

**ACADIA REALTY TRUST
AUDIT COMMITTEE CHARTER**

I. PURPOSE

The general purpose of the Audit Committee (the “Audit Committee” or the “Committee”) of the Board of Trustees (the “Board”) of Acadia Realty Trust (the “Company”), as established by the Board, is to assist the Board in its oversight of:

- the integrity of the Company’s financial statements,
- the Company’s compliance with relevant legal and regulatory requirements,
- the qualifications and independence of the Company’s registered public accounting firm (the “Independent Auditor”),
- the performance of the Company’s internal audit function and Independent Auditor, and
- the Company’s system of disclosure controls and system of internal controls regarding finance, accounting, legal compliance, and ethics that management and the Board have established.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee should also provide an open avenue of communication among the Independent Auditor, financial and senior management, the internal auditing function, and the Board.

The Audit 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 Company shall provide appropriate funding, as determined by the Audit Committee, for compensation to the Independent Auditor and to any advisers that the Audit Committee chooses to engage, as well as for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this Charter. The Audit Committee will report regularly to the Board regarding the execution of its duties and responsibilities.

The Audit Committee's responsibility is limited to oversight. Although the Committee’s responsibilities are set forth in this Charter, it is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with Generally Accepted Accounting Principles (“GAAP”) and applicable laws, rules and regulations. These are the responsibilities of management, the Independent Auditor and the internal auditor.

II. COMPOSITION AND MEETINGS

The Audit Committee shall be comprised of three or more Trustees as determined by the Board, each of whom shall satisfy the independence requirements established by the New York Stock Exchange Listed Company Manual for listing on the exchange, and be free from any relationship (including disallowed compensatory arrangements) that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall be financially literate and have a working familiarity with basic finance and accounting practices, and at least one member must have accounting or related financial management experience. The Board shall determine whether at least one member of the Committee qualifies as an “audit committee financial expert” in compliance with the criteria established by the Securities and Exchange Commission (the “SEC”) and other relevant regulations. The existence of such member, including his or her name and whether or not he or she is independent, shall be disclosed in periodic filings as required by the SEC. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualify. The members of the Committee shall designate a Chair by majority vote of the full Committee membership. No member of the Committee may simultaneously serve on the audit committee of more than three (3) public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

Unless otherwise provided in this Charter, the provisions set forth in the Company’s Bylaws for meetings of the Board and its committees shall govern the quorum and voting requirements for all meetings of the Committee.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee shall meet in executive session a minimum of four (4) times per year, absent members of management and on such terms and conditions as the Committee may elect. As part of its job to foster open communication, the Committee shall meet separately, periodically with management, the internal auditors (or other personnel responsible for the internal audit function) and the Independent Auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee shall meet quarterly with the Independent Auditor and management to discuss the annual audited financial statements and quarterly financial statements, including the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports/Accounting Information Review

1. Review this Charter periodically, at least annually, and recommend to the Board any necessary amendments as conditions dictate.

2. Review and discuss with management the Company's annual financial statements and quarterly financial statements, including the Company's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations", and all internal controls reports (or summaries thereof). Review other relevant reports or financial information submitted by the Company to any governmental body, or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 (Sections 302 and 906) and relevant reports rendered by the Independent Auditor (or summaries thereof).

3. Recommend to the Board whether the financial statements should be included in the Annual Report on Form 10-K. Review with financial management and the Independent Auditor the 10-Q prior to its filing and prior to the release of earnings.

4. Review with the full Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's Independent Auditor or the performance of the of the internal audit function.

5. Review earnings press releases with management, including with regard to the disclosure of "pro-forma" or "adjusted" non-GAAP information.

6. Discuss with management financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made).

7. Review the regular internal reports (or summaries thereof) to management prepared by the internal auditors and management's response.

Independent Auditor

8. Appoint (subject to shareholder ratification, if applicable), retain, compensate, and oversee the work performed by the Independent Auditor for the purpose of preparing or issuing an audit report or related work. Review the performance of the Independent Auditor and remove the Independent Auditor if circumstances warrant. The Independent Auditor shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of disagreements between management and the Independent Auditor in the event that they arise. Consider whether the Independent Auditor's performance of permissible non-audit services is compatible with the Independent Auditor's independence.

9. Review with the Independent Auditor any problems or difficulties and management's response, including: any accounting adjustments that were noted or proposed by the Independent Auditor but were "passed" (as immaterial or otherwise); any communications between the audit team and the Independent Auditor's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the Independent Auditor to the Company. Such difficulties include any restrictions on the scope of the Independent Auditor's activities or on access to requested information, and any significant disagreements with management.

10. Review the Independent Auditor's attestation and report on management's internal control report, and hold timely discussions with the Independent Auditor regarding the following:

- all critical accounting policies and practices;
- all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor;
- other material written communications between the Independent Auditor and management including, but not limited to, the management letter and schedule of unadjusted differences; and
- an analysis of the Independent Auditor's judgment as to the quality of the Company's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements.

11. At least annually, obtain and review a report by the Independent Auditor describing:

- the firm's internal quality control procedures;
- any material issues raised by the most recent internal quality-control review, peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- (to assess the Independent Auditor's independence) all relationships between the Independent Auditor and the Company.

After reviewing the foregoing report and the Independent Auditor's work throughout the year, the Audit Committee should evaluate the Independent Auditor's qualifications, performance and independence, including a review and evaluation of the lead partner, taking into account the opinions of management and the Company's internal auditors (or other personnel responsible for the internal audit function). In addition to assuring the regular rotation of the audit partner, the Committee should consider whether there should be regular rotation of the Independent Auditor itself to assure continuing auditor independence. The Committee should present its conclusions with respect to the Independent Auditor to the full Board.

12. Review and pre-approve both audit and non-audit services to be provided by the Independent Auditor (other than with respect to de minimis exceptions permitted by the Sarbanes-Oxley Act of 2002). This duty may be delegated to one or more designated members of the Audit Committee with any such pre-approval reported to the full Audit Committee at its next regularly scheduled meeting. Approval of non-audit services shall be disclosed to investors in periodic reports required by Section 13(a) of the Securities Exchange Act of 1934, as amended.

13. Set clear hiring policies, compliant with governing laws or regulations, for employees or former employees of the Independent Auditor.

Financial Reporting Processes and Accounting Policies

14. In consultation with the Independent Auditor and the internal auditors, review the integrity of the Company's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls). Meet with representatives of the Disclosure Committee on a periodic basis to discuss any matters of concern arising from the Disclosure Committee's quarterly process to assist the CEO and CFO in their Sarbanes-Oxley Act of 2002 Section 302 certifications.

15. Review with management major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.

16. Review analyses prepared by management (and the Independent Auditor as noted in item 10 above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

17. Review with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

18. Review and approve all related party transactions.

19. Receive and review any disclosure from the Company's CEO or CFO made in connection with the certification of the Company's quarterly and annual reports filed with the SEC of: a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

20. Discuss annually and as needed the Company's financial risk factors with management.

21. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting, or auditing matters.

22. Establish and maintain procedures for the confidential, anonymous submission by Company employees regarding questionable accounting or auditing matters.

Internal Audit

23. Review and advise on the selection and removal of an internal audit provider to oversee the internal audit function to provide management and the Audit Committee with

ongoing assessments of the Company's risk management processes and system of internal control.

24. Review activities, organizational structure, and qualifications of the internal audit provider.

25. Periodically review with the internal audit provider any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the provider's work.

26. Periodically review with the Independent Auditor, the budget, staffing, and responsibilities of the internal audit provider.

Legal Compliance, and Risk Management

27. Review, with the Company's counsel, relevant legal compliance matters including corporate securities trading policies.

28. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.

29. Discuss policies with respect to financial risk assessment and financial risk management. Such discussions should include the Company's major financial and accounting risk exposures and the steps management has undertaken to monitor and control them.

Other Responsibilities

30. Review with the Independent Auditor, the internal auditing provider and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

31. Prepare the report that the SEC requires be included in the Company's annual proxy statement.

32. Annually, perform a self-assessment relative to the Audit Committee's purpose, duties and responsibilities outlined herein.

33. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

34. Review and approve the decision by the Company and its subsidiaries to enter into swaps that are exempt from the requirements of section 2(h)(1) and 2(h)(8) of the Commodity Exchange Act ("Exempt Swaps"), pursuant to section 2(h)(7) of the Commodity Exchange Act and applicable regulations and rules (the "End-User Exception"). The Audit Committee must set appropriate policies governing use of Exempt Swaps and the End-User Exception by the Company and its subsidiaries. The Audit Committee must review and approve

the decision to use Exempt Swaps, and the policies governing the use of Exempt Swaps, at least annually or more often upon a triggering event, including but not limited to a change in the Company's hedging policy.