ACADIA REALTY TRUST
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Registration Statement No. 333-139950

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 12, 2007)

$115,000,000

Acadia Realty Trust

3.75% Convertible Notes due 2026 and

Common Shares Issuable Upon Conversion of the Notes

This prospectus supplement covers resales from time to time by the selling security holders identified herein of our 3.75% Convertible Notes due 2026, or the notes, and our common shares issuable upon conversion of the notes. The notes have the following provisions:

- the holders of the notes may convert the notes into cash (with respect to the principal return , as defined herein), and into cash, our common shares or a combination of cash and our common shares (with respect to the net amount , as defined herein) prior to the close of business on the second business day prior to the stated maturity date at any time on or after December 15, 2025 and also under the circumstances described herein at an initial conversion price of $30.86 per share which is equivalent to a conversion rate of 32.4002 shares per each $1,000 principal amount of notes, subject to adjustment in specified events;
- on or after December 20, 2011, we may redeem the notes, in whole or in part, for cash at 100% of the principal amount of the notes to be redeemed plus the applicable interest; we may not redeem the notes prior to December 20, 2011 except to the extent necessary to preserve our status as a real estate investment trust;
- on December 20, 2011, December 15, 2016 and December 15, 2021, as well as following the occurrence of certain change of control transactions prior to December 20, 2011, holders may require us to repurchase their notes;
- we will pay interest on the notes on June 15 and December 15 of each year, and the first interest payment will be made on June 15, 2007; and
- the notes are our unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness.

We do not intend to apply for the listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. The notes are designated for trading in The PORTAL Market of the National Association of Securities Dealers, Inc. The notes sold using this prospectus supplement, however, will no longer be eligible for trading in The PORTAL Market of the National Association of Securities Dealers.

Our common shares are listed on the New York Stock Exchange under the symbol AKR. On March 30, 2007, the last reported sales price for our common shares on the New York Stock Exchange was $26.07 per share.

Investing in the notes and our common shares involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement, as well as the risk factors in the documents incorporated by reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is April 2, 2007.

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus, dated January 12, 2007, that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (SEC) using the SEC s shelf registration rules. Both this prospectus supplement and the accompanying prospectus include important information about us, the notes, our common shares and other information you should know before investing in our securities. This prospectus supplement also adds to, updates and changes some of the information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as the information contained in any document incorporated by reference, is accurate as of the date of each such document only, unless the information specifically indicates that another date applies.

You should read both this prospectus supplement and the accompanying prospectus together with the additional information described under the caption Where You Can Find More Information in this prospectus supplement.

In this prospectus supplement, unless otherwise stated or the context otherwise requires, the terms we, us, our and other similar terms refer to the consolidated business of Acadia Realty Trust and all of its subsidiaries. In this prospectus supplement, the term Acadia refers to Acadia Realty Trust and not to any of its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated by reference in this prospectus supplement include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical fact are forward-looking statements for purposes of this prospectus supplement and the information incorporated by reference herein, including, without limitation, statements as to any predictions of earnings, revenue, expenses or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions; any statements concerning our future operations, financial condition and prospects; and any statements of assumptions underlying the foregoing. In some cases, you can identify forward-looking statements by terminology such as may, would, could, should, expects, intends, plans, anticipates, believes, estimates, predicts, projects, seeks, potential, likely, continue, or similar w the negative of these terms. These forward-looking statements are only predictions and, accordingly, are subject to substantial risks, uncertainties and assumptions.

Some of the factors that might cause actual results to differ materially from the forward-looking statements made in this prospectus supplement and the documents incorporated by reference or that might cause us to modify our plans or objectives include, but are not limited to, the following:

our reliance on revenues derived from major tenants and the impact of any material credit quality deterioration of such tenants;
general economic and business conditions affecting demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and th
our limited control over joint venture investments and the impact of any decisions made by our venture partners;
our holding company structure and the ability of our subsidiaries to make upstream distributions to us;
geographic concentration of our properties and the impact of an economic downturn in such regions;
market interest rates;
leverage and its impact on our operations and limitations imposed by financial and restrictive covenants;

our ability to successfully implement our growth strategy;

- our ability to preserve our status as a REIT;
- the impact of uninsured losses;
- the loss of key executives;
- changes in our real estate markets, including, among other things, competition with other companies;
- risks of real estate development and acquisition and our ability to quickly react to changes in the real estate markets;
- the impact of governmental actions and initiatives and any costs associated therewith; and
- the impact of environmental/safety requirements and any costs associated therewith.

Other factors that may cause our actual results to differ from the forward-looking statements contained herein and that may affect our prospects in general are included under the heading Risk Factors in this prospectus supplement and in our historical and future periodic filings with the SEC, particularly our Annual Report on Form 10-K for the year ended December 31, 2006.

We caution you that any forward-looking statement reflects only our belief at the time the statement is made. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee our future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements to reflect events or developments after the date of this prospectus supplement.

SUMMARY

The information below is only a summary of the more detailed information included elsewhere in this prospectus supplement or the documents incorporated herein by reference. This summary does not contain all the information that is important to you or that you should consider before investing in the notes and the common shares into which the notes are convertible. As a result, you should carefully read this entire prospectus supplement and the accompanying prospectus as well as the documents incorporated herein by reference.

We are a fully integrated, self-managed and self-administered equity real estate investment trust, or REIT, focused primarily on the ownership, acquisition, redevelopment and management of retail properties, including neighborhood and community shopping centers and mixed-use properties with retail components. As of the date of this prospectus supplement, we currently operate 74 properties, which we own or have an ownership interest in. These assets are located primarily in the Northeast, Mid-Atlantic and Midwest regions of the United States and, in total, comprise approximately 10 million square feet. We also have private equity investments in other retail real estate related opportunities including investments for which we provide operational support to the operating ventures in which we have a minority equity interest.

All of our assets are held by, and all of our operations are conducted through, Acadia Realty Limited Partnership, a Delaware limited partnership, or the Operating Partnership, and its majority-owned subsidiaries. As of the date of this prospectus supplement, we controlled 98% of the Operating Partnership as the sole general partner. As the general partner, we are entitled to share, in proportion to our percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners represent entities or individuals who contributed their interests in certain properties or partnerships to the Operating Partnership in exchange for common or preferred units of limited partnership interest, or OP Units. Limited partners holding Common OP Units are generally entitled to exchange their units on a one-for-one basis for our common shares. Holders of our Preferred OP Units are entitled to convert their units into Common OP Units at certain fixed conversion prices and are entitled to preferred quarterly distributions.

Our common shares are traded on the New York Stock Exchange under the symbol AKR. Our executive offices are located at 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605 and our telephone number is (914) 288-8100.

We maintain an internet website at http://www.acadiarealty.com. We are not incorporating by reference in this prospectus supplement any material from our website, and we have provided an inactive textual reference to the website s uniform resource locator (URL) for your reference only.

Recent Developments

On January 8, 2007, we issued an additional $15.0 million aggregate principal amount of the notes (for a total of $115.0 million). The net proceeds from the sale of the additional notes, after deducting the underwriters discount and estimated offering expenses, were approximately $14.7 million.

On January 8, 2007, we paid down $21.3 million of our floating-rate debt.

On January 26, 2007, we refinanced a property for $26.0 million. The loan on this property bears interest at 5.4% and matures on February 11, 2017. We used a portion of the proceeds to pay off the existing debt balance of $15.7 million.

On February 12, 2007, Klaff Realty, L.P. converted 3,800 Series B Preferred Units into 296,412 Common OP Units and ultimately into our common shares.

On February 23, 2007, we, through an affiliate, and together with an unrelated third party, entered into an agreement to purchase the leasehold interest in a property located in downtown Brooklyn, New York, for $120.0 million. Plans for the property include the demolition of the existing improvements and the development of a 1.6 million square foot mixed-use complex. This transaction is subject to approval by the Mayor of the City of New York. There are no assurances that such approval will be granted.

On February 26, 2007, we received, through the RCP Venture, a cash distribution totaling approximately $42.5 million from our ownership position in Albertsons. The Operating Partnership s share of this distribution amounted to approximately $8.5 million. The distribution resulted from cash proceeds obtained by Albertsons in connection with its disposition of certain operating stores and a refinancing of the remaining assets held in the entity.

On March 20, 2007, we purchased the following two properties:

a single tenant property located in Staten Island, New York for $16.9 million; and

a commercial condominium located in Manhattan, New York for $36.0 million.

THE NOTES AND COMMON SHARES

This summary is not a complete description of the notes and the common shares. You should read the full text and more specific details contained elsewhere in this prospectus supplement or the accompanying prospectus. For a more detailed description of the notes, see Description of Notes in this prospectus supplement. See Description of Shares of Beneficial Interest in the accompanying prospectus for a description of our common shares

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Securities	$115,000,000 aggregate principal amount of 3.75% Convertible Notes due 2026 and 3,727,000 common shares into which the notes are convertible.
Selling Security Holders	Selling security holders, including their transferees, pledgees or donees or their successors, may from time to time offer and sell the notes and the common shares into which the notes are convertible in certain circumstances pursuant to this prospectus supplement. See Selling Security Holders in this prospectus supplement.
Maturity of Notes	December 15, 2026, unless earlier converted, redeemed or repurchased.
Interest Rate on Notes	3.75% per year. Interest is payable in cash on June 15 and December 15 of each year, beginning on June 15, 2007.
Ranking of Notes	The notes are our unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness. The notes are effectively subordinated to our secured indebtedness and to all indebtedness and other liabilities of our subsidiaries (as well as to the Series A and Series B Preferred OP Units of the Operating Partnership). As of December 31, 2006, Acadia had $100.0 million of unsecured indebtedness and our subsidiaries had secured indebtedness and other liabilities of approximately $397.0 million. See Risk Factors Effective subordination of the notes may reduce amounts available for payment of the notes in this prospectus supplement. We have no material assets other than our investment in the Operating Partnership.
Redemption of Notes at Our Option	Prior to December 20, 2011, we do not have the right to redeem the notes, except to preserve our status as a REIT. After that time, we have the right to redeem the notes, in whole or in part, at any time and from time to time, for cash equal to 100% of the principal amount of the notes plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the redemption date.
Repurchase of Notes at Each Holder s Option	Holders of notes may require us to repurchase their notes, in whole or in part, on December 20, 2011, December 15, 2016, and December 15, 2021 for cash equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date.

Repurchase of Notes at Each Holder s Option Upon Certain Change of Control Transactions	If certain change of control transactions occur prior to December 20, 2011, holders of notes may require us to repurchase their notes, in whole or in part, for cash equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date.
Conversion Rights of the Notes	

Holders may convert their notes based on the applicable conversion rate (described below) prior to the close of business on the second business day prior to the stated maturity date at any time on or after December 15, 2025 and also under any of the following circumstances:

during any calendar quarter beginning after December 31, 2006 (and only during such calendar quarter), if, and only if, the closing sale price of our common shares for at least 20 trading days (whether or not consecutive) in the period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than 130% of the conversion price per common share in effect on the applicable trading day;

during the five consecutive trading-day period following any five consecutive trading-day period in which the trading price of the notes was less than 98% of the product of the closing sale price of our common shares multiplied by the applicable conversion rate;

if those notes have been called for redemption, at any time prior to the close of business on the second business day prior to the redemption date;

upon the occurrence of specified transactions described under Description of Notes Conversion Rights in this prospectus supplement; or

if our common shares are not listed on a United States national or regional securities exchange for 30 consecutive trading days.

Conversion Rate for the Notes

The initial conversion rate for each $1,000 principal amount of notes is 32.4002 of our common shares, payable in cash or, if the conversion value is greater than the principal return, in cash, our common shares or a combination of cash and our common shares, at our option, as described under Description of Notes Conversion Settlement in this prospectus supplement (equivalent to an initial conversion price of approximately $30.86 per common share).

If certain change of control transactions occur prior to December 20, 2011 and a holder elects to convert notes in connection with any such transaction, we will increase the conversion rate in connection with such conversion by a number of additional common shares based on the date such transaction becomes effective and the price paid per common share in such transaction as described under Description of Notes Conversion Rights Make Whole Upon Certain Change of Control Transactions in

this prospectus supplement.

The conversion rate may also be adjusted under certain other circumstances, including the payment of cash dividends in excess of our current regular quarterly cash dividend of $0.20 per common share, but will not be adjusted for accrued and unpaid interest on the notes. See Description of

	Notes Conversion Rate Adjustments in this prospectus supplement.
Conversion Settlement of the Notes	Upon a conversion of notes, we will deliver cash and, at our election, our common shares, with an aggregate value, which we refer to as the conversion value, equal to the conversion rate multiplied by the average price of our common shares as follows: (1) an amount in cash, which we refer to as the principal return, equal to the lesser of (a) the principal amount of the converted notes and (b) the conversion value; and (2) if the conversion value is greater than the principal return, an amount with a value equal to the difference between the conversion value and the principal return, which we refer to as the net amount. The net amount may be paid, at our option, in cash, our common shares or a combination of cash and our common shares. We refer to any cash delivered upon a conversion of notes as part of the net amount as the net cash amount, and we refer to any of our common shares delivered upon a conversion of notes as part of the net amount as the net shares. Any portion of the net amount that we issue as net shares will be equal to the sum of the daily share amounts (calculated as described under Description of Notes Conversion Settlement in this prospectus supplement) for each trading day in the 20 consecutive trading-day period referred to below, except that we will pay cash in lieu of any fractional common shares issuable, at our option, as net shares based on the average price of our common shares. The average price of our common shares will be equal to the average of the closing sale prices of our common shares over the 20 consecutive trading-day period commencing on the third trading day following the date the notes are tendered for conversion. We will pay the principal return and cash for fractional shares, and deliver net shares or pay the net cash amount, as applicable, to holders upon a conversion of their notes no later than the third business day following the last trading day of the 20 consecutive trading-day period referred to above.
Restrictions on Ownership	In order to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes, no person may own, or be deemed to own by virtue of the attribution rules of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the Internal Revenue Code or the Code), more than 9.8% in value of our outstanding shares of beneficial interest, subject to certain exceptions. Notwithstanding any other provision of the notes, no holder of notes will be entitled to convert such notes for our common shares to the extent that receipt of such common shares would cause such holder (together with such holder s affiliates) to exceed the ownership limit contained in our declaration of trust.

	See Description of Shares of Beneficial Interest Shares REIT Ownership Limitations in the accompanying prospectus.
No Shareholder Rights for Holders of Notes	Holders of notes, as such, will not have any rights as our shareholders (including, without limitation, voting rights and rights to receive dividends or other distributions on our common shares).
Registration Rights	In connection with the offering of the notes, we agreed to file with the SEC within 120 calendar days after the original issuance of the notes, and to use our reasonable best efforts to cause to become effective within 210 calendar days after the original issuance of the notes, a registration statement, or otherwise

	make a registration statement available, with respect to the resale of the notes and our common shares that may be issuable upon conversion of the notes. See Description of Notes Registration Rights; Additional Interest in this prospectus supplement. This prospectus supplement satisfies our obligation to file a registration statement to register the resale of the notes and the common shares that may be issuable upon conversion of the notes.
Trading	The notes are designated for trading on The PORTAL℠ Market. The notes sold using this prospectus supplement, however, will no longer be eligible for trading on The PORTAL℠ Market. We do not intend to list the notes on any securities exchange or arrange for the quotation of the notes on any automated quotation system.
NYSE Symbol for our Common Shares	Our common shares are listed on The New York Stock Exchange under the symbol AKR.
Use of Proceeds	We will not receive any proceeds from the sale of any securities offered by this prospectus supplement.
U.S. Federal Income Tax Considerations	The notes and our common shares that may be issuable upon conversion of the notes will be subject to special and complex U.S. federal income tax rules. Prospective investors are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of purchasing, owning and disposing of the notes and our common shares for which the notes, in certain circumstances, are convertible. See Material United States Federal Income Tax Considerations in this prospectus supplement.
Risk Factors	You should carefully read the Risk Factors beginning on the next page of this prospectus supplement, as well as the risk factors that are incorporated by reference in this prospectus supplement, before investing in the notes or our common shares.

RISK FACTORS

You should carefully consider the risks of investing in our securities.

> ***Risks relating to our operations and our common shares are set forth in our most recent Annual Report on Form 10-K and in our most recent Quarterly Report on Form 10-Q filed after our most recent Annual Report on Form 10-K.*** *Risks relating to the notes are set forth below.*

These risks are not the only ones that we face. Additional risks not presently known to us or our subsidiaries or that are currently deemed immaterial could also materially and adversely affect our business, financial condition, results of operations and prospects and our subsidiaries, including the Operating Partnership. The trading price of the notes and the common shares for which the notes are convertible could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to the Notes

Acadia has no material assets other than its investment in the Operating Partnership.

Acadia has no material assets other than its investment in the Operating Partnership and substantially all its consolidated assets are held by the Operating Partnership. Accordingly, Acadia s ability to service its debt, including the notes, depends on the results of operations of the Operating Partnership and its other subsidiaries and upon the ability of such subsidiaries to provide Acadia with cash, whether in the form of management fees, dividends, loans or otherwise, and to pay amounts due on its obligations, including the notes. Acadia s subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

Effective subordination of the notes may reduce amounts available for payment of the notes.

The notes are not guaranteed by the Operating Partnership or any of Acadia s other subsidiaries. As a result, the notes are structurally subordinated to the debts and other obligations of the Operating Partnership and all of Acadia s other subsidiaries. This means that creditors of the Operating Partnership and Acadia s other subsidiaries, including trade creditors, have and will have access to the assets of those subsidiaries prior to the holders of the notes. As of December 31, 2006, the Operating Partnership and Acadia s other subsidiaries had total liabilities, including trade payables of approximately $496.8 million, including an aggregate of approximately $447.4 million of outstanding indebtedness.

The notes are unsecured. The holders of our secured debt may foreclose on the assets securing such debt, reducing the cash flow from the foreclosed property available for distribution to us for the payment of our unsecured debt, including the notes. The holders of our secured debt also would have priority, to the extent of the secured asset, over unsecured creditors in the event of our bankruptcy, liquidation or similar proceeding. As a result, the notes are effectively subordinated to our secured debt. As of December 31, 2006, we and our consolidated subsidiaries had secured indebtedness of approximately $347.4 million.

In addition, the notes are subordinated to the Series A and Series B Preferred OP Units of the Operating Partnership. The Operating Partnership has a total of 188 Series A Preferred OP Units outstanding as of December 31 2006. These OP Units were issued at a price of $1,000 per unit and are convertible into Common OP Units at a conversion price of $7.50 per unit and are entitled to a preferred quarterly distribution of the greater of (a) $22.50 per Series A Preferred OP Unit (9% annually) or (b) the quarterly distribution attributable to a Series A Preferred OP Unit if such unit were converted into a Common OP Unit. Accordingly, annual distributions to holders of these units will total at least $19,000.

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The Operating Partnership has a total of 4,000 Series B Preferred OP Units outstanding as of December 31, 2006. These OP units have a stated value of $1,000 per unit and are entitled to a quarterly preferred distribution of the greater of (i) $13.00 (5.2% annually) per unit or (ii) the quarterly distribution attributable to a Preferred OP Unit if such unit were converted into a Common OP Unit. The Series B Preferred OP Units are convertible into Common OP Units based on the stated value of $1,000 divided by $12.82 at any time. Accordingly, annual distributions to holders of these units will total at least $249,000.

Acadia may not have the cash necessary to pay the principal return and any net amount upon a conversion of notes or to repurchase the notes on specified dates or following certain change of control transactions.

Upon a conversion of notes in accordance with their terms, Acadia will be required to pay the principal return of those notes in cash. Holders of notes also have the right to require Acadia to repurchase the notes for cash on December 20, 2011, December 15, 2016 and December 15, 2021 or upon the occurrence of certain change of control transactions occurring prior to December 20, 2011. Acadia may not have sufficient funds to pay the principal return and any net cash amount or make the required repurchase of notes, as the case may be, in cash at the applicable time and, in such circumstances, may not be able to arrange the necessary financing on favorable terms. In addition, Acadia s ability to pay the principal return and any such net cash amount or make the required repurchase, as the case may be, may be limited by law or the terms of other debt agreements or securities. However, Acadia s failure to pay the principal return and any such net cash amount or make the required repurchase, as the case may be, would constitute an event of default under the indenture governing the notes, which, in turn, could constitute an event of default under other debt agreements or securities, thereby resulting in their acceleration and required prepayment and further restrict Acadia s ability to make such payments and repurchases.

There is currently no trading market for the notes, and an active liquid trading market for the notes may not develop.

There is currently no existing trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. Accordingly, an active public trading market may not develop for the notes and, even if one develops, may not be maintained. If an active public trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes is likely to be adversely affected and holders may not be able to sell their notes at desired times and prices or at all. If any notes are traded after their purchase, they may trade at a discount from their purchase price.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, the market price of our common shares, prevailing interest rates, the business, financial condition, results of operations, prospects and credit quality of us and our subsidiaries, including the Operating Partnership, and other comparable entities, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in any of these factors, some of which are beyond our control and others of which would not affect debt that is not convertible into capital stock. Historically, the market for convertible debt has been volatile. Market volatility could materially and adversely affect the notes, regardless of the business, financial condition, results of operations, prospects or credit quality of us and our subsidiaries, including the Operating Partnership.

The notes have a number of features that may adversely affect the value and trading prices of the notes, including conversion conditions and the lack of financial covenants. In addition, even if the conversion conditions are met, because the conversion value of the notes is dependent upon the closing sale price of our common shares, volatile or depressed market prices for our common shares are likely to have a similar effect on the trading prices of the notes. We cannot assure you that the closing sale price of our common shares in the future will not have an adverse effect on the trading prices of the notes.

Holders of notes will not be entitled to any rights with respect to our common shares, but will be subject to all changes made with respect to our common shares.

Holders of notes will not be entitled to any rights with respect to our common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common shares). However, holders of notes will be subject to all changes affecting our common shares. Holders of notes will be entitled to the rights afforded our common shares only if and when our common shares are delivered to them upon a conversion of notes. For example, in the event that an amendment is proposed to our declaration of trust or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to a holder s receipt of our common shares upon a conversion of notes, that holder will not be entitled to vote on the amendment, even though that holder will be subject to any changes affecting our common shares.

The price of our common shares may fluctuate significantly.

The market price of our common shares may fluctuate significantly in response to many factors, including:

- actual or anticipated changes in operating results or business prospects;
- changes in financial estimates by securities analysts;
- an inability to meet or exceed securities analysts estimates or expectations;
- conditions or trends in our industry or sector;
- the performance of other REITs in our sector and related market valuations;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives;
- hedging or arbitrage trading activity in our common shares;
- changes in interest rates;
- capital commitments;
- additions or departures of key personnel;
- future sales of our common shares or securities convertible into, or exchangeable or exercisable for, our common shares; and
- the factors described elsewhere in Risk Factors and Forward-Looking Statements.

Holders who receive our common shares upon conversion of their notes will be subject to the risk of volatile and depressed market prices of our common shares. In addition, many of the factors listed above are beyond our control. These factors may cause the market price of our common shares to decline, regardless of our financial condition, results of operations, business or prospects or those of our subsidiaries. We cannot assure you that the market prices of our common shares will not fall in the future.

The conditional conversion feature of the notes may prevent a conversion of notes prior to December 15, 2025, and we also have the right to deliver all cash upon a conversion of notes, so that holders may not receive any of our common shares upon conversion.

The notes are convertible prior to the close of business on the second business day prior to the stated maturity date at any time on or after December 15, 2025 and also if the closing sale price of our common shares reaches a specified threshold over a specified time period, if the trading price of the notes is below a specified threshold for a specified time period, the notes are called for redemption or if certain specified transactions or events occur and then only at prescribed times. See Description of Notes Conversion Rights in this prospectus supplement. If these conditions are not met, holders of notes will not be able to convert their notes prior to December 15, 2025 and, therefore, may not be able to receive the value of the consideration for which the notes would otherwise be convertible.

In addition, even if such conditions are met, upon a conversion of notes, we are required to pay the principal return in cash and, to the extent any net amount exists, we may elect to pay the entire net amount in cash. As a result, we are not required to deliver any of our common shares upon a conversion of notes. Therefore, holders may not be able to obtain any benefits of future ownership of our common shares upon any conversion and would be required to incur the related transaction costs to purchase our common shares with the cash consideration received upon such conversion, including our common shares that holders may require in order to cover short positions.

The premium payable on notes converted in connection with certain change of control transactions prior to December 20, 2011 may not adequately compensate holders for the lost option time value of their notes as a result of any such change of control.

If certain transactions that constitute a change of control occur prior to December 20, 2011, under certain circumstances, Acadia will increase the conversion rate by a number of additional common shares. This increased conversion rate will apply only to holders who convert their notes in connection with any such transaction. The number of the additional common shares will be determined based on the date on which the transaction becomes effective and the price paid per common share in such transaction, as described under Description of Notes Conversion Rights Make Whole Upon Certain Change of Control Transactions in this prospectus supplement. While the number of additional common shares is designed to compensate holders for the lost option time value of the notes as a result of such transaction, the amount of the premium payable is only an approximation of such lost value and may not adequately compensate holders for such loss. In addition, notwithstanding the foregoing, if (1) such transaction occurs on or after December 20, 2011, or (2) the price paid per common share in the transaction is less than $25.72 or equal to or in excess of $75.00, the conversion rate will not be increased. In no event will the number of common shares issuable upon a conversion of notes exceed 38.8802 subject to adjustment under certain circumstances, regardless of when the transaction becomes effective or the price paid per common share in the transaction.

The conversion rate of the notes may not be adjusted for all dilutive events and the adjustments are subject to limitations in the case of certain dilutive events.

Adjustments to the conversion rate of the notes as a result of cash dividends and self-tender or exchange offers may not exceed 38.8802 of our common shares, subject to adjustment in certain cases. As a result, holders of the notes will not realize the benefits of an increase to the conversion rate otherwise described in this prospectus supplement if such increase, together with previous increases, would result in the issuance of a number of our common shares upon conversion in excess of such specified maximum amount.

The conversion rate of the notes is subject to adjustment for certain events, including, without limitation, certain dividends on our common shares, the issuance of certain rights, options or warrants to holders of our common shares, subdivisions or combinations of our common shares, certain distributions of assets, debt securities, capital stock or cash to holders of our common shares and certain tender or exchange offers as described under Description of Notes Conversion Rate Adjustments in this prospectus supplement. The conversion rate will not be adjusted for other events, such as an issuance of our common shares for cash, that may adversely affect the trading price of the notes and our common shares. We cannot assure you that an event will not occur that is adverse to the interests of the holders of the notes and their value but does not result in an adjustment to the conversion rate.

The circumstances under which we are required to offer to repurchase notes are limited, so that the market price of the notes may decline if Acadia or the Operating Partnership enters into a transaction that is not a change of control under the indenture.

The term change of control (as used in the notes and the indenture) is limited in terms of its scope and may not include every event that might cause the market price of the notes to decline. As a result, our obligation to repurchase the notes upon a change of control may not preserve the value of the notes in the event of a highly leveraged transaction, reorganization, merger or similar transaction.

Upon conversion of the notes, holders may receive less consideration than expected because the value of our common shares may decline between the day that the conversion right is exercised and the day the value of our common shares is determined.

The conversion value that holders will receive upon conversion of notes will be determined on the basis of the closing sale price of our common shares on the New York Stock Exchange for each of the 20 consecutive trading days beginning on the third trading day following the date the notes are tendered for conversion. Accordingly, if the price of our common shares decreases after the conversion right is exercised, the conversion value will be adversely affected.

The net share settlement feature of the notes may have adverse consequences.

The net share settlement feature of the notes, which is described under Description of Notes Conversion Settlement in this prospectus supplement, may:

- result in holders receiving no shares upon conversion or fewer shares relative to the conversion value of the notes;
- reduce our liquidity because we will be required to pay the principal return in cash and the net amount, if any, may be paid, at our option, in cash as well;
- delay holders receipt of the proceeds upon conversion; and
- subject holders to market risk before receiving any shares upon conversion.

Ownership limitations in our declaration of trust may impair the ability of holders to convert notes for our common shares.

In order to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes, no person may own, or be deemed to own by virtue of the attribution rules of the Internal Revenue Code, more than 9.8% in value of our outstanding common shares, subject to certain exceptions. Notwithstanding any other provision of the notes, no holder of notes will be entitled to convert such notes for our common shares to the extent that receipt of our common shares would cause such holder (together with such holder s affiliates) to exceed the ownership limit contained in our declaration of trust. See Description of Shares of Beneficial Interest Shares REIT Ownership Limitations in the accompanying prospectus.

U.S. Federal Income Tax Risks Related to the Notes