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	6/9/2015	—	—	2,766	(5) 91,693		
	6/9/2015	—	—	2,570	(6) 85,196		
Total		—	—	7,678	\$254,526	—	\$—
C.							
David	8/28/2015	—	—	1,715	(7) \$56,852		
Zoba							
	8/28/2015	—	—	1,900	(8) 62,985		
Total		—	—	3,615	\$119,837	—	\$—

## Notes:

(1) Market value computed by multiplying the closing market price of the Company's Common Shares of \$33.15 as of December 31, 2015 by the number of Shares or Units that have not vested.

(2) Represents time-based awards only.

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

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

(5) Restricted Share Units and Restricted LTIP Units vest on June 9, 2016.

(6) Restricted Share Units and Restricted LTIP Units vest over three years with the last vesting on June 9, 2018.

(7) Restricted LTIP Units vest on August 28, 2016.

(8) Restricted LTIP Units vest over three years with the last vesting on August 28, 2018.

ACADIA REALTY TRUST  
COMPENSATION COMMITTEE REPORT (1)

## Executive Summary

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and based on this review and discussion, has recommended to the Board of Trustees that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K and the Company's Proxy Statement. The members of the Compensation Committee for the 2015 fiscal year were Messrs. Spitz, Kellar, and Crocker.

## COMPENSATION COMMITTEE

William T. Spitz, Chairman

Lorrence T. Kellar

Douglas Crocker II

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Note:



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

AUDIT COMMITTEE INFORMATION

Independent Registered Public Accounting Firm Compensation

#### Audit Fees

The aggregate fees billed for professional services rendered by BDO USA, LLP for the audit of the Company's consolidated financial statements as included in the Company's Form 10-K, for rendering an opinion on the Company's internal control over financial reporting and for reviews of the consolidated financial statements as included in the Company's Forms 10-Q, were \$1,016,082 and \$1,064,691 for the years ended December 31, 2015 and 2014, respectively.

In addition to the fees above, aggregate fees billed for professional services rendered by BDO USA, LLP for audits performed in connection with financial statements of acquired properties prepared in accordance with Section 3-14 of Regulation S-X and equity transactions aggregated \$64,157 and \$215,070 for the years ended December 31, 2015 and 2014, respectively.

#### Audit Related Fees

There were no audit related fees billed for assurance and related services by BDO USA, LLP that were not included in "Audit Fees," above, for the years ended December 31, 2015 and 2014.

#### Tax Fees

The aggregate fees billed for professional services rendered by BDO USA, LLP for tax preparation and compliance were \$225,833 and \$221,295 for the years ended December 31, 2015 and 2014, respectively.

#### All Other Fees

There were no other fees billed for products or services provided by BDO USA, LLP other than the services listed in "Audit Fees," "Audit Related Fees" and "Tax Fees," above, for the years ended December 31, 2015 and 2014.

#### Policy on Pre-Approval of Independent Auditor Services

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

#### REPORT OF THE AUDIT COMMITTEE (1)

The Audit Committee presently consists of the following members of the Company's Board of Trustees: Mr. Kellar, Mr. Spitz and Ms. Luscombe, all of whom meet the independence requirements for audit committee members under the listing standards of the New York Stock Exchange.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2015 with the Company's management. The Audit Committee has discussed with BDO USA, LLP, the Company's independent auditors, the matters required to be discussed by Public Company Accounting Oversight

Board Auditing Standard No. 16 (Communication with Audit Committees).

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

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Trustees that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the SEC.

Audit Committee

Lorrence T. Kellar, Chairman

Wendy Luscombe

William T. Spitz

Note:

(1) Notwithstanding anything to the contrary set forth in any of the Company's previous or future filings under the Securities Act of 1933, as amended, or the Exchange Act, as amended, that might incorporate by reference this Proxy Statement or future filings made by the Company under those statutes, the Audit Committee Report is not deemed filed with the SEC and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by the Company under those statutes. The Board of Trustees has previously adopted an Audit Committee Charter that may be found on the Company's website at [www.acadiarealty.com](http://www.acadiarealty.com). Please note that the information on the Company's website is not incorporated by reference in this Proxy Statement.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Although the Company does not believe it is a conflict of interest or a related party transaction, the Company notes that it earned property management, construction development, legal and leasing fees from its investments in unconsolidated partnerships totaling \$289,490 for the year ended December 31, 2015.

#### Review and Approval of Related Person Transactions.

The Company reviews all relationships and transactions in which the Company and the Company's Trustees and NEOs or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. The Company's legal staff is primarily responsible for the development and implementation of processes and controls to obtain information from the Trustees and NEOs with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in the transaction. In addition, pursuant to its charter, the Audit Committee reviews and approves all related party transactions, which we interpret to include any transaction that is required to be disclosed under SEC rules. The Company does not have any written standards for approving related party transactions. However, the Audit Committee only approves a related party transaction if it believes the transaction is in the best interest of the Company and its shareholders.

#### ANNUAL REPORT TO SHAREHOLDERS

A copy of the Company's Annual Report to Shareholders is being provided to each shareholder of the Company along with this Proxy Statement. Upon written request of any record or beneficial owner of Common Shares of the Company whose proxy was solicited in connection with the Annual Meeting, the Company will furnish such owner, without charge, a copy of its Annual Report on Form 10-K for the year ended December 31, 2015. A request for a copy of such Annual Report on Form 10-K should be made in writing, addressed to Acadia Realty Trust, 411 Theodore Fremd, Suite 300, Rye, NY 10580, Attention: Corporate Secretary. Copies of the Annual Report to Shareholders and Annual Report on Form 10-K may be found on the Company's website at [www.acadiarealty.com](http://www.acadiarealty.com). Please note that the information on the Company's website is not incorporated by reference in this Proxy Statement.

#### OTHER MATTERS

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

matters.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's Named Executive Officers, certain other officers and Trustees and persons who own more than 10% of the Common Shares (collectively, the Reporting Persons) to file reports of ownership and changes in ownership with the SEC and to furnish the Company with copies of these reports. As a practical matter, the Company assists its officers and Trustees by monitoring transactions and completing and filing Section 16 reports on their behalf.

## SUBMISSION OF SHAREHOLDER PROPOSALS

Pursuant to Rule 14a-8 under the Exchange Act, some shareholder proposals may be eligible for inclusion in the Company's 2017 proxy statement and form of proxy. In accordance with Rule 14a-8, these proposals must be received by the Company no later than 5:00 PM EST on November 30, 2016. All such proposals must be submitted in writing to the Corporate Secretary of the Company at the following address: Acadia Realty Trust, 411 Theodore Fremd Avenue, Suite 300, Rye, NY 10580, Attention: Corporate Secretary.

In addition, if you desire to bring business (including Trustee nominations) before the Company's 2017 annual meeting, other than proposals presented under Rule 14a-8, you must provide written notice to the Corporate Secretary at the address noted in the preceding paragraph between October 31, 2016 and November 30, 2016; provided, however, if the date of the 2017 annual meeting is advanced or delayed by more than 30 days from May 9, 2017 (the anniversary of the date of the Annual Meeting), notice by a shareholder must be delivered not earlier than the 150th day prior to 2017 annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the 2017 annual meeting or the tenth day following the day on which public announcement of the date of 2017 annual meeting is first made. You are also advised to review the Company's Bylaws, which contain additional requirements about advance notice of shareholder proposals and Trustee nominations.

## DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS

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

The Company will deliver promptly, upon written or oral request, a separate copy of the Annual Report and Proxy Statement to any shareholder at a shared address to which a single copy of the Annual Report or the Proxy Statement was delivered. A shareholder who wishes to receive a separate copy of the Proxy Statement and Annual Report, now or in the future, should submit a request in writing to Acadia Realty Trust, 411 Theodore Fremd Avenue, Suite 300, Rye, NY 10580, Attention: Corporate Secretary. You may also call (914) 288-8100 to request a copy of the Proxy Statement and Annual Report. You may also access the Company's Annual Report and Proxy statement at [www.acadiarealty.com/proxy](http://www.acadiarealty.com/proxy). Please note that the information on the Company's website is not incorporated by reference in this Proxy Statement

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

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

By order of the Board of Trustees,

Robert Masters, Secretary  
ACADIA REALTY TRUST  
411 THEODORE FREMD AVENUE  
SUITE 300  
RYE, NY 10580



VOTE BY MAIL

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

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

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ACADIA REALTY TRUST

THE BOARD OF TRUSTEES RECOMMENDS THAT YOU VOTE "FOR" ALL THE NOMINEES, AND "FOR" PROPOSALS 2, 3 AND 4.

Vote On Trustees

1. Election of Trustees	For	Against	Abstain
Nominees:			
1a. Kenneth F. Bernstein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1b. Douglas Crocker II	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1c. Lorrence T. Kellar	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1d. Wendy Luscombe	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1e. William T. Spitz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1f. Lynn Thurber	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1g. Lee S. Wielansky	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1h. C. David Zoba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Vote On Proposals

	For	Against	Abstain
THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS THE			
2. INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THE COMPANY'S			
3. 2016 PROXY STATEMENT IN ACCORDANCE WITH COMPENSATION RULES OF THE SECURITIES AND EXCHANGE COMMISSION.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
TO CONSIDER AND ACT UPON A PROPOSAL TO APPROVE THE			
4. SECOND AMENDED AND RESTATED ACADIA REALTY TRUST 2006 SHARE INCENTIVE PLAN	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
TO TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME			
5. BEFORE THE ANNUAL MEETING.			

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



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

Signature [PLEASE  
SIGN WITHIN BOX]

Date

Signature (Joint Owners) Date

ACADIA REALTY TRUST  
PROXY FOR ANNUAL MEETING OF SHAREHOLDERS  
May 9, 2016

This Proxy is Solicited on  
Behalf of the Board of Trustees

The undersigned hereby constitutes and appoints Kenneth F. Bernstein and Robert Masters, Esq., or either one of them, as proxies, with full power of substitution, to vote all Common Shares of beneficial interest of Acadia Realty Trust (the "Company") which the undersigned would be entitled to vote if personally present at the Annual Meeting of Shareholders of the Company to be held via live webcast at [www.virtualshareholdermeeting.com/AKR16](http://www.virtualshareholdermeeting.com/AKR16) at 1:00 p.m. EDT, May 9, 2016 or at any adjournments or postponements thereof.

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

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 9, 2016: This Proxy Statement and the Company's 2015 Annual Report to shareholders are available at [www.acadiarealty.com/proxy](http://www.acadiarealty.com/proxy)

Address Changes and/or  
Comments:

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

(Continued and to be signed on reverse side.)

SECOND AMENDED AND RESTATED  
ACADIA REALTY TRUST  
2006 SHARE INCENTIVE PLAN

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SECOND AMENDED AND RESTATED  
ACADIA REALTY TRUST  
2006 SHARE INCENTIVE PLAN

1.Purpose. The purpose of this Plan is to strengthen Acadia Realty Trust (the “Company”) by providing an incentive to its officers, employees, consultants and directors and thereby encouraging them to devote their abilities and industry to the success of the Company’s business enterprise. It is intended that this purpose be achieved by extending to officers, employees, consultants and directors of the Company and its subsidiaries (including the Operating Partnership) an added long-term incentive for high levels of performance and unusual efforts through the grant of Incentive Share Options, Nonqualified Share Options, Share Appreciation Rights, Restricted Share Units, Restricted Shares, Performance Units, Performance Shares, Dividend Equivalent Rights and Other Share-Based Awards (as each term is hereinafter defined).

2.Definitions. For purposes of the Plan:

“Agreement” means the written agreement between the Company and an Optionee or Grantee evidencing the grant of an Option or Award and setting forth the terms and conditions thereof.

“Award” means a grant of Restricted Shares, Restricted Share Units, Unrestricted Shares, Share Appreciation Rights, Performance Awards, Dividend Equivalent Rights and Other Share-Based Awards or any or all of them.

“Board” means the Board of Trustees of the Company.

“Cause” means, unless otherwise defined in the Agreement evidencing a particular Award or an employment agreement between the Company and the individual, an individual’s (i) intentional failure to perform reasonably assigned duties, (ii) dishonesty or willful misconduct in the performance of duties, (iii) involvement in a transaction in connection with the performance of duties to the Company or any of its Subsidiaries thereof which transaction is adverse to the interests of the Company or any of its Subsidiaries and which is engaged in for personal profit, (iv) willful violation of any law, rule or regulation in connection with the performance of duties (other than traffic violations or similar offenses), or (v) the commission of an act of fraud or intentional misappropriation or conversion of assets or opportunities of the Company or any Subsidiary.

“Change in Capitalization” means any increase or reduction in the number of Shares, or any change (including, but not limited to, a change in value) in the Shares or exchange of Shares for a different number or kind of shares or other securities of the Company, by reason of a reclassification, recapitalization, merger, consolidation, reorganization, spin-off, split-up, issuance of warrants or rights or debentures, share dividend, share split or reverse share split, cash dividend, property dividend, combination or exchange of shares, repurchase of shares, change in corporate structure or otherwise.

A “Change in Control” shall mean the occurrence during the term of the Plan of any of the following events, subject however to the Committee’s determination (to the extent required to conform with Section 409A of the Code) that any occurrence listed below is a permissible distribution event within the meaning of Section 409A of the Code (it being the intention of the Company to set forth, interpret and apply the following provisions in a manner conforming with Section 409A insofar as applicable):

(a)An acquisition (other than directly from the Company) of any voting securities of the Company (the “Voting Securities”) by any “Person” (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act) immediately after which such Person has “Beneficial Ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the combined voting power of the Company’s then outstanding

Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities which are acquired in a “Non-Control Acquisition” (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A “Non-Control Acquisition” shall mean an acquisition by an employee benefit plan (or a trust forming a part thereof) maintained by the Company or any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Company (for purposes of this definition, a “Subsidiary”), the Company or its Subsidiaries, or any Person in connection with a “Non-Control Transaction” (as hereinafter defined).

(b)The individuals who, as of January 1, 2006, are members of the Board (the “Incumbent Board”), cease for any reason to constitute at least two-thirds of the members of the Board; provided, however, that if the election, or nomination for election by the Company’s common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “Election Contest” (as described in Rule 14a-1 1 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than

the Board (a “Proxy Contest”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(c) Approval by shareholders of the Company of:

(i) a merger, consolidation or reorganization involving the Company, unless such merger, consolidation or reorganization is a “Non-Control Transaction.” A “Non-Control Transaction” shall mean a merger, consolidation or reorganization of the Company where:

(A) the shareholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least fifty percent (50%) of the combined voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation or reorganization (the “Surviving Corporation”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization;

(B) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Corporation, or a corporation beneficially directly or indirectly owning a majority of the Voting Securities of the Surviving Corporation; and

(C) no Person other than (1) the Company, (2) any Subsidiary, (3) any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation, or any Subsidiary, or (4) any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of fifty percent (50%) or more of the then outstanding Voting Securities has Beneficial Ownership of fifty percent (50%) or more of the combined voting power of the Surviving Corporation’s then outstanding voting securities.

(ii) a complete liquidation or dissolution of the Company; or

(iii) a definitive agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Subsidiary).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the then outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons. If a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, the Board shall take action to either (i) affirm the permitted amount of then outstanding Voting Securities or (ii) adjust such number, before a Change in Control shall occur.

With respect to Awards granted on or after March 15, 2012, the term “Change in Control” shall be as defined above, except that there shall be a new subparagraph (d) and subparagraph (c) shall read as follows:

(c) Consummation of:

(i) a merger, consolidation or reorganization involving the Company, unless such merger, consolidation or reorganization is a “Non-Control Transaction.” A “Non-Control Transaction” shall mean a merger, consolidation or reorganization of the Company where:

(A) the shareholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least fifty percent (50%) of the combined voting power of the outstanding voting securities of the corporation resulting from such merger or



consolidation or reorganization (the “Surviving Corporation”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization;

(B)the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Corporation, or a corporation beneficially directly or indirectly owning a majority of the Voting Securities of the Surviving Corporation; and

(C)no Person other than (1) the Company, (2) any Subsidiary, (3) any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation, or any Subsidiary, or (4) any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of fifty percent

(50%) or more of the then outstanding Voting Securities has Beneficial Ownership of fifty percent (50%) or more of the combined voting power of the Surviving Corporation's then outstanding voting securities; or

(ii) a definitive agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Subsidiary).

(d) The completion of liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means a committee as described in Section 3.1 consisting of at least two (2) Non-management Trustees within the meaning of Rule 16b-3 under the Exchange Act appointed by the Board to administer the Plan and to perform the functions set forth herein.

“Company” means Acadia Realty Trust.

“Disability” means a physical or mental infirmity which impairs the Optionee's ability to perform substantially his or her duties for a period of one hundred eighty (180) consecutive days.

“Dividend Equivalent Right” means a right to receive all or some portion of the cash dividends that are or would be payable with respect to Shares.

“Division” means any of the operating units or divisions of the Company designated as a Division by the Committee.

“Eligible Individual” means any officer, employee, consultant or trustee of the Company or a Subsidiary (including the Operating Partnership) designated by the Committee as eligible to receive Options or Awards subject to the conditions set forth herein.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” on any date means the average of the high and low sales prices of the Shares for the twenty (20) preceding business days on the principal national securities exchange on which such Shares are listed or admitted to trading, or, if such Shares are not so listed or admitted to trading, the arithmetic mean of the per Share closing bid price and per Share closing asked price for the twenty (20) preceding days as quoted on the National Association of Securities Dealers Automated Quotation System or such other market in which such prices are regularly quoted, or, if there have been no published bid or asked quotations with respect to Shares on such date, the Fair Market Value shall be the value established by the Board in good faith and, in the case of an Incentive Share Option, in accordance with Section 422 of the Code.

“Fully Diluted Shares” means all Shares and any operating partnership units convertible into Shares.

“Grantee” means a person to whom an Award has been granted under the Plan.

“Incentive Share Option” means an Option satisfying the requirements of Section 422 of the Code and designated by the Committee as an Incentive Share Option.

“Non-Management Trustee” means a trustee of the Company who is not an employee of the Company or any Subsidiary.

“Nonqualified Share Option” means an Option which is not an Incentive Share Option.

“Operating Partnership” means Acadia Realty Limited Partnership, a Delaware limited partnership, and any successor thereto.

“Option” means an Option granted under Section 5.

“Optionee” means a person to whom an Option has been granted under the Plan.

“Other Share-Based Award” means an Award granted pursuant to Section 9.

“Parent” means any corporation which is a parent corporation (within the meaning of Section 424(e) of the Code) with respect to the Company.

“Performance Awards” means Performance Units, Performance Shares or either or both of them.

“Performance Cycle” means the time period, not less than one fiscal year of the Company, specified by the Committee at the time a Performance Award is granted during which the performance of the Company, a Subsidiary or a Division will be measured.

“Performance Shares” means Shares issued or transferred to an Eligible Individual under Section 8.2.

“Performance Unit” means Performance Units granted to an Eligible Individual under Section 8.1(b).

“Plan” means this Second Amended and Restated Acadia Realty Trust 2006 Share Incentive Plan.

“Restricted Share Units” means Restricted Share Units issued or transferred to an Eligible Individual pursuant to Section 7.

“Restricted Shares” means Shares granted to an Eligible Individual under Section 7.

“Shares” means the shares of beneficial interest in the Company.

“Share Appreciation Right” (SAR) means a right to receive all or some portion of the increase in the value of the Shares as provided in Section 6 hereof.

“Subsidiary” means any corporation which is a subsidiary corporation (within the meaning of Section 424(f) of the Code) with respect to the Company.

“Successor Corporation” means a corporation, or a parent or subsidiary thereof within the meaning of Section 424(a) of the Code, which issues or assumes a share option in a transaction to which Section 424(a) of the Code applies.

“Ten-Percent Shareholder” means an Eligible Individual, who, at the time an Incentive Share Option is to be granted to him or her, owns (within the meaning of Section 422(b)(6) of the Code) more than ten percent (10%) of the total combined voting power of all classes of shares of the Company, or of a Parent or a Subsidiary.

“Unrestricted Share” means a Share granted pursuant to Section 10.

### 3. Administration.

3.1 The Plan. The Plan shall be administered by the Committee which shall hold meetings at such times as may be necessary for the proper administration of the Plan; subject to the Board’s authority to act in lieu of the Committee on any matter. The Committee shall keep minutes of its meetings. A quorum shall consist of not less than two members of the Committee and a majority of a quorum may authorize any action. Any decision or determination reduced to writing and signed by a majority of all of the members shall be as fully effective as if made by a majority vote at a meeting duly called and held. Each member of the Committee shall be a Non-employee Trustee within the meaning of Rule 16b-3 promulgated under the Exchange Act. To the extent compliance with Section 162(m) of the Code is desired, such Committee members shall also qualify as “outside directors” within the meaning of Section 162(m)(4)(C) and the regulations thereunder. No member of the Committee shall be liable for any action, failure to act, determination or interpretation made in good faith with respect to this Plan or any transaction hereunder, except for liability arising from his or her own willful misfeasance, gross negligence or reckless disregard of his or her duties. The Company hereby agrees to indemnify each member of the Committee for all costs and expenses and, to the extent

permitted by applicable law, any liability incurred in connection with defending against, responding to, negotiating for the settlement of or otherwise dealing with any claim, cause of action or dispute of any kind arising in connection with any actions in administering this Plan or in authorizing or denying authorization to any transaction hereunder.

3.2 Eligible Individuals. Subject to the express terms and conditions set forth herein, the Committee shall have the power from time to time to:

(a) determine those Eligible Individuals to whom Options shall be granted under the Plan and the number of Incentive Share Options and/or Nonqualified Share Options to be granted to each Eligible Individual and to prescribe the terms and conditions (which need not be identical) of each Option, including the purchase price per Share subject to each Option, make

any amendment or modification to any Agreement consistent with the terms of the Plan and accelerate the vesting or lapse of restrictions with respect to Options and Awards; and

(b)select those Eligible Individuals to whom Awards shall be granted under the Plan and to determine the number of Share Appreciation Rights, Performance Units, Performance Shares, Restricted Shares, Restricted Share Units and/or Other Share-Based Awards to be granted pursuant to each Award, the terms and conditions of each Award, including the restrictions or performance criteria relating to such Units, Shares or Awards, the maximum value of each Performance Unit and Performance Share and make any amendment or modification to any Agreement consistent with the terms of the Plan.

3.3 Plan Interpretation. Subject to the express terms and conditions set forth herein, the Committee shall have the power from time to time:

(a) to construe and interpret the Plan and the Options and Awards granted hereunder and to establish, amend and revoke rules and regulations for the administration of the Plan, including, but not limited to, correcting any defect or supplying any omission, or reconciling any inconsistency in the Plan or in any Agreement, in the manner and to the extent it shall deem necessary or advisable to make the Plan fully effective and comply with applicable law including Rule 16b-3 under the Exchange Act and the Code to the extent applicable. All decisions and determinations by the Committee in the exercise of this power shall be final, binding and conclusive upon the Company, its Subsidiaries, the Optionees and Grantees, and all other persons having any interest therein;

(b) to determine the duration and purposes for leaves of absence which may be granted to an Optionee or Grantee on an individual basis without constituting a termination of employment or service for purposes of the Plan;

(c)to determine on an individual basis whether a change in status from or to employee, director or consultant constitutes a termination of employment or service for purposes of the Plan;

(d)to exercise its discretion with respect to the powers and rights granted to it as set forth in the Plan;

(e)generally, to exercise such powers and to perform such acts as are deemed necessary or advisable to promote the best interests of the Company with respect to the Plan; and

(f)to provide for the limited transferability of Options to certain family members, family trusts or family partnerships of Optionees.

#### 4. Shares Subject to the Plan.

4.1 Aggregate Limit. Subject to the provisions of Section 12 of the Plan, the maximum number of Shares that may be issued pursuant to Options and Awards granted under the Plan shall be increased from 2,100,000 Shares to 3,700,000 Shares. In addition to the foregoing, in no event may the total number of Shares covered by outstanding Incentive Share Options granted under the Plan, plus the number of Shares issued pursuant to the exercise of Incentive Share Options whenever granted under the Plan, exceed 3,700,000 Shares.

4.2 Maximum Number of Shares. The maximum number of Shares that may be made the subject of Options and Awards granted to any Eligible Individual during the term of the Plan or any calendar year may not exceed 1,600,000 Shares. Upon a Change in Capitalization the maximum number of Shares which may be made the subject of Options or Awards granted under the Plan, the number of Shares which may be granted to any Eligible Individual and the number of Shares which may be issued pursuant to the exercise of Incentive Share Options shall be adjusted in number and kind pursuant to Section 12. The Company shall reserve for the purposes of the Plan, out of its authorized

but unissued Shares or out of Shares held in the Company's treasury, or partly out of each, such number of Shares as shall be determined by the Board, but no less than the number of Shares subject to outstanding Options or Awards.

4.3 Outstanding Option or Award. Whenever any outstanding Option or Award or portion thereof expires, is canceled or is otherwise terminated for any reason without having been exercised or payment having been made in respect of the entire Option or Award, the Shares allocable to the expired, canceled or otherwise terminated portion of the Option or Award may again be the subject of Options or Awards granted hereunder.

## 5. Option Grants for Eligible Individuals.

5.1 Authority of Committee. Subject to the provisions of the Plan and to Sections 4.1 and 4.2 above, the Committee shall have full and final authority to select those Eligible Individuals who will receive Options, the terms and conditions of which shall be set forth in an Agreement; provided, however, that no person shall receive any Incentive Share Options unless he or she is an employee of the Company, a Parent or a Subsidiary at the time the Incentive Share Option is granted. The aggregate Fair Market Value (determined as of the date of grant of an Incentive Share Option) of the Shares with respect to which Incentive Share Options granted under this Plan and all other option plans of the Company, any Parent and any Subsidiary become exercisable for the first time by an Optionee during any calendar year shall not exceed \$100,000. Any such Options granted in excess of the \$100,000 limitation shall be deemed to be Nonqualified Share Options.

5.2 Purchase Price. The purchase price or the manner in which the purchase price is to be determined for Shares under each Option shall be determined by the Committee and set forth in the Agreement; provided, however, that the purchase price per Share under each Option shall not be less than 100% of the Fair Market Value of a Share on the date the Option is granted (110% in the case of an Incentive Share Option granted to a Ten-Percent Shareholder).

5.3 Maximum Duration. Options granted hereunder shall be for such term as the Committee shall determine; provided that an Option shall not be exercisable after the expiration of ten (10) years from the date it is granted (five (5) years in the case of an Incentive Share Option granted to a Ten-Percent Shareholder). The Committee may, subsequent to the granting of any Option, extend the term thereof but in no event shall the term as so extended exceed the maximum term provided for in the preceding sentence.

5.4 Vesting. Subject to Section 5.5 hereof, each Option shall vest and become exercisable in such installments (which need not be equal) and at such times as may be designated by the Committee and set forth in the Agreement.

5.5 Modification or Substitution. The Committee may in its discretion modify outstanding Options or accept the surrender of outstanding Options (to the extent not exercised) and may grant new Options in substitution for them (provided the purchase price for the new grant is not below that of the original grant).

Notwithstanding the foregoing, (i) no modification of an Option shall adversely alter or impair any rights or obligations under the Option without the Optionee's consent, and (ii) except as otherwise permitted by Section 12, without shareholder approval, the terms of any Option may not be amended to reduce the exercise price and Options may not be cancelled in exchange for cash, other Awards or Options with an exercise price that is less than the exercise price of the original Option.

5.6 Non-transferability. No Option granted hereunder shall be transferable by the Optionee to whom granted otherwise than by will or the laws of descent and distribution unless specifically authorized by the Committee with respect to Nonqualified Share Options, and unless transferred in a manner permitted by the Committee an Option may be exercised during the lifetime of such Optionee only by the Optionee or his or her guardian or legal representative. The terms of such Option shall be final, binding and conclusive upon the beneficiaries, executors, administrators, heirs and successors of the Optionee.

5.7 Vesting; Exercisability. To the extent not exercised, vested installments of Options shall accumulate and be exercisable, in whole or in part, at any time after becoming exercisable, but not later than the date the Option expires. The Committee may accelerate the vesting and exercisability of any Option or portion thereof at any time.

(a) Method of Exercise. The exercise of an Option shall be made only by a written notice delivered in person or by mail to the Secretary of the Company at the Company's principal executive office, specifying the number of Shares to



be purchased and accompanied by payment therefor and otherwise in accordance with the Agreement pursuant to which the Option was granted. The purchase price for any Shares purchased pursuant to the exercise of an Option shall be paid in full upon such exercise by any one or a combination of the following: cash or transferring Shares to the Company upon such terms and conditions as determined by the Committee (such as, for example, a requirement that such Shares have been held for six months if necessary to avoid adverse accounting consequences).

Notwithstanding the foregoing, the Committee shall have discretion to determine at the time of grant of each Option or at any later date (up to and including the date of exercise) the form of payment acceptable in respect of the exercise of such Option. The written notice pursuant to this Section 5.7 may also provide instructions from the Optionee to the Company that upon receipt of the purchase price in cash from the Optionee's broker or dealer, designated as such on the written notice, in payment for any Shares purchased pursuant to the exercise of an Option, the Company shall issue such Shares directly to the designated broker or dealer. Any Shares transferred to the Company as payment of the purchase price under an Option shall be valued at their Fair Market Value on the day preceding the date of exercise of such Option. If requested by the Committee, the Optionee shall deliver the Agreement evidencing the Option to the Secretary of the Company who shall endorse thereon a notation of such exercise and return such Agreement to the Optionee. No fractional Shares (or cash in lieu

thereof) shall be issued upon exercise of an Option and the number of Shares that may be purchased upon exercise shall be rounded to the nearest number of whole Shares.

(b)Rights of Optionees. No Optionee shall be deemed for any purpose to be the owner of any Shares subject to any Option unless and until the Option shall have been exercised pursuant to the terms thereof, the Company shall have issued and delivered the Shares to the Optionee and the Optionee's name shall have been entered as a shareholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such Shares, subject to such terms and conditions as may be set forth in the applicable Agreement.

5.8 Effect of Change in Control. Notwithstanding anything contained in the Plan or an Agreement to the contrary, in the event of a Change in Control, all Options outstanding on the date of such Change in Control shall become immediately and fully exercisable.

5.9 Dividend Equivalent Rights. Dividend Equivalent Rights may be granted to Eligible Individuals. The terms and conditions applicable to each Dividends Equivalent Right shall be specified in the Agreement under which the Dividend Equivalent Rights may be payable currently or deferred until the lapsing of restrictions on such Dividend Equivalent Rights. In the event that the amount payable in respect of Dividend Equivalent Rights are to be deferred, the Committee shall determine whether such amounts are to be held in cash or reinvested in Shares or deemed (notionally) to be reinvested in Shares. If amounts payable in respect to Dividend Equivalent Rights are to be held in cash, there may be credited at the end of each year (or portion thereof) interest on the amount of the account at the beginning of the year at a rate per annum as the Committee, in its discretion, may determine. Notwithstanding the foregoing, within two and one-half months after the end of the calendar year in which the vesting or lapse of restrictions on the Dividend Equivalent Rights occurs, amounts with respect to Dividend Equivalent Rights shall be settled in cash or Shares or a combination thereof (unless an Agreement provides otherwise).

6.Share Appreciation Rights. The Committee may, in its discretion, either alone or in connection with the grant of an Option, grant Share Appreciation Rights in accordance with the Plan, the terms and conditions of which shall be set forth in an Agreement. If granted in connection with an Option, a Share Appreciation Right shall cover the same Shares covered by the Option (or such lesser number of Shares as the Committee may determine) and shall, except as provided in this Section 6, be subject to the same terms and conditions as the related Option.

6.1 Time of Grant. A Share Appreciation Right may be granted at any time if unrelated to an Option, or if related to an Option, either at the time of grant, or at any time thereafter during the term of the Option.

6.2 Share Appreciation Right Related to an Option.

(a)Exercise. Subject to Section 6.7, a Share Appreciation Right granted in connection with an Option shall be exercisable at such time or times and only to the extent that the related Option is exercisable, and will not be transferable even if the Option to which it relates may be transferable. A Share Appreciation Right granted in connection with an Incentive Share Option shall be exercisable only if the Fair Market Value of a Share on the date of exercise exceeds the purchase price specified in the related Incentive Share Option Agreement.

(b)Amount Payable. Upon the exercise of a Share Appreciation Right related to an Option, the Grantee shall be entitled to receive an amount determined by multiplying (i) the excess of the Fair Market Value of a Share on the date preceding the date of exercise of such Share Appreciation Right over the per Share purchase price under the related Option, by (ii) the number of Shares as to which such Share Appreciation Right is being exercised. Notwithstanding the foregoing, the Committee may limit in any manner the amount payable with respect to any Share Appreciation

Right by including such a limit in the Agreement evidencing the Share Appreciation Right at the time it is granted.

(c) Treatment of Related Options and Share Appreciation Rights Upon Exercise. Upon the exercise of a Share Appreciation Right granted in connection with an Option, the Option shall be canceled to the extent of the number of Shares as to which the Share Appreciation Right is exercised, and upon the exercise of an Option granted in connection with a Share Appreciation Right or the surrender of such Option, the Share Appreciation Right shall be canceled to the extent of the number of Shares as to which the Option is exercised or surrendered.

6.3 Share Appreciation Right Unrelated to an Option. The Committee may grant to Eligible Individuals Share Appreciation Rights unrelated to Options. Share Appreciation Rights unrelated to Options shall contain such terms and conditions as to exercisability (subject to Section 6.7), vesting and duration as the Committee shall determine, but in no event shall they have a term of greater than ten (10) years. Upon exercise of a Share Appreciation Right unrelated to an Option, the Grantee shall be

entitled to receive an amount determined by multiplying (a) the excess of the Fair Market Value of a Share on the date preceding the date of exercise of such Share Appreciation Right over the Fair Market Value of a Share on the date the Share Appreciation Right was granted, by (b) the number of Shares as to which the Share Appreciation Right is being exercised. Notwithstanding the foregoing, a Share Appreciation Right granted unrelated of an Option may limit the amount payable to the Grantee to a percentage, specified in the Agreement but not exceeding one-hundred percent (100%), of the amount determined pursuant to the preceding sentence.

6.4 Method of Exercise. Share Appreciation Rights shall be exercised by a Grantee only by a written notice delivered in person or by mail to the Secretary of the Company at the Company's principal executive office, specifying the number of Shares with respect to which the Share Appreciation Right is being exercised. If requested by the Committee, the Grantee shall deliver the Agreement evidencing the Share Appreciation Right being exercised and the Agreement evidencing any related Option to the Secretary of the Company who shall endorse thereon a notation of such exercise and return such Agreement to the Grantee.

6.5 Form of Payment. Payment of the amount determined under Sections 6.2(b) or 6.3 may be made in the discretion of the Committee, solely in whole Shares in a number determined at their Fair Market Value on the date preceding the date of exercise of the Share Appreciation Right, or solely in cash, or in a combination of cash and Shares. If the Committee decides to make full payment in Shares and the amount payable results in a fractional Share, payment for the fractional Share will be made in cash.

6.6 Modification or Substitution. Subject to the terms of the Plan, the Committee may modify outstanding Awards of Share Appreciation Rights or accept the surrender of outstanding Awards of Share Appreciation Rights (to the extent not exercised) and grant new Awards in substitution for them (provided that such modification shall not result in re pricing).

Notwithstanding the foregoing, (i) no modification of an Award of Share Appreciation Rights shall adversely alter or impair any rights or obligations under the Award without the Grantee's consent, and (ii) except as otherwise permitted by Section 12, without shareholder approval, the terms of any Award of Share Appreciation Rights may not be amended to reduce the exercise price and may not be cancelled in exchange for cash, other Awards or Share Appreciation Rights with an exercise price that is less than the exercise price of the original Award of Share Appreciation Rights.

6.7 Effect of Change in Control. Notwithstanding anything contained in this Plan to the contrary, in the event of a Change in Control, all Share Appreciation Rights shall become immediately and fully exercisable. In the event a Grantee's employment or service with the Company is terminated by the Company following a Change in Control, each Share Appreciation Right held by the Grantee that was exercisable as of the date of termination of the Grantee's employment or service shall remain exercisable for a period ending not before the earlier of the first anniversary of the termination of the Grantee's employment or service or the expiration of the stated term of the Share Appreciation Right.

#### 7. Restricted Shares/Restricted Share Units.

7.1 Grant. The Committee may grant to Eligible Individuals Awards of Restricted Shares or Restricted Share Units, which shall be evidenced by an Agreement between the Company and the Grantee. Each Agreement shall contain such restrictions, terms and conditions as the Committee may, in its discretion, determine. Awards of Restricted Shares or Restricted Share Units shall be subject to the terms and provisions set forth below in this Section 7.

7.2 Non-transferability. Restricted Shares or Restricted Share Units may not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated.

7.3 Lapse of Restrictions.

(a)Generally. Restrictions upon Restricted Shares or Restricted Share Units awarded hereunder shall lapse at such time or times and on such terms and conditions as the Committee may determine, which restrictions shall be set forth in the Agreement evidencing the Award.

(b)Effect of Change in Control. Notwithstanding anything contained in the Plan, unless the Agreement evidencing the Award provides to the contrary, in the event of a Change in Control, all restrictions upon any Restricted Shares or Restricted Share Units shall lapse immediately.

7.4 Modification or Substitution. Subject to the terms of the Plan, the Committee may modify outstanding Awards of Restricted Shares or Restricted Share Units or accept the surrender of outstanding Restricted Shares or Restricted Share Units (to the extent the restrictions on such Shares or Units have not yet lapsed) and grant new Awards in substitution for them.

Notwithstanding the foregoing, no modification of an Award shall adversely alter or impair any rights or obligations under the Agreement without the Grantee's consent.

7.5 Dividend and Dividend Equivalent Rights. During the restriction period, dividends shall accrue on Restricted Shares and Dividend Equivalent Rights shall accrue on Restricted Share Units. Payment of accrued dividends shall be made upon the lapsing of restrictions imposed on the Restricted Shares, and any accrued dividends shall be forfeited upon the forfeiture of such Restricted Shares. Payment of accrued Dividend Equivalent Rights (together with any interest accrued thereon) shall be made upon the lapsing of restrictions imposed on the Restricted Share Units in respect of which the Dividend Equivalent Rights were accrued, and any accrued Dividend Equivalent Rights (together with any interest accrued thereon) in respect of any Restricted Share Units shall be forfeited upon the forfeiture of such Units.

7.6 Delivery of Shares. Upon the lapse of the restrictions on Restricted Share Units, the Committee shall cause a share certificate to be delivered to the Grantee with respect to such vested Units, free of all restrictions hereunder.

## 8. Performance Awards.

### 8.1 Performance Awards

(a) Performance Objectives. Performance objectives for Performance Awards may be expressed in terms of earnings per Share, total shareholder value, funds from operation, pre-tax profits, net earnings or net worth, return on equity or assets, any combination of the foregoing, or any other standard or standards deemed appropriate by the Committee at the time the Award is granted. Performance objectives may be in respect of the performance of the Company and its Subsidiaries (which may be on a consolidated basis), a Subsidiary or a Division. Performance objectives may be absolute or relative and may be expressed in terms of a progression within a specified range. Prior to the end of a Performance Cycle, the Committee, in its discretion, may adjust the performance objectives to reflect a Change in the 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 a Division, including, but not limited to, market conditions or a significant acquisition or disposition of assets or other property by the Company, a Subsidiary or a Division. The maximum amount of Performance Units and Performance Shares that any one Eligible Individual may receive for any one Performance Cycle shall not exceed 30% of Shares authorized under the Plan or 1,110,000 Shares.

(b) Performance Units. The Committee, in its discretion, may grant Awards of Performance Units to Eligible Individuals, the terms and conditions of which shall be set forth in an Agreement between the Company and the Grantee. Performance Units may be denominated in Shares or a specified dollar amount and, contingent upon the attainment of specified performance objectives within the Performance Cycle, represent the right to receive payment in the case of Share-denominated Performance Units, the Fair Market Value of a Share on the date the Performance Unit was granted, the date the Performance Unit became vested or any other date specified by the Committee, in the case of dollar-denominated Performance Units, the specified dollar amount or a percentage (which may be more than 100%) of the amount described in clause (i) or (ii) depending on the level of performance objective attainment; provided, however, that the Committee may at the time a Performance Unit is granted, specify a maximum amount payable in respect of a vested Performance Unit. Each Agreement shall specify the number of the Performance Units to which it relates, the performance objectives which must be satisfied in order for the Performance Units to vest and the Performance Cycle within which such objectives must be satisfied.

(c) Vesting and Forfeiture. A Grantee shall become vested with respect to the Performance Units to the extent that the performance objectives set forth in the Agreement are satisfied for the Performance Cycle.

(d)Dividend Equivalent Rights. During the restriction period, Dividend Equivalent Rights shall accrue on Performance Units. Payment of accrued Dividend Equivalent Rights (together with any interest accrued thereon) shall be made upon the lapsing of restrictions imposed on the Performance Units in respect of which the Dividend Equivalent Rights were accrued, and any accrued Dividend Equivalent Rights (together with any interest accrued thereon) in respect of any Performance Units shall be forfeited upon the forfeiture of such Units.

(e)Payment of Awards. Payment to Grantees in respect of vested Performance Units shall be made within sixty (60) days after the last day of the Performance Cycle to which such Award relates unless the Agreement evidencing the Award provides for the deferral of payment, in which event the terms and conditions of the deferral shall be set forth in the Agreement. Subject to Section 8.3, such payments may be made entirely in Shares valued at their Fair Market Value as of the last day of the applicable Performance Cycle or such other date specified by the Committee, entirely in cash, or in such combination of Shares and cash as the Committee in its discretion, shall determine at any time prior to such payment; provided, however, that if the Committee in its discretion determines to make such payment entirely or partially in Restricted Shares or Restricted Share Units,

the Committee must determine the extent to which such payment will be in Restricted Shares or Restricted Share Units and the terms of such Restricted Shares or Restricted Share Units at the time the Award is granted.

8.2 Performance Shares. The Committee, in its discretion, may grant Awards of Performance Shares to Eligible Individuals, the terms and conditions of which shall be set forth in an Agreement between the Company and the Grantee. Each Agreement may require that an appropriate legend be placed on Share certificates. Awards of Performance Shares shall be subject to the following terms and provisions:

(a) Rights of Grantee. The Committee shall provide at the time an Award of Performance Shares is made, the time or times at which the actual Shares represented by such Award shall be issued in the name of the Grantee; provided, however, that no Performance Shares shall be issued until the Grantee has executed an Agreement evidencing the Award, the appropriate blank share powers and, in the discretion of the Committee, an escrow agreement and any other documents which the Committee may require as a condition to the issuance of such Performance Shares. If a Grantee shall fail to execute the Agreement evidencing an Award of Performance Shares, the appropriate blank share powers and, in the discretion of the Committee, an escrow agreement and any other documents which the Committee may require within the time period prescribed by the Committee at the time the Award is granted, the Award shall be null and void. At the discretion of the Committee, Shares issued in connection with an Award of Performance Shares shall be deposited together with the share powers with an escrow agent (which may be the Company) designated by the Committee. Except as restricted by the terms of the Agreement, upon delivery of the Shares to the escrow agent, the Grantee shall have, in the discretion of the Committee, all of the rights of a shareholder with respect to such Shares, including the right to vote the Shares and to receive all dividends or other distributions paid or made with respect to the Shares.

(b) Non-transferability. Until any restrictions upon the Performance Shares awarded to a Grantee shall have lapsed in the manner set forth in Sections 8.2(c) or 8.3, such Performance Shares shall not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated, nor shall they be delivered to the Grantee. The Committee may also impose such other restrictions and conditions on the Performance Shares, if any, as it deems appropriate.

(c) Lapse of Restrictions. Subject to Section 8.3, restrictions upon Performance Shares awarded hereunder shall lapse and such Performance Shares shall become vested at such time or times and on such terms, conditions and satisfaction of performance objectives as the Committee may, in its discretion, determine at the time an Award is granted.

(d) Treatment of Dividends. At the time the Award of Performance Shares is granted, the Committee shall provide that the payment to the Grantee of dividends declared or paid on actual Shares represented by such Award which have been issued by the Company to the Grantee shall be deferred until the lapsing of the restrictions imposed upon such Performance Shares and held by the Company for the account of the Grantee until such time. If deferred dividends are to be held in cash, there may be credited at the end of each year (or portion thereof) interest on the amount of the account at the beginning of the year at a rate per annum as the Committee, in its discretion, may determine. Payment of deferred dividends in respect of Performance Shares (whether held in cash or in additional Performance Shares), together with interest accrued thereon, if any, shall be made upon the lapsing of restrictions imposed on the Performance Shares in respect of which the deferred dividends were paid, and any dividends deferred (together with any interest accrued thereon) in respect of any Performance Shares shall be forfeited upon the forfeiture of such Performance Shares.

(e) Delivery of Shares. Upon the lapse of the restrictions on Performance Shares awarded hereunder, the Committee shall cause a share certificate to be delivered to the Grantee with respect to such Shares, free of all restrictions hereunder.



8.3 Effect of Change in Control. Notwithstanding anything contained in the Plan or any Agreement to the contrary, in the event of a Change in Control:

(a) With respect to the Performance Units, the Grantee shall become vested in a percentage of Performance Units as determined by the Committee at the time of the Award of such Performance Units and as set forth in the Agreement and be entitled to receive in respect of all Performance Units which become vested as a result of a Change in Control, a cash payment within ten (10) days after such Change in Control in an amount as determined by the Committee at the time of the Award of such Performance Units and as set forth in the Agreement.

(b) With respect to the Performance Shares, restrictions shall lapse immediately on all or a portion of the Performance Shares as determined by the Committee at the time of the Award of such Performance Shares and as set forth in the Agreement.

(c) The Agreements evidencing Performance Shares and Performance Units shall provide for the treatment of such Awards (or portions thereof) which do not become vested as the result of a Change in Control, including, but not limited to, provisions for the adjustment of applicable performance objectives.

8.4 Non-transferability. No Performance Awards shall be transferable by the Grantee otherwise than by will or the laws of descent and distribution.

8.5 Modification or Substitution. Subject to the terms of the Plan, the Committee may modify outstanding Performance Awards or accept the surrender of outstanding Performance Awards and grant new Performance Awards in substitution for them. Notwithstanding the foregoing, no modification of a Performance Award shall adversely alter or impair any rights or obligations under the Agreement without the Grantee's consent.

#### 9. Other Share-Based Awards.

9.1 Grant. The Committee may grant to Eligible Individuals Other Share-Based Awards, which shall be evidenced by an Agreement between the Company and the Grantee. An Other Share-Based Award includes other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares, including without limitation, Operating Partnership Units that are settled in Shares, convertible preferred stock, convertible debentures and exchangeable securities. Each Agreement with respect to a grant of an Other Share-Based Award shall contain such restrictions, terms and conditions as the Committee may, in its discretion, determine and (without limiting the generality of the foregoing) such Agreements may require that an appropriate legend be placed on Share certificates.

9.2 Rights of Grantee. Until such time as an Other Share-Based Award is actually paid out in Shares, a Grantee shall have no rights as a holder of Shares.

9.3 Non-transferability. Other Share-Based Awards may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Agreement.

#### 9.4 Lapse of Restrictions.

(a) Generally. Restrictions upon Other Share-Based Awards awarded hereunder shall lapse at such time or times and on such terms and conditions as the Committee may determine, which restrictions shall be set forth in the Agreement evidencing the Award.

(b) Effect of Change in Control. Notwithstanding anything contained in the Plan, unless the Agreement evidencing the Award provides to the contrary, in the event of a Change in Control, all restrictions upon any Other Share-Based Awards shall lapse immediately and such Awards shall become fully vested.

9.5 Modification or Substitution. Subject to the terms of the Plan, the Committee may modify outstanding Other Share-Based Awards or accept the surrender of outstanding Other Share-Based Awards (to the extent the restrictions on such Awards have not yet lapsed) and grant new Awards in substitution for them. Notwithstanding the foregoing, no modification of an Award shall adversely alter or impair any rights or obligations under the Agreement without the Grantee's consent.

10. Unrestricted Shares. The Committee may grant Shares to any trustee that are free from any risk of forfeiture.

11. Effect of a Termination of Employment or Service. The Agreement evidencing the grant of each Option and each Award shall set forth the terms and conditions applicable to such Option or Award upon a termination or change in the

status of the employment or service of the Optionee or Grantee by the Company, a Subsidiary or a Division (including a termination or change by reason of the sale of a Subsidiary or a Division or a change in status from employee or director to consultant), as the Committee may, in its discretion, determine at the time an Option or Award is granted or thereafter. Notwithstanding the foregoing and unless specifically set forth in an Agreement to the contrary, in the event an Optionee's or Grantee's employment or service with the Company is terminated for Cause, the Option or Award granted to the Optionee or Grantee hereunder shall immediately terminate in full and in the case of Options, no rights thereunder may be exercised, and in all other cases, no payment will be made with respect thereto.

12. Adjustment Upon Changes in Capitalization.

(a) In the event of a Change in Capitalization, the Committee shall conclusively determine the appropriate adjustments, if any, to the maximum number and class of Shares or other share or securities with respect to which Options or

Awards may be granted under the Plan, maximum number of class of Shares or other share or securities with respect to which Options may be granted to any Eligible Individual during the term of the Plan and the number and class of Shares or other share or securities which are subject to outstanding Options or Awards granted under the Plan, and the purchase price therefor, if applicable.

(b) Any such adjustment in the Shares or other share or securities subject to outstanding Incentive Share Options (including any adjustments in the purchase price) shall be made in such manner as not to constitute a modification as defined by Section 424(h)(3) of the Code and only to the extent otherwise permitted by Sections 422 and 424 of the Code.

(c) If, by reason of a Change in Capitalization, a Grantee of an Award shall be entitled to, or an Optionee shall be entitled to exercise an Option with respect to, new, additional or different shares of share or securities, such new, additional or different shares shall thereupon be subject to all of the conditions, restrictions and performance criteria which were applicable to the Shares subject to the Award or Option, as the case may be, prior to such Change in Capitalization.

(i) Effect of Certain Transactions. Subject to Sections 5.8, 6.7, 7.3(b), 8.3 and 9.4(b), or as otherwise provided in an Agreement, in the event of the liquidation or dissolution of the Company or a merger or consolidation of the Company (a "Transaction"), the Plan and the Options and Awards issued hereunder shall continue in effect in accordance with their respective terms except that following a Transaction each Optionee and Grantee shall be entitled to receive in respect of each Share subject to any outstanding Options or Awards, as the case may be, upon exercise of any Option or SAR or payment or transfer in respect of any Award, the same number and kind of share, securities, cash, property, or other consideration that each holder of a Share was entitled to receive in the Transaction in respect of a Share; provided, however, that such share, securities, cash, property, or other consideration shall remain subject to all of the conditions, restrictions and performance criteria which were applicable to the Options or Awards prior to such Transaction.

13. Interpretation. Following the required registration of any equity security of the Company pursuant to Section 12 of the Exchange Act:

(a) The Plan is intended to comply with Rule 16b-3 promulgated under the Exchange Act and the Committee shall interpret and administer the provisions of the Plan or any Agreement in a manner consistent therewith. Any provisions inconsistent with such Rule shall be inoperative and shall not affect the validity of the Plan.

(b) Unless otherwise expressly stated in the relevant Agreement, each Award (other than Restricted Shares and Restricted Share Units subject to time-vesting only) granted under the Plan is intended to be performance-based compensation within the meaning of Section 162(m)(4)(C) of the Code. Except in the case of death, disability, retirement or a Change in Control, the Committee shall not be entitled to exercise any discretion otherwise authorized hereunder with respect to such Awards if the ability to exercise such discretion or the exercise of such discretion itself would cause the compensation attributable to such Awards to fail to qualify as performance-based compensation.

14. Termination and Amendment of the Plan. The Second Amended and Restated Plan shall terminate on the day preceding the tenth anniversary of the date of its adoption by the Board and no Option or Award may be granted thereafter. The Board may sooner terminate the Plan and the Board may at any time and from time to time amend, modify or suspend the Plan; provided, however, that:

(a) No such amendment, modification, suspension or termination shall impair or adversely alter any Options, SARs or Awards theretofore granted under the Plan, except with the consent of the Optionee or Grantee, nor shall any amendment, modification, suspension or termination deprive any Optionee or Grantee of any Shares which he or she

may have acquired through or as a result of the Plan; and

(b) To the extent necessary under Section 162(m) or 422 of the Code and the rules and regulations promulgated thereunder or securities exchange rule, no amendment shall be effective unless approved by the shareholders of the Company in accordance with applicable law and regulations.

15. Non-Exclusivity of the Plan. The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangement or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of share options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

16.Limitation of Liability. As illustrative of the limitations of liability of the Company, but not intended to be exhaustive thereof, nothing in the Plan shall be construed to:

- (a) give any person any right to be granted an Option or Award other than at the sole discretion of the Committee;
- (b) give any person any rights whatsoever with respect to Shares except as specifically provided in the Plan;
- (c) limit in any way the right of the Company to terminate the employment of any person at any time; or
- (d) be evidence of any agreement or understanding, expressed or implied, that the Company will employ any person at any particular rate of compensation or for any particular period of time.

17.Regulations and Other Approvals; Governing Law.

17.1 Jurisdiction. Except as to matters of federal law, this Plan and the rights of all persons claiming hereunder shall be construed and determined in accordance with the laws of the State of Maryland without giving effect to conflicts of law principles thereof.

17.2 Obligation. The obligation of the Company to sell or deliver Shares with respect to Options and Awards granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee.

17.3 Compliance. The Board may make such changes as may be necessary or appropriate to comply with the rules and regulations of any government authority, or to obtain for Eligible Individuals granted Incentive Share Options the tax benefits under the applicable provisions of the Code and regulations promulgated thereunder. In addition, the Committee shall have the discretion to require deferral election forms, and to grant or to unilaterally modify any Award in a manner that (a) conforms with the requirements of Section 409A of the Code with respect to compensation that is deferred, (b) voids any Grantee's election to the extent it would violate Section 409A of the Code, and (c) for any distribution election that would violate Section 409A of the Code, to make distributions pursuant to the Award at the earliest to occur of a distribution event that is allowable under Section 409A of the Code or any distribution event that is both allowable under Section 409A of the Code and is elected by the Grantee, subject to any valid second election to defer; provided that the Committee permits second elections to defer in accordance with Section 409A(a)(4)(C). The Committee shall have the sole discretion to interpret the requirements of the Code, including Section 409A, for purposes of the Plan and all Awards.

17.4 Options and Awards. Each Option and Award is subject to the requirement that, if at any time the Committee determines, in its discretion, that the listing, registration or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Option or Award or the issuance of Shares, no Options or Awards shall be granted or payment made or Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions as acceptable to the Committee.

17.5 Restrictions. Notwithstanding anything contained in the Plan or any Agreement to the contrary, in the event that the disposition of Shares acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act of 1933, as amended, (the "Securities Act") and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required by the Securities Act and Rule 144 or other regulations thereunder. The Committee may require any individual receiving Shares pursuant to an Option or Award granted under the Plan, as a condition precedent to receipt of such Shares or Awards, to represent and warrant to the

Company in writing that the Shares acquired by such individual are acquired without a view to any distribution thereof and will not be sold or transferred other than pursuant to an effective registration thereof under said Act or pursuant to an exemption applicable under the Securities Act or the rules and regulations promulgated thereunder. The certificates evidencing any of such Shares or Awards shall be appropriately amended to reflect their status as restricted securities as aforesaid.

18. Miscellaneous.

18.1 Multiple Agreements. The terms of each Option or Award may differ from other Options or Awards granted under the Plan at the same time, or at some other time. The Committee may also grant more than one Option or Award to a given

Eligible Individual during the term of the Plan, either in addition to, or in or in substitution for, one or more Options or Awards previously granted to that Eligible Individual.

(a)Withholding of Taxes. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with any Option or the exercise thereof, any Share Appreciation Right or the exercise thereof, or the grant of any other Award, including, but not limited to, the withholding of cash or Shares which would be paid or delivered pursuant to such exercise or Award or another exercise of Award under this Plan until the Grantee reimburses the Company for the amount the Company is required to withhold with respect to such taxes, or canceling any portion of such Award or another Award under this Plan in an amount sufficient to reimburse itself for the amount it is required to so withhold. The Committee may permit a Grantee (or any beneficiary or other person authorized to act) to elect to pay a portion or all of any amounts required to be withheld to satisfy federal, state, local or foreign tax obligations by directing the Company to withhold a number of whole Shares which would otherwise be distributed and which have a Fair Market Value sufficient to cover the amount of such required or permitted withholding taxes.

(b)If an Optionee makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any Share or Shares issued to such Optionee pursuant to the exercise of an Incentive Share Option within the two-year period commencing on the day after the date of the grant or within the one-year period commencing on the day after the date of transfer of such Share or Shares to the Optionee pursuant to such exercise, the Optionee shall, within ten (10) days of such disposition, notify the Company thereof, by delivery of written notice to the Company at its principal executive office.

19.Effective Date. The Plan originally became effective on May 21, 2006. The effective date of the Second Amended and Restated Plan shall be the date of its adoption by the Board, subject only to the approval by the affirmative vote of the holders of a majority of the securities of the Company present, or represented, and entitled to vote at a meeting of shareholders duly held in accordance with the applicable laws of the State of Maryland within twelve (12) months of such adoption.