

**ACADIA REALTY TRUST  
AUDIT COMMITTEE CHARTER**

**I. PURPOSE**

The Audit Committee is established by and amongst the Board of Trustees for the primary purpose of assisting the Board in:

- overseeing the integrity of the Company's financial statements,
- overseeing the Company's compliance with legal and regulatory requirements,
- overseeing the independent auditor's qualifications and independence,
- overseeing the performance of the company's internal audit function and independent auditor, and
- overseeing 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 auditors, financial and senior management, the internal auditing function, and the Board of Trustees.

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 of Trustees regarding the execution of its duties and responsibilities.

**II. COMPOSITION AND MEETINGS**

The Audit Committee shall be comprised of three or more Trustees as determined by the Board, each of whom shall be independent Trustees (as defined by all applicable rules and regulations), and 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 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 qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

Unless otherwise provided for 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. Each regularly scheduled meeting shall conclude with an executive session of the Committee 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 should meet separately, periodically with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent auditors 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 should meet quarterly with the independent auditors 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 of Trustees any necessary amendments as conditions dictate.
2. Review and discuss with management the Company's annual financial statements, quarterly financial statements, 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 auditors (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 auditors the 10-Q prior to its filing (or prior to the release of earnings).
4. Review with the full Board of Trustees 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 auditors and the performance of the internal audit function.

5. Review earnings press releases with management, including review 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 Auditors**

8. Appoint (subject to shareholder ratification, if applicable), 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 auditors and remove the independent auditors if circumstances warrant. The independent auditors shall report directly to the audit committee and the audit committee shall oversee the resolution of disagreements between management and the independent auditors in the event that they arise. Consider whether the auditor's performance of permissible non-audit services is compatible with the 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 auditor but were "passed" (as material or otherwise); any communications between the audit team and the audit firm'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 audit firm 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 auditors regarding the following:

- all critical accounting policies and practices;
- all alternative treatments of financial information within generally accepted accounting principles 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 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 auditor's independence) all relationships between the independent auditor and the Company.

After reviewing the foregoing report, 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 audit firm itself to assure continuing auditor independence. The Committee should present its conclusions with respect to the independent auditor to the full Board of Directors.

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.

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 auditors and the internal auditors, review the integrity of the organization's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls). Meet with representatives of the disclosure committee (if one exists) 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 8 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. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting, or auditing matters.

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

### **Internal Audit**

21. Review and advise on the selection and removal of the internal audit director 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.

22. Review activities, organizational structure, and qualifications of the internal audit function.

23. Annually, review and recommend changes (if any) to the internal audit charter.

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

25. Periodically review with the independent auditor, the budget, staffing, and responsibilities of the internal audit function.

### **Ethical Compliance, Legal Compliance, and Risk Management**

26. Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code. Ensure that the code is in compliance with all applicable rules and regulations.

27. Review management's monitoring of the Company's compliance with the organization's Ethical Code, and ensure that management has the proper review system in place to ensure that Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

28. Review, with the organization's counsel, legal compliance matters including corporate securities trading policies.

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

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

### **Other Responsibilities**

31. Review with the independent auditors, the internal auditing department 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.)

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

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

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