

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2011**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-12002

ACADIA REALTY TRUST

(Exact name of registrant in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

1311 MAMARONECK AVENUE, SUITE 260, WHITE PLAINS, NY
(Address of principal executive offices)

23-2715194
(I.R.S. Employer
Identification No.)

10605
(Zip Code)

(914) 288-8100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES **NO**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES **NO**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>
Non-accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes No

As of November 2, 2011 there were 40,334,476 common shares of beneficial interest, par value \$.001 per share, outstanding.

ACADIA REALTY TRUST AND SUBSIDIARIES

FORM 10-Q

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Part I. Financial Information**Item 1. Financial Statements.****ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(dollars in thousands)	<u>September 30, 2011</u>	<u>December 31, 2010</u>
ASSETS	(unaudited)	
Operating real estate		
Land	\$ 268,077	\$ 219,981
Building and improvements	958,549	867,773
Construction in progress	3,983	4,236
	<u>1,230,609</u>	<u>1,091,990</u>
Less: accumulated depreciation	200,840	184,014
Net operating real estate	1,029,769	907,976
Real estate under development	229,223	243,892
Notes receivable, net	41,304	89,202
Investments in and advances to unconsolidated affiliates	78,420	31,036
Cash and cash equivalents	98,027	120,592
Cash in escrow	27,553	28,610
Rents receivable, net	23,179	17,360
Deferred charges, net	25,696	23,714
Acquired lease intangibles, net	22,975	18,622
Prepaid expenses and other assets	27,637	22,328
Assets of discontinued operations	2,684	21,474
Total assets	<u>\$ 1,606,467</u>	<u>\$ 1,524,806</u>
LIABILITIES		
Mortgage notes payable	\$ 846,399	\$ 806,212
Convertible notes payable, net of unamortized discount of \$109 and \$1,063, respectively	24,824	48,712
Distributions in excess of income from, and investments in, unconsolidated affiliates	21,401	20,884
Accounts payable and accrued expenses	31,992	27,458
Dividends and distributions payable	7,507	7,427
Acquired lease and other intangibles, net	5,592	5,737
Other liabilities	18,914	20,459
Liabilities of discontinued operations	289	395
Total liabilities	<u>956,918</u>	<u>937,284</u>
EQUITY		
Shareholders' Equity		
Common shares, \$.001 par value, authorized 100,000,000 shares; issued and outstanding 40,333,233 and 40,254,525 shares, respectively	40	40
Additional paid-in capital	303,783	303,823
Accumulated other comprehensive loss	(4,231)	(2,857)
Retained earnings	39,098	17,206
Total shareholders' equity	<u>338,690</u>	<u>318,212</u>
Noncontrolling interests	310,859	269,310
Total equity	<u>649,549</u>	<u>587,522</u>
Total liabilities and equity	<u>\$ 1,606,467</u>	<u>\$ 1,524,806</u>

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues				
Rental income	\$ 29,483	\$ 26,688	\$ 85,564	\$ 75,733
Interest income	1,585	5,206	9,493	15,437
Expense reimbursements	5,407	4,636	16,213	14,721
Management fee income	252	346	1,169	1,182
Other	666	712	1,849	1,786
Total revenues	37,393	37,588	114,288	108,859
Operating Expenses				
Property operating	7,347	6,887	22,565	20,324
Real estate taxes	5,003	4,523	13,792	12,902
General and administrative	5,758	5,317	17,147	15,852
Depreciation and amortization	8,398	8,687	24,626	23,651
Total operating expenses	26,506	25,414	78,130	72,729
Operating income	10,887	12,174	36,158	36,130
Equity in earnings of unconsolidated affiliates	3,110	143	3,025	610
Other interest income	105	175	219	462
Gain from bargain purchase	—	—	—	33,805
(Loss) gain on debt extinguishment	(303)	—	1,268	—
Interest and other finance expense	(9,742)	(9,904)	(27,598)	(29,061)
Income from continuing operations before income taxes	4,057	2,588	13,072	41,946
Income tax (benefit) provision	(488)	785	7	1,869
Income from continuing operations	4,545	1,803	13,065	40,077
Discontinued Operations				
Operating income from discontinued operations	102	478	702	1,208
Impairment of asset	—	—	(6,925)	—
Gain on sale of property	—	—	32,498	—
Income from discontinued operations	102	478	26,275	1,208
Net income	4,647	2,281	39,340	41,285
Noncontrolling interests				
Continuing operations	(572)	2,908	3,597	(18,045)
Discontinued operations	(64)	(72)	731	(195)
Net (income) loss attributable to noncontrolling interests	(636)	2,836	4,328	(18,240)
Net income attributable to Common Shareholders	\$ 4,011	\$ 5,117	\$ 43,668	\$ 23,045
Basic Earnings per Share				
Income from continuing operations	\$ 0.10	\$ 0.12	\$ 0.41	\$ 0.55
Income from discontinued operations	—	0.01	0.67	0.02
Basic earnings per share	\$ 0.10	\$ 0.13	\$ 1.08	\$ 0.57
Diluted Earnings per Share				
Income from continuing operations	\$ 0.10	\$ 0.12	\$ 0.41	\$ 0.55
Income from discontinued operations	—	0.01	0.67	0.02
Diluted earnings per share	\$ 0.10	\$ 0.13	\$ 1.08	\$ 0.57

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

(unaudited)

(amounts in thousands, except per share amounts)	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balance at December 31, 2010	40,254	\$ 40	\$ 303,823	\$ (2,857)	\$ 17,206	\$ 318,212	\$ 269,310	\$ 587,522
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	11	—	49	—	—	49	(49)	—
Dividends declared (\$0.54 per Common Share)	—	—	—	—	(21,776)	(21,776)	(738)	(22,514)
Vesting of employee Restricted Share and LTIP awards	95	—	389	—	—	389	2,829	3,218
Common Shares issued under Employee Share Purchase Plan	4	—	68	—	—	68	—	68
Issuance of LTIP Unit awards to employees	—	—	—	—	—	—	2,441	2,441
Issuance of Common Shares to trustees	8	—	171	—	—	171	—	171
Exercise of trustees options	1	—	7	—	—	7	—	7
Employee Restricted Shares cancelled	(40)	—	(724)	—	—	(724)	—	(724)
Noncontrolling interest distributions	—	—	—	—	—	—	(815)	(815)
Noncontrolling interest contributions	—	—	—	—	—	—	43,646	43,646
	<u>40,333</u>	<u>40</u>	<u>303,783</u>	<u>(2,857)</u>	<u>(4,570)</u>	<u>296,396</u>	<u>316,624</u>	<u>613,020</u>
Comprehensive income (loss):								
Net income (loss)	—	—	—	—	43,668	43,668	(4,328)	39,340
Unrealized loss on valuation of swap agreements	—	—	—	(3,265)	—	(3,265)	(1,944)	(5,209)
Reclassification of realized interest on swap agreements	—	—	—	1,891	—	1,891	507	2,398
Total comprehensive (loss) income	—	—	—	(1,374)	43,668	42,294	(5,765)	36,529
Balance at September 30, 2011	<u>40,333</u>	<u>\$ 40</u>	<u>\$ 303,783</u>	<u>\$ (4,231)</u>	<u>\$ 39,098</u>	<u>\$ 338,690</u>	<u>\$ 310,859</u>	<u>\$ 649,549</u>

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (continued)

(unaudited)

(amounts in thousands, except per share amounts)	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balance at December 31, 2009	39,787	\$ 40	\$ 299,014	\$ (2,994)	\$ 16,125	\$ 312,185	\$ 220,292	\$ 532,477
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	359	—	3,179	—	—	3,179	(3,179)	—
Dividends declared (\$0.54 per Common Share)	—	—	—	—	(21,721)	(21,721)	(553)	(22,274)
Vesting of employee Restricted Share and LTIP awards	133	—	1,561	—	—	1,561	1,333	2,894
Common Shares issued under Employee Share Purchase Plan	5	—	75	—	—	75	—	75
Issuance of Common Shares to trustees	13	—	228	—	—	228	—	228
Exercise of trustees options	7	—	101	—	—	101	—	101
Employee Restricted Shares cancelled	(57)	—	(966)	—	—	(966)	—	(966)
Noncontrolling interest distributions	—	—	—	—	—	—	(856)	(856)
Noncontrolling interest contributions	—	—	—	—	—	—	21,076	21,076
	<u>40,247</u>	<u>40</u>	<u>303,192</u>	<u>(2,994)</u>	<u>(5,596)</u>	<u>294,642</u>	<u>238,113</u>	<u>532,755</u>
Comprehensive income (loss):								
Net income	—	—	—	—	23,045	23,045	18,240	41,285
Unrealized loss on valuation of swap agreements	—	—	—	(2,263)	—	(2,263)	(73)	(2,336)
Reclassification of realized interest on swap agreements	—	—	—	1,891	—	1,891	245	2,136
Total comprehensive (loss) income	—	—	—	(372)	23,045	22,673	18,412	41,085
Balance at September 30, 2010	<u>40,247</u>	<u>\$ 40</u>	<u>\$ 303,192</u>	<u>\$ (3,366)</u>	<u>\$ 17,449</u>	<u>\$ 317,315</u>	<u>\$ 256,525</u>	<u>\$ 573,840</u>

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(dollars in thousands)	Nine Months Ended	
	September 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 39,340	\$ 41,285
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	25,087	25,409
Amortization of financing costs	2,897	3,137
Gain from bargain purchase	—	(33,805)
Gain on sale of property	(32,498)	—
Gain on debt extinguishment	(1,268)	—
Impairment of asset	6,925	—
Non-cash accretion of notes receivable	(601)	(4,513)
Share compensation expense	3,390	3,121
Equity in earnings of unconsolidated affiliates	(3,025)	(610)
Distributions of operating income from unconsolidated affiliates	5,213	805
Other, net	2,571	3,190
Changes in assets and liabilities		
Cash in escrow	735	(20,977)
Rents receivable, net	(6,974)	(2,891)
Prepaid expenses and other assets	(4,039)	1,443
Accounts payable and accrued expenses	4,133	5,285
Other liabilities	(2,749)	1,713
Net cash provided by operating activities	39,137	22,592
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in real estate	(135,709)	(60,552)
Deferred acquisition and leasing costs	(4,291)	(2,442)
Investments in and advances to unconsolidated affiliates	(46,544)	(2,915)
Return of capital from unconsolidated affiliates	3,735	753
Repayments of notes receivable	48,182	42,011
Increase in notes receivable	(7,834)	—
Proceeds from sale of property	43,791	—
Net cash used in investing activities	(98,670)	(23,145)

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(unaudited)

	Nine Months Ended	
	September 30,	
	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage notes	(66,751)	(33,698)
Proceeds received on mortgage notes	108,802	58,914
Purchase of convertible notes payable	(21,994)	—
Increase in deferred financing and other costs	(2,835)	(4,973)
Capital contributions from noncontrolling interests	43,646	21,076
Distributions to noncontrolling interests	(1,478)	(1,426)
Dividends paid to Common Shareholders	(21,773)	(21,655)
Repurchase and cancellation of Common Shares	(724)	(966)
Common Shares issued under Employee Share Purchase Plan	68	75
Exercise of options to purchase Common Shares	7	101
Net cash provided by financing activities	<u>36,968</u>	<u>17,448</u>
(Decrease) increase in cash and cash equivalents	(22,565)	16,895
Cash and cash equivalents, beginning of period	120,592	93,808
Cash and cash equivalents, end of period	<u>\$ 98,027</u>	<u>\$ 110,703</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for interest, net of capitalized interest of \$3,613 and \$1,592, respectively	<u>\$ 22,006</u>	<u>\$ 21,592</u>
Cash paid for income taxes	<u>\$ 3,721</u>	<u>\$ 1,184</u>
Acquisition of interest in unconsolidated affiliate:		
Real estate, net	\$ —	\$ (108,000)
Assumption of mortgage debt	—	25,990
Gain from bargain purchase	—	33,805
Other assets and liabilities	—	7,532
Investment in unconsolidated affiliates	—	37,824
Cash included in investment in real estate	<u>\$ —</u>	<u>\$ (2,849)</u>

See accompanying notes

1. ORGANIZATION AND BASIS OF PRESENTATION

Business and Organization

Acadia Realty Trust (the “Trust”) and subsidiaries (collectively, the “Company”), is a fully-integrated equity real estate investment trust (“REIT”) focused on the ownership, management and redevelopment of retail properties and urban/infill mixed-use properties with a retail component located primarily in high-barrier-to-entry, densely-populated metropolitan areas in the United States along the East Coast and in Chicago.

All of the Company’s assets are held by, and all of its operations are conducted through, Acadia Realty Limited Partnership (the “Operating Partnership”) and entities in which the Operating Partnership owns an interest. As of September 30, 2011, the Trust controlled approximately 99% of the Operating Partnership as the sole general partner. As the general partner, the Trust is entitled to share, in proportion to its percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners primarily represent entities or individuals that contributed their interests in certain properties or entities to the Operating Partnership in exchange for common or preferred units of limited partnership interest (“Common OP Units” or “Preferred OP Units”) and employees who have been awarded restricted OP units (“LTIP Units”) as long-term incentive compensation (Note 13). Limited partners holding Common OP Units are generally entitled to exchange their units on a one-for-one basis for common shares of beneficial interest of the Trust (“Common Shares”).

As of September 30, 2011, the Company has ownership interests in 48 properties within its core portfolio, which consists of those properties either 100% owned, or partially owned through joint venture interests, by the Operating Partnership, or subsidiaries thereof, not including those properties owned through its opportunity funds (“Core Portfolio”). The Company also has ownership interests in 47 properties within its three opportunity funds, Acadia Strategic Opportunity Fund L.P. (“Fund I”), Acadia Strategic Opportunity Fund II, LLC (“Fund II”) and Acadia Strategic Opportunity Fund III LLC (“Fund III”) and together with Fund I and Fund II, the “Opportunity Funds”). The 95 properties consist of commercial properties, primarily neighborhood and community shopping centers, mixed-use properties with a retail component and self-storage properties. In addition, the Company also invests in operating companies through Acadia Mervyn Investors I, LLC (“Mervyns I”), Acadia Mervyn Investors II, LLC (“Mervyns II”) and Fund II, all on a non-recourse basis. These investments comprise and are referred to as the Company’s Retailer Controlled Property initiative (“RCP Venture”). The Operating Partnership has the following equity interests in the Opportunity Funds, Mervyns I and Mervyns II:

<u>Entity</u>	<u>Equity Interest Held By Operating Partnership</u>
Fund I and Mervyns I	22.2%
Fund II and Mervyns II	20.0%
Fund III	19.9%

In addition, with respect to each of the Opportunity Funds, Mervyns I and Mervyns II, the Operating Partnership is entitled to a profit participation in excess of its equity interest percentage based on certain investment return thresholds (“Promote”).

Basis of Presentation

The consolidated financial statements include the consolidated accounts of the Company and its investments in partnerships and limited liability companies in which the Company is presumed to have control in accordance with the consolidation guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Investments in entities for which the Company has the ability to exercise significant influence but does not have financial or operating control, are accounted for under the equity method of accounting. Accordingly, the Company’s share of the net earnings (or losses) of entities accounted for under the equity method are included in consolidated net income under the caption, Equity in Earnings (Losses) of Unconsolidated Affiliates. Investments in entities for which the Company does not have the ability to exercise any influence are accounted for under the cost method.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

1. ORGANIZATION AND BASIS OF PRESENTATION (continued)

Actual results could differ from these estimates. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2011. The information furnished in the accompanying consolidated financial statements reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the aforementioned consolidated financial statements for the interim periods. These consolidated financial statements should be read in conjunction with the Company's 2010 Annual Report on Form 10-K, as filed with the SEC on February 28, 2011.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

Real Estate

The Company reviews its operating long-lived assets for impairment when there is an event, or change in circumstances that indicates that the carrying amount may not be recoverable. The Company records impairment losses and reduces the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Company does not expect to recover its carrying costs on properties held for use, the Company reduces its carrying cost to fair value, and for properties held-for-sale, the Company reduces its carrying value to the fair value less costs to dispose. During the quarter ended June 30, 2011, the Company determined that the value of the Granville Centre owned by Fund I was impaired. Accordingly, it recorded an impairment loss of \$6.9 million. Management does not believe that the values of any of the Company's other properties are impaired as of September 30, 2011.

Involuntary Conversion of Asset

The Company experienced significant flooding resulting in extensive damage to one of its properties during September 2011. Costs related to the clean-up and redevelopment are insured to a limit sufficient that the Company believes will allow for full restoration of the property. Loss of rents during the redevelopment are covered by business interruption insurance subject to a \$0.1 million deductible. The Company plans to restore the improvements that were damaged by the flooding and expects that the costs of such restoration and rebuilding will be recoverable from insurance proceeds. In accordance with ASC Topic 360 "Property, Plant and Equipment" and as a result of the above-described property damage, the Company has recorded a write-down of the asset's carrying value in the accompanying consolidated balance sheet of approximately \$1.4 million. In addition, the Company has recorded an insurance recovery in the same amount that is included in Prepaid Expenses and Other Assets in the accompanying consolidated balance sheet. The Company has also provided a \$0.1 million provision in the consolidated statement of income for its exposure to the insurance deductible attributable to the loss of rents.

Recent Accounting Pronouncements

During April 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-02, "A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring." ASU 2011-02 requires a creditor to evaluate whether a restructuring constitutes a troubled debt restructuring by concluding that the restructuring constitutes a concession and that the debtor is experiencing financial difficulties and was effective for the first interim or annual period beginning on or after June 15, 2011. The adoption of ASU 2011-02 did not have a material impact on the Company's financial condition or results of operations.

During May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." ASU No. 2011-04 amended ASC 820, Fair Value Measurements and Disclosures, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards ("IFRS"). The amendments, which primarily require additional fair value disclosure, are to be applied prospectively. The Company is currently evaluating the impact of adopting ASU 2011-04 which is effective for interim and annual periods beginning after December 15, 2011.

During June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income," which revises the manner in which companies present comprehensive income. Under ASU No. 2011-05, companies may present comprehensive income, which is net income adjusted for the components of other comprehensive income, either in a single continuous statement of comprehensive income or by using two separate but consecutive statements. Regardless of the alternative chosen, companies must display adjustments for items reclassified from other comprehensive income into net income within the presentation of both net income and other comprehensive income. ASU 2011-05 is effective for interim and annual periods beginning after December 15, 2011.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION (continued)

on a retrospective basis. The Company is currently evaluating the impact of the adoption of ASU 2011-05 on its consolidated financial statements.

2. EARNINGS PER COMMON SHARE

Basic earnings per Common Share is computed by dividing net income attributable to common shareholders by the weighted average Common Shares outstanding. Diluted earnings per Common Share reflect the potential dilution of the conversion of obligations and the assumed exercises of securities including the effects of awards issuable under the Company's Share Incentive Plans. The following table sets forth the computation of basic and diluted earnings per share from continuing operations for the periods indicated:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(dollars in thousands, except per share amounts)	2011	2010	2011	2010
Numerator				
Income from continuing operations attributable to Common Shareholders	\$ 3,973	\$ 4,711	\$ 16,662	\$ 22,032
Effect of dilutive securities:				
Preferred OP Unit distributions	—	—	14	14
Numerator for diluted earnings per Common Share	\$ 3,973	\$ 4,711	\$ 16,676	\$ 22,046
Denominator				
Weighted average shares for basic earnings per share	40,340	40,169	40,330	40,096
Effect of dilutive securities:				
Employee share options	289	262	268	214
Convertible Preferred OP Units	—	—	25	25
Dilutive potential Common Shares	289	262	293	239
Denominator for diluted earnings per share	40,629	40,431	40,623	40,335
Basic earnings per Common Share from continuing operations attributable to Common Shareholders	\$ 0.10	\$ 0.12	\$ 0.41	\$ 0.55
Diluted earnings per Common Share from continuing operations attributable to Common Shareholders	\$ 0.10	\$ 0.12	\$ 0.41	\$ 0.55

The weighted average shares used in the computation of diluted earnings per share include unvested restricted Common Shares ("Restricted Shares") and LTIP Units (Note 13) that are entitled to receive dividend equivalent payments. The effect of the conversion of Common OP Units is not reflected in the above table, as they are exchangeable for Common Shares on a one-for-one basis. The income allocable to such units is allocated on this same basis and reflected as noncontrolling interests in subsidiaries in the accompanying consolidated financial statements. As such, the assumed conversion of these units would have no net impact on the determination of diluted earnings per share. The conversion of the convertible notes payable (Note 9) is not reflected in the table above as such conversion, based on the current market price of the Common Shares, would be settled with cash.

The effect of the assumed conversion of 188 Series A Preferred OP Units into 25,067 Common Shares would be dilutive for the nine months ended September 30, 2011 and 2010 and are accordingly included in the table above. They would be anti-dilutive for the three months ended September 30, 2011 and 2010 and, as such, are not included in the table above.

3. NONCONTROLLING INTERESTS

Noncontrolling interests represent the portion of equity in entities consolidated in the accompanying financial statements that the Company does not own. Such noncontrolling interests are reported on the Consolidated Balance Sheets within equity, separately from shareholders' equity.

3. NONCONTROLLING INTERESTS (continued)

Noncontrolling interests include third party interests in the Company's Opportunity Funds and other entities. It also include interests in the Operating Partnership which represent (i) the limited partners' 280,349 and 281,294 Common OP Units at September 30, 2011 and December 31, 2010, respectively; (ii) 188 Series A Preferred OP Units at both September 30, 2011 and December 31, 2010; and (iii) 1,060,225 and 641,534 LTIP Units at September 30, 2011 and December 31, 2010, respectively.

4. ACQUISITION AND DISPOSITION OF REAL ESTATE AND DISCONTINUED OPERATIONS

Acquisitions

During September 2011, the Company acquired a 50% equity interest in an entity which owns a six property portfolio (the "Georgetown Portfolio") located in Washington, D.C. for a purchase price of \$13.4 million, which included the assumption of 50% of in-place debt of \$9.2 million, inclusive of the Company's existing mezzanine loan to the entity (Note 6).

During August 2011, the Company acquired a six property portfolio located in Chicago, Illinois for \$18.0 million.

During August 2011, the Company acquired a newly constructed 13,000 square foot property located in the Bronx, New York for \$9.1 million.

During June 2011, the Company acquired a 6,000 square foot single-tenant retail condominium located in New York, New York for \$4.8 million.

During May 2011, the Company acquired a 44,000 square foot retail property located in Chicago, Illinois, for \$28.4 million.

During April 2011, the Company, through Fund III, acquired a 105,000 square foot property located in the East Loop section of downtown Chicago, Illinois, for \$31.6 million

During February 2011, Fund III, in a venture with an unaffiliated partner, acquired three retail properties ("Lincoln Road"), aggregating 61,400 square feet located in the Lincoln Road area of South Miami Beach, Florida for \$51.9 million, which included the assumption of \$20.6 million of in-place mortgage debt. Fund III has a 95% interest in these properties.

During February 2011, Fund III, in a venture with an unaffiliated partner, acquired a 64,600 square foot single-tenant retail property ("White Oak") located in Silver Spring, Maryland for \$9.8 million. Fund III has a 90% interest in the property.

Discontinued Operations

The Company reports properties held-for-sale and properties sold during the periods as discontinued operations. The results of operations of discontinued operations are reflected as a separate component within the accompanying Consolidated Financial Statements for all periods presented.

During October 2011, Fund I sold Granville Centre, a 135,000 square foot shopping center, located in Columbus, Ohio, for \$2.3 million. During the quarter ended June 30, 2011, the Company determined that the value of the Granville Centre was impaired and recorded an impairment loss of \$6.9 million.

During May 2011, the Company sold the Ledgewood Mall, a 517,000 square foot, unencumbered enclosed mall located in Ledgewood, New Jersey, for \$37.0 million. The sale resulted in a gain of \$28.6 million.

During January 2011, the Company completed the sale of a Fund II leasehold interest in the Neiman Marcus location at Oakbrook Center, located in Oak Brook, Illinois, for \$8.2 million. The sale resulted in a gain of \$3.9 million.

The combined assets and liabilities as of December 31, 2010 and results of operations of the properties classified as discontinued operations for the three and nine months ended September 30, 2011 and 2010, respectively are summarized as follows:

ACADIA REALTY TRUST AND SUBSIDIARIES
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4. ACQUISITION AND DISPOSITION OF REAL ESTATE AND DISCONTINUED OPERATIONS (continued)

BALANCE SHEET (dollars in thousands)	September 30, 2011	December 31, 2010
ASSETS		
Net real estate	\$ 2,215	\$ 18,557
Rents receivable, net	363	753
Deferred charges, net of amortization	82	2,016
Prepaid expenses and other assets, net	24	148
Total assets of discontinued operations	<u>\$ 2,684</u>	<u>\$ 21,474</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 275	\$ 233
Other liabilities	14	162
Total liabilities of discontinued operations	<u>\$ 289</u>	<u>\$ 395</u>

STATEMENTS OF OPERATIONS (dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Total revenues	\$ 242	\$ 1,673	\$ 2,470	\$ 5,061
Total expenses	140	1,195	1,768	3,853
Operating income	102	478	702	1,208
Impairment of asset	—	—	(6,925)	—
Gain on sale of property	—	—	32,498	—
Income from discontinued operations	102	478	26,275	1,208
(Income) loss from discontinued operations attributable to noncontrolling interests	(64)	(72)	731	(195)
Income from discontinued operations attributable to Common Shareholders	<u>\$ 38</u>	<u>\$ 406</u>	<u>\$ 27,006</u>	<u>\$ 1,013</u>

5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

Core Portfolio

The Company owns a 22.2% interest in an approximately one million square foot retail portfolio (the “Brandywine Portfolio”) located in Wilmington, Delaware and a 49% interest in a 311,000 square foot shopping center located in White Plains, New York (“Crossroads”). These investments are accounted for under the equity method.

During September 2011, the Company acquired a 50% equity interest in the Georgetown Portfolio (Note 4). The unaffiliated venture partner for the Georgetown Portfolio maintains control over this investment and, as such, the Company accounts for this investment under the equity method. Due to this acquisition, the Company reclassified an existing \$8.0 million mezzanine loan collateralized by five properties within the Georgetown Portfolio from Notes Receivable to Investments in and Advances to Unconsolidated Affiliates.

5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES (continued)

Opportunity Funds

RCP Venture

During 2004, the Company along with Klaff Realty, LP (“Klaff”) and Lubert-Adler Management, Inc. (“Lubert-Adler”) formed an investment group, the RCP Venture, for the purpose of making investments in surplus or underutilized properties owned by retailers. The RCP Venture is neither a single entity nor a specific investment. Any member of this group has the option of participating, or not, in any individual investment and each individual investment has been made on a stand-alone basis through a separate limited liability company (“LLC”). These investments have been made through different investment vehicles with different affiliated and unaffiliated investors and different economics to the Company. Investments under the RCP Venture are structured as separate joint ventures as there may be other investors participating in certain investments in addition to Klaff, Lubert-Adler and Acadia. The Company has made these investments through its subsidiaries, Mervyns I, Mervyns II and Fund II, (together the “Acadia Investors”), all on a non-recourse basis. Through September 30, 2011, Acadia Investors have made investments in Mervyns Department Stores (“Mervyns”) and Albertsons including additional investments in locations that are separate from these original investments (“Add-On Investments”). Additionally, Acadia Investors have invested in Shopko, Marsh and Rex Stores Corporation (collectively “Other RCP Investments”).

The Acadia Investors have non-controlling interests in the individual investee LLC’s as follows:

Investment	Investee LLC	Acadia Investors Entity	Acadia Investors Ownership % in:	
			Investee LLC	Underlying entity(s)
Mervyns	KLA/Mervyn’s, LLC	Mervyns I and Mervyns II	10.5%	5.8%
Mervyns Add-On investments	KLA/Mervyn’s, LLC	Mervyns I and Mervyns II	10.5%	5.8%
Albertsons	KLA A Markets, LLC	Mervyns II	18.9%	5.7%
Albertsons Add-On investments	KLA A Markets, LLC	Mervyns II	20.0%	6.0%
Shopko	KLA-Shopko, LLC	Fund II	20.0%	2.0%
Marsh and Add-On investments	KLA Marsh, LLC	Fund II	20.0%	3.3%
Rex Stores	KLAC Rex Venture, LLC	Mervyns II	13.3%	13.3%

The Company accounts for the original investments in Mervyns and Albertsons under the equity method of accounting as the Company has the ability to exercise significant influence, but does not have financial or operating control.

The Company accounts for the Add-On Investments and Other RCP Investments under the cost method. Due to its minor ownership interest, based on the size of the investments as well as the terms of the underlying operating agreements, the Company has no influence over such entities operating and financial policies. Other than the minority investor rights to which the Company is entitled pursuant to statute, it has no rights other than to receive its pro-rata share of cash distributions as declared by the managers of the Add-On Investments and Other RCP Investments. The Company has no rights with respect to the control and operation of these investment vehicles, nor with the formulation and execution of business and investment policies.

During the three months ended September 30, 2011, the Company received RCP Venture distributions totaling \$4.5 million, and for the nine months ended September 30, 2011 received distributions of \$6.9 million. The Operating Partnership’s share of these distributions for the three and nine months ended September 30, 2011 totaled \$0.9 million and \$1.5 million, respectively.

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5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES (continued)

The following table summarizes activity related to the RCP Venture investments from inception through September 30, 2011:

(dollars in thousands)

Investment	Year Acquired	Invested Capital and Advances	Distributions	Operating Partnership Share	
				Invested Capital and Advances	Distributions
Mervyns	2004	\$ 26,058	\$ 45,966	\$ 4,901	\$ 11,251
Mervyns Add-On investments	2005/2008	6,517	3,558	1,046	819
Albertsons	2006	20,717	81,594	4,239	16,318
Albertsons Add-On investments	2006/2007	2,416	1,679	388	336
Shopko	2006	1,108	1,659	222	332
Marsh and Add-On investments	2006/2008	2,667	2,639	533	528
Rex Stores	2007	2,701	840	535	168
		\$ 62,184	\$ 137,935	\$ 11,864	\$ 29,752

Other Opportunity Fund Investments

Fund II Investments

Prior to June 30, 2010, Fund II had a 24.75% interest in CityPoint, a redevelopment project located in downtown Brooklyn, NY, which was accounted for under the equity method. On June 30, 2010, Fund II acquired the remaining interest in the project from its unaffiliated partner and, as a result, now consolidates the CityPoint investment.

Fund III Investments

The unaffiliated venture partners for the Lincoln Road (Note 4), White Oak (Note 4) and the White City Shopping Center investments maintain control over these entities and, as such, the Company accounts for these investments under the equity method.

During June 2010, Fund III, together with an unaffiliated partner, invested in an entity for the purpose of providing management services to owners of self-storage properties, including the 14 locations currently owned through Fund II and Fund III. The entity was determined to be a variable interest entity for which the Company was determined not to be the primary beneficiary. As such, the Company accounts for this investment under the equity method.

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5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES (continued)

Summary of Investments in Unconsolidated Affiliates

The following combined/condensed Balance Sheets and Statements of Operations, in each period, summarize the financial information of the Company's investments in unconsolidated affiliates.

(dollars in thousands)	September 30, 2011	December 31, 2010
Combined and Condensed Balance Sheets		
Assets		
Rental property, net	\$ 260,436	\$ 186,802
Investment in unconsolidated affiliates	162,240	192,002
Other assets	29,321	27,841
Total assets	\$ 451,997	\$ 406,645
Liabilities and partners' equity		
Mortgage note payable	\$ 298,065	\$ 267,565
Other liabilities	16,787	13,815
Partners' equity	137,145	125,265
Total liabilities and partners' equity	\$ 451,997	\$ 406,645
Company's investment in and advances to unconsolidated affiliates	\$ 78,420	\$ 31,036
Company's share of distributions in excess of share of income and investments in unconsolidated affiliates	\$ (21,401)	\$ (20,884)

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Combined and Condensed Statements of Operations				
Total revenues	\$ 10,290	\$ 7,317	\$ 30,789	\$ 21,787
Operating and other expenses	3,699	2,550	10,993	7,158
Interest expense	4,274	3,392	12,532	10,107
Equity in earnings (losses) of unconsolidated affiliates	13,472	(681)	13,060	2,083
Depreciation and amortization	2,222	1,057	6,467	3,745
Loss on sale of property, net	—	—	—	(2,957)
Net income (loss)	\$ 13,567	\$ (363)	\$ 13,857	\$ (97)
Company's share of net income	\$ 3,208	\$ 241	\$ 3,318	\$ 904
Amortization of excess investment	(98)	(98)	(293)	(294)
Company's share of net income	\$ 3,110	\$ 143	\$ 3,025	\$ 610

ACADIA REALTY TRUST AND SUBSIDIARIES
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6. NOTES RECEIVABLE

At September 30, 2011, the Company's notes receivable, net, aggregated \$41.3 million, and were collateralized either by the underlying properties or the borrowers' ownership interest in the entities that own the properties and/or by the borrowers' personal guarantee as follows:

Description	Effective Interest Rate	Maturity Date	First Priority Liens	Net Carrying amount of Notes Receivable	Extension Options
(dollars in thousands)					
Mezzanine Loan	10.0%	Demand	\$ —	\$ 2,280	—
Mezzanine Loan	13.0%	Demand	29,295	2,980	—
Mezzanine Loan	13.0%	Demand	6,000	1,964	—
First Mortgage Loan	10.8%	Demand	—	10,000	—
Other Loan	14.5%	12/2011	—	8,585	—
Other Loan	7.0%	2/2012	—	4,000	—
Other Loan	24.0%	1/2016	166,200	3,478	—
Mezzanine Loan	17.5%	1/2017	37,700	2,173	—
Mezzanine Loan	15.0%	Upon Capital Event	11,925	3,834	—
Individually less than 3%	10% to 13.0%	Demand to 12/2011	16,853	2,010	—
Total				\$ 41,304	

During September 2011, the Company reclassified an \$8.0 million mezzanine loan from Notes Receivable to Investments in and Advances to Unconsolidated Affiliates related to the acquisition of the Georgetown Portfolio (Note 5).

During September 2011, the Company made a \$4.0 million loan to two members of an entity which owns a shopping center in Washington D.C. The note accrues interest at 7% and matures in February 2012. In addition to the loan, the Company entered into and subsequently exercised an option to purchase the shopping center at a future date, pending the servicer's approval of the assignment of a first mortgage loan of \$17.0 million. The loan will be offset against the ultimate purchase price when the Company acquires the property.

During May 2011, the Company received a payment of \$54.7 million on a mezzanine loan, representing \$33.8 million of principal, \$13.4 million of accrued interest, and a \$7.5 million exit fee.

During February 2011, the Company made a mezzanine loan for \$3.8 million which accrues interest at 15% and is payable upon a capital event. The Company also received a payment of \$1.9 million on a mezzanine loan.

Allowances for real estate notes receivable are established based upon management's quarterly review of the investments. In performing this review, management considers the estimated net recoverable value of the loan as well as other factors, including the fair value of any collateral, the amount and status of any senior debt, and the prospects for the borrower. Because this determination is based upon projections of future economic events, which are inherently subjective, the amounts ultimately realized from the loans may differ materially from the carrying value at the balance sheet date.

The activity in the allowance for notes receivable for the nine months ended September 30, 2011 is as follows:

(dollars in thousands)	Allowance for Notes Receivable
Balance at December 31, 2010	\$ 4,964
Provision for losses on notes receivable	210
Balance at September 30, 2011	<u>\$ 5,174</u>

7. DERIVATIVE FINANCIAL INSTRUMENTS

As of September 30, 2011, the Company's derivative financial instruments consisted of six interest rate swaps with an aggregate notional value of \$62.3 million, which effectively fix LIBOR at rates ranging from 0.4% to 5.1% and mature between October 2011 and November 2012. The Company also has two derivative financial instruments with a notional value of \$28.9 million and \$42.0 million which cap LIBOR at 6.0% and 3.5%, respectively, and mature in April 2013 and August 2013, respectively. The Company is also a party to two forward interest rate swap transactions with respect to \$21.2 million of LIBOR-based variable-rate debt which will effectively fix LIBOR at rates ranging between 2.9% and 3.8%. The fair value of the derivative liability of these instruments, which is included in other liabilities in the Consolidated Balance Sheets, totaled \$3.9 million and \$2.8 million at September 30, 2011 and December 31, 2010, respectively. The notional value does not represent exposure to credit, interest rate, or market risks.

These derivative instruments have been designated as cash flow hedges and hedge the future cash outflows on variable-rate mortgage debt. Such instruments are reported at the fair value reflected above. As of September 30, 2011 and December 31, 2010, unrealized losses totaling \$4.2 million and \$2.8 million, respectively, were reflected in accumulated other comprehensive loss.

As of September 30, 2011 and December 31, 2010, no derivatives were designated as fair value hedges, hedges of net investments in foreign operations or considered to be ineffective. Additionally, the Company does not use derivatives for trading or speculative purposes.

8. MORTGAGE NOTES PAYABLE

The Company completed the following transactions related to mortgage notes payable and credit facilities during the nine months ended September 30, 2011:

During September 2011, the Company modified and extended the Fund III subscription line of credit. The modification provided a one year extension of the maturity date to October 10, 2012 and adjusted the interest rate to LIBOR plus 225 basis points. During 2011, the Company borrowed \$39.0 million and repaid \$15.1 million under this line of credit. As of September 30, 2011, the total outstanding amount on this line of credit was \$195.4 million.

During September 2011, the Company extended the maturity date of a \$9.9 million loan that was scheduled to mature in September 2011, to November 1, 2011.

During September 2011, the Company closed on a \$12.5 million loan collateralized by a property. The loan bears interest at LIBOR plus 235 basis points and matures on September 30, 2014, with two one-year extension options.

During August 2011, the Company amended an existing \$58.0 million loan collateralized by a property. The amendment provides for an additional \$4.0 million of proceeds. The amended loan continues to bear interest at LIBOR plus 400 points, subject to a LIBOR floor of 250 basis points and matures on January 12, 2012. Previously, during January 2011, the Company had amended this loan to provide for an additional \$3.0 million supplemental loan and a \$7.0 million subordinate loan. During the first nine months of 2011, the Company drew down an additional \$12.7 million on this construction loan. As of September 30, 2011, the total outstanding amount on this loan was \$53.0 million.

During August 2011, the Company closed on a \$42.0 million loan collateralized by six properties. The loan bears interest at LIBOR plus 415 basis points, with a LIBOR floor of 50 basis points and matures on August 31, 2013. The proceeds of this loan were used to repay a \$41.5 million loan that matured July 31, 2011.

During June 2011, the Company modified an existing \$85.3 million loan collateralized by a property. The modification extended the maturity date from October 4, 2011 to September 30, 2012. The loan continues to bear interest at LIBOR plus 350 basis points subject to a LIBOR floor of 150 basis points.

During June 2011, the Company modified an existing \$9.4 million loan collateralized by a property. The modification extended the maturity date from June 29, 2012 to June 30, 2018. The loan continues to bear interest at LIBOR plus 140 basis points.

During January 2011, the Company purchased a \$9.3 million mortgage loan collateralized by one of its properties for \$7.6 million, resulting in a \$1.7 million gain on extinguishment of debt.

During January 2011, the Company borrowed the remaining \$2.4 million of a \$34.0 million loan collateralized by a property.

9. CONVERTIBLE NOTES PAYABLE

In December 2006 and January 2007, the Company issued \$115.0 million of convertible notes with a fixed interest rate of 3.75% due 2026 (the “Convertible Notes”). The Convertible Notes were issued at par and require interest payments semi-annually in arrears on June 15th and December 15th of each year. The Convertible Notes are unsecured obligations and rank equally with all other unsecured and unsubordinated indebtedness. The Convertible Notes have an effective interest rate of 6.03% after giving effect to the accounting treatment required by ASC Topic 470-20 “Debt with Conversion and Other Options.” Holders of the Convertible Notes may require the Company to repurchase the Convertible Notes at par on December 20, 2011, December 15, 2016 and December 15, 2021. The Company determined that the Convertible Notes will mature on December 20, 2011.

The carrying amount of the equity component included in additional paid-in capital totaled \$0.1 million at September 30, 2011 and \$1.1 million at December 31, 2010. The additional non-cash interest expense recognized in the Consolidated Statements of Income was \$0.2 million and \$0.3 million for the three months ended September 30, 2011 and 2010, respectively, and \$0.7 million and \$0.8 million for the nine months ended September 30, 2011 and 2010, respectively. The if-converted value of the Convertible Notes does not exceed their aggregate principal amount as of September 30, 2011 and there are no derivative transactions that were entered into in connection with the issuance of the Convertible Notes.

During 2011, the Company purchased \$24.8 million in face amount of its Convertible Notes for \$25.0 million and recognized a loss on debt extinguishment of \$0.3 million.

Through September 30, 2011, the Company has purchased \$90.1 million in face amount of its Convertible Notes at an average discount of approximately 14%. The outstanding Convertible Notes face amount as of September 30, 2011 was \$24.9 million.

10. FAIR VALUE MEASUREMENTS

The FASB’s fair value measurements and disclosure guidance requires the valuation of certain of the Company’s financial assets and liabilities, based on a three-level fair value hierarchy. Market value assumptions obtained from sources independent of the Company are observable inputs that are classified within Levels 1 and 2 of the hierarchy, and the Company’s own assumptions about market value assumptions are unobservable inputs classified within Level 3 of the hierarchy.

The following table presents the Company’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2011:

(dollars in thousands)	Level 1	Level 2	Level 3
Liabilities			
Derivative financial instruments (Note 7)	\$ —	\$ 3,853	\$ —

Financial Instruments

Certain of the Company’s assets and liabilities meet the definition of financial instruments. Except as disclosed below, the carrying amounts of these financial instruments approximate their fair value.

The Company has determined the estimated fair values of the following financial instruments by discounting future cash flows utilizing a discount rate equivalent to the rate at which similar financial instruments would be originated at the reporting date:

(dollars in thousands)	September 30, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Notes Receivable	\$ 41,304	\$ 41,304	\$ 89,202	\$ 90,612
Mortgage Notes Payable and Convertible Notes Payable	\$ 871,223	\$ 863,996	\$ 854,924	\$ 863,639

11. RELATED PARTY TRANSACTIONS

The Company earned property management fees, legal and leasing fees from the Brandywine portfolio totaling \$0.2 million for each of the three months ended September 30, 2011 and 2010 and \$0.8 million and \$0.6 million for the nine months ended September 30, 2011 and September 30, 2010, respectively.

Related party receivables due from an unconsolidated affiliate totaled \$2.3 million at September 30, 2011 and \$2.5 million at December 31, 2010.

Lee Wielansky, the Lead Trustee of the Company, was paid a consulting fee of \$25,000 for each of the three months ended September 30, 2011 and 2010 and \$75,000 for each of the nine months ended September 30, 2011 and 2010.

12. SEGMENT REPORTING

The Company has five reportable segments: Core Portfolio, Opportunity Funds, Self-Storage Investments, Notes Receivable and Other. "Notes Receivable" consists of the Company's notes receivable and preferred equity investment and related interest income. "Other" consists primarily of management fees and interest income. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates property performance primarily based on net operating income before depreciation, amortization and certain nonrecurring items. Investments in the Core Portfolio are typically held long-term. Given the contemplated finite life of the Opportunity Funds, these investments are typically held for shorter terms. Fees earned by the Company as the general partner/member of the Opportunity Funds are eliminated in the Company's consolidated financial statements. The following tables set forth certain segment information for the Company, reclassified for discontinued operations, as of and for the three and nine months ended September 30, 2011 and 2010 (does not include unconsolidated affiliates):

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12. SEGMENT REPORTING (continued)

(dollars in thousands)	<u>Three Months Ended September 30, 2011</u>						Amounts Eliminated in Consolidation	Total
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable	Other			
Revenues	\$ 14,278	\$ 15,151	\$ 6,127	\$ 1,585	\$ 5,537	\$ (5,285)	\$ 37,393	
Property operating expenses and real estate taxes	4,182	5,037	3,744	—	—	(613)	12,350	
General and administrative	6,361	3,439	—	—	—	(4,042)	5,758	
Income before depreciation, amortization and impairment	\$ 3,735	\$ 6,675	\$ 2,383	\$ 1,585	\$ 5,537	\$ (630)	\$ 19,285	
Depreciation and amortization	\$ 3,547	\$ 3,960	\$ 1,070	\$ —	\$ —	\$ (179)	\$ 8,398	
Interest and other finance expense	\$ 3,944	\$ 4,619	\$ 882	\$ —	\$ —	\$ 297	\$ 9,742	
Real estate at cost	\$ 499,349	\$ 763,565	\$ 211,912	\$ —	\$ —	\$ (14,994)	\$ 1,459,832	
Total assets	\$ 614,100	\$ 875,623	\$ 191,840	\$ 41,304	\$ —	\$ (116,400)	\$ 1,606,467	
Expenditures for real estate and improvements	\$ 33,995	\$ 9,338	\$ 1,196	\$ —	\$ —	\$ (738)	\$ 43,791	

Reconciliation to net income and net income attributable to Common Shareholders

Net property income before depreciation and amortization	\$ 19,285
Other interest income	105
Depreciation and amortization	(8,398)
Equity in earnings of unconsolidated affiliates	3,110
Interest and other finance expense	(9,742)
Income tax (benefit)	(488)
Loss on debt extinguishment	(303)
Income from discontinued operations	102
Net income	4,647
Net (income) attributable to noncontrolling interests	(636)
Net income attributable to Common Shareholders	\$ 4,011

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12. SEGMENT REPORTING (continued)

(dollars in thousands)	Three Months Ended September 30, 2010						Amounts Eliminated in Consolidation	Total
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable	Other			
Revenues	\$ 13,996	\$ 11,355	\$ 6,703	\$ 5,206	\$ 5,442	\$ (5,114)	\$ 37,588	
Property operating expenses and real estate taxes	4,140	3,681	3,963	—	—	(374)	11,410	
General and administrative	5,911	3,284	—	—	—	(3,878)	5,317	
Income before depreciation and amortization	\$ 3,945	\$ 4,390	\$ 2,740	\$ 5,206	\$ 5,442	\$ (862)	\$ 20,861	
Depreciation and amortization	\$ 3,743	\$ 3,792	\$ 1,264	\$ —	\$ —	\$ (112)	\$ 8,687	
Interest and other finance expense	\$ 4,529	\$ 4,097	\$ 1,305	\$ —	\$ —	\$ (27)	\$ 9,904	
Real estate at cost	\$ 440,721	\$ 677,946	\$ 209,956	\$ —	\$ —	\$ (12,869)	\$ 1,315,754	
Total assets	\$ 595,870	\$ 721,911	\$ 194,461	\$ 87,600	\$ —	\$ (121,571)	\$ 1,478,271	
Expenditures for real estate and improvements	\$ 1,194	\$ 23,090	\$ 187	\$ —	\$ —	\$ (853)	\$ 23,618	

Reconciliation to net income and net income attributable to Common Shareholders

Net property income before depreciation and amortization	\$ 20,861
Other interest income	175
Depreciation and amortization	(8,687)
Equity in earnings of unconsolidated affiliates	143
Interest and other finance expense	(9,904)
Income tax provision	785
Income from discontinued operations	478
Net income	2,281
Net loss attributable to noncontrolling interests	2,836
Net income attributable to Common Shareholders	\$ 5,117

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

12. SEGMENT REPORTING (continued)

(dollars in thousands)	<u>Nine Months Ended September 30, 2011</u>						Amounts Eliminated in Consolidation	Total
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable	Other			
Revenues	\$ 42,833	\$ 43,701	\$ 17,108	\$ 9,493	\$ 16,761	\$ (15,608)	\$ 114,288	
Property operating expenses and real estate taxes	12,636	14,980	10,475	—	—	(1,734)	36,357	
General and administrative	18,318	9,441	—	—	—	(10,612)	17,147	
Income before depreciation, amortization and impairment	\$ 11,879	\$ 19,280	\$ 6,633	\$ 9,493	\$ 16,761	\$ (3,262)	\$ 60,784	
Depreciation and amortization	\$ 10,474	\$ 11,647	\$ 3,089	—	—	\$ (584)	\$ 24,626	
Interest and other finance expense	\$ 12,295	\$ 11,857	\$ 2,722	—	—	724	\$ 27,598	
Real estate at cost	\$ 499,349	\$ 763,565	\$ 211,912	—	—	\$ (14,994)	\$ 1,459,832	
Total assets	\$ 614,100	\$ 875,623	\$ 191,840	\$ 41,304	—	\$ (116,400)	\$ 1,606,467	
Expenditures for real estate and improvements	\$ 67,842	\$ 67,439	\$ 2,073	—	—	\$ (1,645)	\$ 135,709	

Reconciliation to net income and net income attributable to Common Shareholders

Net property income before depreciation and amortization	\$ 60,784
Other interest income	219
Depreciation and amortization	(24,626)
Equity in earnings of unconsolidated affiliates	3,025
Interest and other finance expense	(27,598)
Income tax provision	7
Gain on debt extinguishment	1,268
Impairment of asset	(6,925)
Income from discontinued operations	702
Gain on sale of property	32,498
Net income	39,340
Net loss attributable to noncontrolling interests	4,328
Net income attributable to Common Shareholders	\$ 43,668

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

12. SEGMENT REPORTING (continued)

(dollars in thousands)	Nine Months Ended September 30, 2010						Total
	Core Portfolio	Opportunity Funds	Self-Storage Investments	Notes Receivable	Other	Amounts Eliminated in Consolidation	
Revenues	\$ 42,270	\$ 33,973	\$ 16,016	\$ 15,437	\$ 15,431	\$ (14,268)	\$ 108,859
Property operating expenses and real estate taxes	12,258	11,877	10,179	—	—	(1,088)	33,226
General and administrative	16,971	10,210	—	—	—	(11,329)	15,852
Income before depreciation and amortization	\$ 13,041	\$ 11,886	\$ 5,837	\$ 15,437	\$ 15,431	\$ (1,851)	\$ 59,781
Depreciation and amortization	\$ 10,394	\$ 10,537	\$ 3,021	—	—	\$ (301)	\$ 23,651
Interest and other finance expense	\$ 13,567	\$ 11,877	\$ 3,699	—	—	(82)	\$ 29,061
Real estate at cost	\$ 440,721	\$ 677,946	\$ 209,956	—	—	\$ (12,869)	\$ 1,315,754
Total assets	\$ 595,870	\$ 721,911	\$ 194,461	\$ 87,600	—	\$ (121,571)	\$ 1,478,271
Expenditures for real estate and improvements	\$ 2,756	\$ 58,318	\$ 1,300	—	—	\$ (1,822)	\$ 60,552

Reconciliation to net income and net income attributable to Common Shareholders

Net property income before depreciation and amortization	\$ 59,781
Other interest income	462
Depreciation and amortization	(23,651)
Equity in earnings of unconsolidated affiliates	610
Interest and other finance expense	(29,061)
Income tax provision	1,869
Gain from bargain purchase	33,805
Income from discontinued operations	1,208
Net income	41,285
Net (income) attributable to noncontrolling interests	(18,240)
Net income attributable to Common Shareholders	\$ 23,045

13. LONG-TERM INCENTIVE COMPENSATION

LONG-TERM INCENTIVE COMPENSATION

The Company maintains two share incentive plans, the 2003 Share Incentive Plan and the 2006 Share Incentive Plan (collectively the “Share Incentive Plans”).

On March 3, 2011 and March 22, 2011, the Company issued a combined total of 429,909 LTIP Units and 1,549 Restricted Shares to officers of the Company and 164 LTIP Units and 9,584 Restricted Shares to other employees of the Company. Vesting with respect to these awards are generally recognized ratably over the five annual anniversaries following the issuance date. Vesting with respect to 11% of the awards issued to officers is also generally subject to achieving certain Company performance measures.

These awards were measured at their fair value as if they were vested on the grant date. Fair value was established as the market price of the Company's Common Shares as of the close of trading on the day preceding the grant date.

The total value of the above Restricted Shares and LTIP Units as of the grant date was \$8.4 million, of which \$2.4 million was recognized in compensation expense during 2010 and \$6.0 million will be recognized in compensation expense over the vesting period. Compensation expense of \$0.4 million and \$1.6 million has been recognized in the accompanying financial statements related to these awards for the three and nine months ended September 30, 2011.

13. LONG-TERM INCENTIVE COMPENSATION (continued)

Total long-term incentive compensation expense, including the expense related to the above-mentioned plans, was \$1.0 million and \$0.9 million for the three months ended September 30, 2011 and 2010, respectively and \$3.2 million and \$2.9 million for the nine months ended September 30, 2011 and 2010, respectively.

On May 10, 2011, the Company issued 22,154 Restricted Shares to Trustees of the Company in connection with Trustee fees. Vesting with respect to 10,279 of the Restricted Shares will be on the first anniversary of the date of issuance and 11,875 of the Restricted Shares vest over three years with 33% vesting on each of the next three anniversaries of the issuance date. The Restricted Shares do not carry voting rights or other rights of Common Shares until vesting and may not be transferred, assigned or pledged until the recipients have a vested non-forfeitable right to such shares. Dividends are not paid currently on unvested Restricted Shares, but are paid cumulatively, from the issuance date through the applicable vesting date of such Restricted Shares. Trustee fee expense of \$0.1 million has been recognized for the nine months ended September 30, 2011 related to these Restricted Shares.

In 2009, the Company adopted the Long Term Investment Alignment Program (the "Program") pursuant to which the Company may award units primarily to senior executives which would entitle them to receive up to 25% of any future Fund III Promote when and if such Promote is ultimately realized. The Company has awarded units representing 71% of the Program, which were determined to have no value at issuance or as of September 30, 2011. In accordance with ASC Topic 718, "Compensation - Stock Compensation," compensation relating to these awards will be recorded based on the change in the estimated fair value at each reporting period.

14. SUBSEQUENT EVENTS

During October 2011, the Company refinanced a loan collateralized by a property that was scheduled to mature on December 1, 2011. The new principal balance of the loan is \$12.8 million and bears interest at LIBOR plus 2.25%. The maturity date of the loan is September 30, 2014, with one three-year extension option. In addition, the Company executed a forward swap for a notional amount of \$12.5 million which fixes LIBOR at 3.765% from December 3, 2012 to December 1, 2022.

During October 2011, the Company made a \$5.4 million construction loan commitment to an entity under which it made an initial loan advance of \$1.5 million. The loan bears interest at 15% and has an initial maturity date of April 1, 2012 with one six-month extension.

During October 2011, the Company repaid \$12.0 million of the Fund III subscription line of credit.

During October 2011, the Company drew down an additional \$2.5 million on a construction loan collateralized by a property.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion is based on the consolidated financial statements of the Company as of September 30, 2011 and 2010 and for the three and nine months then ended. This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results performance or achievements expressed or implied by such forward-looking statements. Such factors are set forth under the heading "Item 1A. Risk Factors" in our Form 10-K for the year ended December 31, 2010 (our "2010 Form 10-K") and include, among others, the following: general economic and business conditions, including the current post-recessionary period, which will, among other things, affect demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and the availability of financing; adverse changes in our real estate markets, including, among other things, competition with other companies; risks of real estate development, acquisition and investment; risks related to our use of leverage; demands placed on our resources due to the growth of our business; risks related to operating through a partnership structure; our limited control over joint venture investments; the risk of loss of key members of management; uninsured losses; REIT distribution requirements and ownership limitations; concentration of ownership by certain institutional investors; governmental actions and initiatives; and environmental/safety requirements. Except as required by law, we do not undertake any obligation to update or revise any forward-looking statements contained in this Form 10-Q.

OVERVIEW

As of September 30, 2011, we operated 95 properties, which we own or have an ownership interest in, within our Core Portfolio or within our three Opportunity Funds. These 95 properties consist of commercial properties, primarily neighborhood and community shopping centers, mixed-use properties with a retail component and self-storage properties. The properties we operate are located primarily along the East Coast and in Chicago. Our Core Portfolio consists of those properties either 100% owned, or partially owned through joint venture interests, by the Operating Partnership, or subsidiaries thereof, not including those properties owned through our Opportunity Funds. Excluding one property under redevelopment, there are 47 properties in our Core Portfolio totaling approximately 4.9 million square feet. Fund I has 20 properties comprising approximately 0.9 million square feet. Fund II has 9 properties, seven of which (representing 1.2 million square feet) are currently operating, one of which is under construction, and one of which is in the design phase. Three of the properties also include self-storage facilities. We expect the Fund II portfolio will have approximately 2.0 million square feet upon completion of all current construction and anticipated redevelopment activities. Fund III has 18 properties totaling approximately 2.0 million square feet, of which 11 locations representing 0.9 million net rentable square feet are self-storage facilities. The majority of our operating income is derived from rental revenues from these 95 properties, including recoveries from tenants, offset by operating and overhead expenses. As our RCP Venture invests in operating companies, we consider these investments to be private-equity style, as opposed to real estate, investments. Since these are not generally traditional investments in operating rental real estate but investments in operating businesses, the Operating Partnership principally invests in these through a taxable REIT subsidiary ("TRS").

Our primary business objective is to acquire and manage commercial retail properties that will provide cash for distributions to shareholders while also creating the potential for capital appreciation to enhance investor returns. We focus on the following fundamentals to achieve this objective:

- Own and operate a Core Portfolio of community and neighborhood shopping centers and main street retail located in markets with strong demographics and generate internal growth within the Core Portfolio through aggressive redevelopment, re-anchoring and/or leasing activities
- Maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth
- Generate external growth through an opportunistic yet disciplined acquisition program. We target transactions with high inherent opportunity for the creation of additional value through redevelopment and leasing and/or transactions requiring creative capital structuring to facilitate the transactions. These transactions may include other types of commercial real estate besides those which we invest in through our Core Portfolio. These may also include joint ventures with private equity investors for the purpose of making investments in operating retailers with significant embedded value in their real estate assets

CRITICAL ACCOUNTING POLICIES

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management bases its estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe there have been no material changes to the items that we disclosed as our critical accounting policies under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2010 Form 10-K.

RESULTS OF OPERATIONS

A discussion of the significant variances and primary factors contributing thereto within the results of operations are addressed below (where there were no significant variances in the tables, the information is presented without further discussion):

Comparison of the three months ended September 30, 2011 ("2011") to the three months ended September 30, 2010 ("2010")

Revenues	2011				2010			
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other
(dollars in millions)								
Rental income	\$ 11.6	\$ 12.3	\$ 5.5	\$ —	\$ 11.3	\$ 9.3	\$ 6.1	\$ —
Interest income	—	—	—	1.6	—	—	—	5.2
Expense reimbursements	2.6	2.8	—	—	2.7	2.0	—	—
Management fee income (1)	—	—	—	0.3	—	—	—	0.3
Other	0.1	—	0.6	—	0.1	—	0.6	—
Total revenues	\$ 14.3	\$ 15.1	\$ 6.1	\$ 1.9	\$ 14.1	\$ 11.3	\$ 6.7	\$ 5.5

- (1) Includes fees earned by us as general partner/managing member of the Opportunity Funds that are eliminated in consolidation and adjusts the loss (income) attributable to noncontrolling interests. The balance reflected in the table represents third party fees that are not eliminated in consolidation. Reference is made to Note 12 to the Notes to Consolidated Financial Statements in Part 1, Item 1 of this Form 10-Q for an overview of our five reportable segments.

Rental income in the Opportunity Funds increased from additional rents at Canarsie, Pelham Manor, 161st Street and Westport of \$2.9 million for leases that commenced during 2010 and 2011 ("Fund Redevelopment Properties") as well as additional rents of \$0.7 million following the acquisition of The Heritage Shops at Millennium Park ("2011 Fund Acquisition") during April 2011.

Interest income decreased as a result of the full repayment of two notes during 2010 and 2011.

Operating Expenses	2011				2010			
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other
(dollars in millions)								
Property operating	\$ 1.9	\$ 2.9	\$ 3.1	\$ (0.6)	\$ 2.0	\$ 2.2	\$ 3.1	\$ (0.4)
Real estate taxes	2.3	2.1	0.6	—	2.1	1.5	0.9	—
General and administrative	6.4	3.4	—	(4.0)	5.9	3.3	—	(3.9)
Depreciation and amortization	3.5	4.0	1.1	(0.2)	3.7	3.8	1.3	(0.1)
Total operating expenses	\$ 14.1	\$ 12.4	\$ 4.8	\$ (4.8)	\$ 13.7	\$ 10.8	\$ 5.3	\$ (4.4)

Other

(dollars in millions)	2011				2010			
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other
Equity in earnings (losses) of unconsolidated affiliates	\$ 0.1	\$ 3.9	\$ (0.9)	\$ —	\$ 0.2	\$ 0.5	\$ (0.6)	\$ —
Other interest income	—	—	—	0.1	—	—	—	0.2
Loss on debt extinguishment	(0.3)	—	—	—	—	—	—	—
Interest and other finance expense	(3.9)	(4.6)	(0.9)	(0.3)	(4.5)	(4.1)	(1.3)	—
Income tax (benefit) provision	(0.3)	—	(0.2)	—	0.9	—	(0.2)	—
Income from discontinued operations	—	—	—	0.1	—	—	—	0.5
Net (income) loss attributable to noncontrolling interests -								
- Continuing operations	(0.1)	(0.5)	—	—	—	2.9	—	—
- Discontinued operations	—	—	—	(0.1)	—	—	—	(0.1)

Equity in earnings (losses) of unconsolidated affiliates in the Opportunity Funds increased as a result of additional distributions in excess of basis from our Albertson's investment of \$4.3 million partially offset by a decrease in our pro-rata share of income from Mervyns of \$0.8 million in 2011.

The variance in the income tax (benefit) provision was due to an overaccrual of the 2010 tax liability at the TRS levels within the Core Portfolio.

Net (income) loss attributable to noncontrolling interests - Continuing operations represents the noncontrolling interests' share of all Opportunity Funds variances discussed above.

Comparison of the nine months ended September 30, 2011 ("2011") to the nine months ended September 30, 2010 ("2010")

Revenues (dollars in millions)	2011				2010			
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other
Rental income	\$ 34.0	\$ 35.8	\$ 15.7	\$ —	\$ 33.5	\$ 27.5	\$ 14.7	\$ —
Interest income	—	—	—	9.5	—	—	—	15.4
Expense reimbursements	8.3	7.9	—	—	8.5	6.2	—	—
Management fee income (1)	—	—	—	1.2	—	—	—	1.2
Other	0.5	—	1.4	—	0.3	0.2	1.3	—
Total revenues	\$ 42.8	\$ 43.7	\$ 17.1	\$ 10.7	\$ 42.3	\$ 33.9	\$ 16.0	\$ 16.6

(1) Includes fees earned by us as general partner/managing member of the Opportunity Funds that are eliminated in consolidation and adjusts the loss (income) attributable to noncontrolling interests. The balance reflected in the table represents third party fees that are not eliminated in consolidation. Reference is made to Note 12 to the Notes to Consolidated Financial Statements in Part 1, Item 1 of this Form 10-Q for an overview of our five reportable segments.

Rental income in the Opportunity Funds increased as a result of the Fund Redevelopment Properties and the 2011 Fund Acquisition. The increase in rental income in the Self-Storage Investments was due to increased occupancy throughout the portfolio.

Interest income decreased as a result of the full repayment of two notes during 2010 and 2011.

The increase in expense reimbursements in the Opportunity Funds was from additional reimbursements from the Fund Redevelopment Properties and the 2011 Fund Acquisition.

Operating Expenses

(dollars in millions)	2011				2010			
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other
Property operating	\$ 6.3	\$ 9.6	\$ 8.4	\$ (1.7)	\$ 6.0	\$ 7.4	\$ 8.0	\$ (1.1)
Real estate taxes	6.4	5.4	2.0	—	6.2	4.5	2.2	—
General and administrative	18.3	9.4	—	(10.6)	17.0	10.2	—	(11.3)
Depreciation and amortization	10.5	11.6	3.1	(0.6)	10.4	10.5	3.0	(0.3)
Total operating expenses	\$ 41.5	\$ 36.0	\$ 13.5	\$ (12.9)	\$ 39.6	\$ 32.6	\$ 13.2	\$ (12.7)

The increase in property operating expenses in the Opportunity Funds was from the Fund Redevelopment Properties, the 2011 Fund Acquisition and increased winter related common area expenses during 2011.

Real estate taxes in the Opportunity Funds increased due to the Fund Redevelopment Properties and the 2011 Fund Acquisition.

General and administrative expense in the Core Portfolio increased due to higher stock compensation expense and severance costs during 2011. The decrease in general and administrative expense in the Opportunity Funds related to the reduction in Promote expense within Fund I. The variance in the Other category was related to the elimination of Fund I promote expense for consolidated financial statement presentation purposes.

Depreciation and amortization expense in the Opportunity Funds increased due to the Fund Redevelopment Properties.

Other

(dollars in millions)	2011				2010			
	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Self- Storage Investments	Notes Receivable and Other
Equity in earnings (losses) of unconsolidated affiliates	\$ 0.6	\$ 5.0	\$ (2.6)	\$ —	\$ 0.5	\$ 0.8	\$ (0.7)	\$ —
Other interest income	—	—	—	0.2	—	—	—	0.5
Gain from bargain purchase	—	—	—	—	—	33.8	—	—
Gain on debt extinguishment	1.3	—	—	—	—	—	—	—
Interest and other finance expense	(12.3)	(11.9)	(2.7)	(0.7)	(13.6)	(11.9)	(3.7)	0.1
Income tax provision (benefit)	0.6	—	(0.6)	—	2.0	—	(0.1)	—
Income from discontinued operations	—	—	—	26.3	—	—	—	1.2
Net (income) loss attributable to noncontrolling interests -								
- Continuing operations	(0.4)	4.1	(0.1)	—	(0.2)	(17.8)	—	—
- Discontinued operations	—	—	—	0.7	—	—	—	(0.2)

Equity in earnings (losses) of unconsolidated affiliates in the Opportunity Funds increased as a result of additional distributions in excess of basis from our Albertson's investment of \$4.7 million as well as an increase in our pro-rata share of income following our investments in Lincoln Road and White City in 2010 and 2011. These increases were partially offset by a decrease in our pro-rata share of income from Mervyns of \$1.4 million in 2011.

The Self-Storage Investments equity in earnings (losses) represents the pro-rata share of losses from our unconsolidated investment in a self storage management company which commenced operations during 2010. The losses at the self storage management company are attributable to start-up costs.

The \$33.8 million gain from bargain purchase was due to Fund II's purchase of an unaffiliated member's interest in CityPoint in 2010.

Gain on debt extinguishment of \$1.3 million was the result of the purchase of mortgage debt at a discount in 2011.

Interest expense in the Core Portfolio decreased \$1.3 million in 2011. This was attributable to lower average outstanding borrowings in 2011. Interest expense in the Self Storage Investments decreased \$1.0 million in 2011 as a result of a \$0.6 million decrease due to lower average interest rates in 2011 as well as a \$0.4 million decrease related to fully amortized loan costs in 2011.

Income tax (benefit) provision variance in the Core Portfolio was attributable to an overaccrual of the 2010 tax liability at the TRS levels.

Income from discontinued operations related to two property sales during 2011.

Net (income) loss attributable to noncontrolling interests - Continuing operations primarily represents the noncontrolling interests' share of all Opportunity Funds variances discussed above.

FUNDS FROM OPERATIONS

Consistent with the National Association of Real Estate Investment Trusts ("NAREIT") definition, we define funds from operations ("FFO") as net income attributable to common shareholders (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciated property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

We consider FFO to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors in analyzing our performance. It is helpful as it excludes various items included in net income that are not indicative of the operating performance, such as gains (or losses) from sales of operating property and depreciation and amortization. However, our method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by GAAP and is not indicative of cash available to fund all cash needs, including distributions. FFO should not be considered as an alternative to net income for the purpose of evaluating our performance or to cash flows as a measure of liquidity.

The reconciliation of net income to FFO for the three and nine months ended September 30, 2011 and 2010 is as follows:

(amounts in millions, except per share amounts)	Three months ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Funds From Operations				
Net income attributable to Common Shareholders	\$ 4.0	\$ 5.1	\$ 43.7	\$ 23.0
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)				
Consolidated affiliates	4.5	5.0	13.6	13.8
Unconsolidated affiliates	0.3	0.3	1.1	1.2
Gain on sale (net of noncontrolling interests' share)				
Consolidated affiliates	—	—	(29.4)	—
Income attributable to noncontrolling interests' in Operating Partnership	0.1	0.1	0.5	0.3
Funds from operations	\$ 8.9	\$ 10.5	\$ 29.5	\$ 38.3
Funds From Operations per Share - Diluted				
Weighted average number of Common Shares and OP Units	41.1	40.9	41.1	40.8
Diluted funds from operations, per share	\$ 0.22	\$ 0.26	\$ 0.72	\$ 0.94

USES OF LIQUIDITY

Our principal uses of liquidity are (i) distributions to our shareholders and OP unit holders, (ii) investments which include the funding of our capital committed to the Opportunity Funds and property acquisitions and redevelopment/re-tenanting activities within our Core Portfolio, and (iii) debt service and loan repayments.

Distributions

In order to qualify as a REIT for Federal income tax purposes, we must currently distribute at least 90% of our taxable income to our shareholders. For the three and nine months ended September 30, 2011, we paid dividends and distributions on our Common Shares and Common OP Units totaling \$7.5 million and \$22.4 million, respectively.

Investments

Fund I and Mervyns I

During 2001, we formed a partnership, Fund I, and in 2004 formed a limited liability company, Mervyns I, with four institutional investors with \$90.0 million, in the aggregate, of committed discretionary capital. As of September 30, 2011, \$86.6 million has been invested in Fund I and Mervyns I, of which the Operating Partnership contributed \$19.2 million. Fund I and Mervyns I have returned all invested capital and accumulated preferred return thus triggering our Promote in all future Fund I and Mervyns I earnings and distributions.

Fund I currently owns, or had ownership interests in, 19 assets comprising approximately 0.8 million square feet as follows:

Shopping Center	Location	Year acquired	GLA
New York Region			
<i>New York</i>			
Tarrytown Shopping Center	Tarrytown	2004	35,000
Various Regions			
Kroger/Safeway Portfolio (18 locations)	Various	2003	715,000
Total			750,000

Reference is made to Note 5 in the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for a discussion of RCP investments made by Mervyns I to date.

Fund II and Mervyns II

During 2004, we, along with the investors from Fund I as well as two additional institutional investors, formed Fund II, and Mervyns II with \$300.0 million, in the aggregate, of committed discretionary capital. Fund II's primary investment focus has been in the New York Urban Infill Redevelopment Initiative and the RCP Venture which are discussed below. As of September 30, 2011, a total of \$273.2 million has been invested in Fund II and Mervyns II, of which the Operating Partnership contributed \$54.6 million. The remaining capital contribution balance of \$26.8 million is expected to be utilized to complete development activities for existing Fund II investments.

New York Urban Infill Redevelopment Initiative

In September 2004, we, through Fund II, launched our New York Urban Infill Redevelopment initiative. Fund II, together with an unaffiliated partner, formed Acadia Urban Development LLC ("Acadia Urban Development") for the purpose of acquiring, constructing, developing, owning, operating, leasing and managing certain mixed-use real estate properties which include a significant retail component in the New York City metropolitan area. To date our partner has invested its maximum commitment of \$2.2 million and Fund II, the managing member, has agreed to invest the balance.

To date, Fund II has invested in nine New York Urban Infill Redevelopment construction projects, eight of which were made through Acadia Urban Development, as follows:

Property	Location	Year acquired	Redevelopment (dollars in millions)			
			Costs to date	Anticipated additional costs (4)	Estimated construction completion	Square feet upon completion
Liberty Avenue (1)	Queens	2005	\$ 15.5	\$ 0.1	Completed	125,000
216th Street	Manhattan	2005	27.7	—	Completed	60,000
Fordham Place	Bronx	2004	125.5	9.1	Completed	264,000
Pelham Manor Shopping Center (1)	Westchester	2004	62.9	1.9	Completed	320,000
161st Street (2)	Bronx	2005	63.9	2.8	TBD	236,000
Atlantic Avenue (3)	Brooklyn	2007	22.3	0.1	Completed	110,000
Canarsie Plaza	Brooklyn	2007	89.4	1.6	Completed	274,000
CityPoint (1)	Brooklyn	2007	95.3	154.7 - 244.7	TBD	685,000 - 710,000
Sherman Plaza	Manhattan	2005	34.0	TBD	TBD	TBD
Total			\$ 536.5			

Notes:

TBD - To be determined.

- (1) Acadia Urban Development acquired a ground lease interest at these properties.
- (2) Currently operating but redevelopment activities have commenced.
- (3) Fund II owns 100% of this project.
- (4) Anticipated additional costs for completed properties represent costs for tenant improvements.

Retailer Controlled Property Venture

Reference is made to Note 5 in the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for a discussion of RCP investments made by Fund II and Mervyns II to date.

Fund III

During 2007, we formed Fund III with 14 institutional investors, including all of the investors from Fund I and a majority of the investors from Fund II with \$502.5 million of committed discretionary capital. As of September 30, 2011, \$143.0 million has been invested in Fund III, of which the Operating Partnership contributed \$28.5 million.

New York Urban Infill Redevelopment Initiative

Fund III has invested in one New York Urban/Infill Redevelopment and a main street retail redevelopment in Westport, Connecticut as follows:

Redevelopment (dollars in millions)						
Property	Location	Year acquired	Costs to date	Anticipated additional costs (1)	Estimated construction completion	Square feet upon completion
Sheepshead Bay	Brooklyn, NY	2007	\$ 22.8	TBD	TBD	TBD
125 Main Street	Westport, CT	2007	24.4	1.6	Completed	27,000
Total			\$ 47.2	\$ 1.6		27,000

Notes:

TBD - To be determined.

(1) Anticipated additional costs for completed properties represent costs for tenant improvements.

Other Fund III Investments

Fund III currently owns, or had ownership interests in, the following 16 assets comprising approximately 2.2 million square feet as follows:

(dollars in millions)					
Property	Location	Date Acquired	Purchase Price	GLA	
The Heritage Shops at Millennium Park	Chicago, IL	April 2011	\$ 31.6	105,000	
Lincoln Road	South Miami Beach, FL	February 2011	51.9	61,400	
White Oak	Silver Spring, MD	February 2011	9.8	64,600	
White City Shopping Center	Shrewsbury, MA	December 2010	56.0	225,200	
Cortlandt Towne Center	Westchester Co. NY	January 2009	78.0	642,000	
Self-storage Portfolio (11 locations)	Various NY and NJ locations	February 2008	174.0	1,124,000	
Total			\$ 401.3	2,222,200	

Reference is made to Note 4 in the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for a discussion of Fund III's 2011 acquisitions.

In addition, we, through Fund III, currently have entered into purchase and sale agreements with three unaffiliated sellers to acquire three properties with an aggregate purchase price of \$64.5 million. The completion of these transactions are subject to customary

closing conditions, and, as such, no assurance can be given that we will successfully complete these transactions.

Notes Receivable

Reference is made to Note 6 to the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for an overview of our notes receivable.

During October 2011, we made a \$5.4 million construction loan commitment to an entity and made an initial loan advance of \$1.5 million. The loan bears interest at 15% and has an initial maturity date of April 1, 2012 with one six-month extension.

During September 2011, we made a \$4.0 million loan to two members of an entity which owns a shopping center in Washington D.C. The loan accrues interest at 7% and matures February 2012.

During February 2011, we made a mezzanine loan for \$3.8 million which accrues interest at 15% and is payable upon a capital event.

Core Portfolio Property Acquisitions, Redevelopment and Expansion

During the nine months ended September 2011, we acquired 15 properties for an aggregate purchase price of \$73.7 million. Reference is made to Note 4 in the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for a discussion of these investments.

In addition, we currently have entered into a purchase and sale agreement with an unaffiliated seller to acquire 13 properties with an aggregate purchase price of \$62.8 million. We anticipate assuming debt totaling \$28.0 million and utilizing existing cash on hand and the issuance of OP Units in connection with this acquisition. The completion of this transaction is subject to customary closing conditions, and, as such, no assurance can be given that we will successfully complete this transaction.

Our Core Portfolio redevelopment program focuses on selecting well-located neighborhood and community shopping centers and creating significant value through re-tenanting and property redevelopment. We currently have one property in the early stages of redevelopment.

Purchase of Convertible Notes

Purchases of our Convertible Notes have been another use of our liquidity. During the nine months ended September 30, 2011, we purchased \$24.8 million in face amount of our outstanding Convertible Notes for \$25.0 million.

Share Repurchase

We have an existing share repurchase program that authorizes management, at its discretion, to repurchase up to \$20.0 million of our outstanding Common Shares. The program may be discontinued or extended at any time and there is no assurance that we will purchase the full amount authorized. Under this program we have repurchased 2.1 million Common Shares, none of which were repurchased after December 2001. As of September 30, 2011, management may cause the Company to repurchase up to approximately \$7.5 million of our outstanding Common Shares under this program.

SOURCES OF LIQUIDITY

We intend on using Fund III, as well as new funds that we may establish in the future, as the primary vehicles for our future acquisitions, including investments in the RCP Venture and New York Urban Infill Redevelopment Initiative. Additional sources of capital for funding property acquisitions, redevelopment, expansion, re-tenanting and RCP Venture investments, are expected to be obtained primarily from (i) the issuance of public equity or debt instruments, (ii) cash on hand and cash flow from operating activities, (iii) additional property debt financings, (iv) noncontrolling interests' unfunded capital commitments of \$21.4 million for Fund II and \$287.6 million for Fund III, and (v) future sales of existing properties.

During April 2011, Fund III received capital contributions of \$46.5 million to fund the acquisition of The Heritage Shops at Millennium Park and to pay down a portion of Fund III's credit facility. During June 2011, Fund II received capital contributions of \$8.0 million to fund development costs.

As of September 30, 2011, we had approximately \$59.4 million of additional capacity under existing debt facilities and cash and

cash equivalents on hand of \$98.0 million.

Shelf Registration Statements and Issuance of Equity

During April 2009, we filed a shelf registration on Form S-3 providing for offerings of up to a total of \$500.0 million of Common Shares, Preferred Shares and debt securities. We have remaining capacity under this registration statement to issue up to approximately \$430.0 million of these securities.

Asset Sales

Asset sales are an additional source of liquidity for us. During October 2011, we sold Fund I's Granville Centre, a 135,000 square foot shopping center located in Columbus Ohio, and received proceeds of \$1.9 million. During May 2011, we sold the Ledgewood Mall, a 517,000 square foot, unencumbered enclosed mall located in Ledgewood, New Jersey, and received proceeds of \$35.8 million. During January 2011, we completed the sale of a Fund II leasehold interest in the Neiman Marcus location at Oakbrook Center, located in Oak Brook, Illinois, and received proceeds of \$8.0 million.

Notes Receivable

During May 2011, we received a payment of \$54.7 million on a mezzanine loan, representing \$33.8 million of principal, \$13.4 million of accrued interest, and a \$7.5 million exit fee. During February 2011, we received a payment of \$1.9 million on a mezzanine loan. Reference is made to Note 6 to the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for an overview of our notes receivable.

Financing and Debt

At September 30, 2011, mortgage and convertible notes payable aggregated \$871.2 million, net of unamortized premium of \$0.1 million and unamortized discount of \$0.1 million, and the mortgages were collateralized by 29 properties and related tenant leases. Interest rates on our outstanding mortgage indebtedness and convertible notes payable ranged from 1.49% to 7.34% with maturities that ranged from October 2011 to November 2032. Taking into consideration \$62.3 million of notional principal under variable to fixed-rate swap agreements currently in effect, \$329.9 million of the mortgage and convertible notes payable, or 37.9%, was fixed at a 5.70% weighted average interest rate and \$541.3 million, or 62.1% was floating at a 3.49% weighted average interest rate as of September 30, 2011. There is \$58.5 million of debt maturing in 2011 at a weighted average interest rate of 2.88%. Of this amount, \$0.9 million represents scheduled annual amortization. \$32.9 million of loans maturing during 2011 provide for extension options, which we believe we will be able to exercise. As it relates to remaining maturities, we may not have sufficient cash on hand to repay such indebtedness, and, therefore, we expect to refinance at least a portion of this indebtedness or select other alternatives based on market conditions as these loans mature.

Reference is made to Note 8 in the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for an overview of transactions related to mortgage loans, bond financing and credit facilities during the nine months ended September 30, 2011.

The following table sets forth certain information pertaining to our secured credit facilities:

(dollars in millions) Borrower	Total amount of credit facility	Amount borrowed as of December 31, 2010	Net borrowings (repayments) during the nine months ended September 30, 2011	Amount borrowed as of September 30, 2011	Letters of credit outstanding as of September 30, 2011	Amount available under credit facilities as of September 30, 2011
Acadia Realty, LP	\$ 64.5	\$ 1.0	\$ —	\$ 1.0	\$ 4.6	\$ 58.9
Fund II	40.0	40.0	—	40.0	—	—
Fund III	195.9	171.5	23.9	195.4	—	0.5
Total	\$ 300.4	\$ 212.5	\$ 23.9	\$ 236.4	\$ 4.6	\$ 59.4

The following table summarizes the Company's mortgage and other secured indebtedness as of September 30, 2011 and December 31, 2010:

(dollars in millions)

Description of Debt and Collateral	09/30/11	12/31/10	Interest Rate at September 30, 2011	Maturity	Payment Terms
Mortgage notes payable – variable-rate					
Tarrytown Shopping Center	8.3	8.4	1.89% (LIBOR+1.65%)	10/30/2011	Interest only monthly
Liberty Avenue	9.9	10.0	3.49% (LIBOR+3.25%)	11/1/2011	Interest only monthly
Branch Shopping Plaza	13.7	13.9	1.54% (LIBOR+1.30%)	12/1/2011	Monthly principal and interest
Canarsie Plaza	53.0	40.2	Greater of 6.50% or 4.24% (LIBOR+4.00%)	1/12/2012	Interest only monthly
Fordham Place	84.9	85.9	Greater of 5.00% or 3.74% (LIBOR+3.5%)	9/30/2012	Monthly principal and interest
161st Street	28.9	28.9	5.74% (LIBOR+5.50%)	4/1/2013	Interest only monthly
CityPoint	20.7	20.7	2.74% (LIBOR+2.50%)	8/12/2013	Interest only monthly
Six self-storage properties	42.0	—	Greater of 4.65% or 4.39% (LIBOR+4.15%)	8/31/2013	Interest only monthly until 10/12; monthly principal and interest thereafter
Pelham Manor	34.0	31.6	2.99% (LIBOR+2.75%)	12/1/2013	Monthly principal and interest
125 Main Street, Westport	12.5	—	2.59% (LIBOR+2.35%)	9/30/2014	Interest only monthly
Cortlandt Towne Center	50.0	50.0	2.14% (LIBOR+1.90%)	10/26/2015	Monthly principal and interest
Village Commons Shopping Center	9.3	9.3	1.64% (LIBOR+1.40%)	6/30/2018	Monthly principal and interest
Sub-total mortgage notes payable	367.2	298.9			
Secured credit facilities – variable-rate:					
Six Core Portfolio properties	1.0	1.0	1.49% (LIBOR+1.25%)	12/1/2011	Annual principal and monthly interest
Fund III unfunded investor capital commitments	195.4	171.5	2.49% (LIBOR+2.25%)	10/10/2012	Interest only monthly
Fund II	40.0	40.0	3.14% (LIBOR+2.90%)	12/22/2014	Interest only monthly
Sub-total secured credit facilities	236.4	212.5			
Interest rate swaps (1)	(62.3)	(71.5)			
Total variable-rate debt	541.3	439.9			
Mortgage notes payable – fixed-rate					
Five self-storage properties	—	41.5	5.30%	8/31/2011	Interest only monthly
Clark Diversey	4.5	4.6	6.35%	7/1/2014	Monthly principal and interest
New Loudon Center	13.9	14.2	5.64%	9/6/2014	Monthly principal and interest
CityPoint	20.0	20.0	7.25%	11/1/2014	Interest only quarterly
Crescent Plaza	17.4	17.6	4.98%	9/6/2015	Monthly principal and interest
Pacesetter Park Shopping Center	12.0	12.1	5.12%	11/6/2015	Monthly principal and interest
Elmwood Park Shopping Center	33.9	34.2	5.53%	1/1/2016	Monthly principal and interest
The Gateway Shopping Center	20.4	20.5	5.44%	3/1/2016	Monthly principal and interest
Walnut Hill Plaza	23.5	23.5	6.06%	10/1/2016	Interest only monthly until 10/11; monthly principal and interest thereafter
239 Greenwich Avenue	26.0	26.0	5.42%	2/11/2017	Interest only monthly
Merrillville Plaza	26.2	26.2	5.88%	8/1/2017	Interest only monthly until 7/12; monthly principal and interest thereafter
216th Street	25.5	25.5	5.80%	10/1/2017	Interest only monthly
Atlantic Avenue	11.5	11.5	7.34%	1/1/2020	Interest only upon drawdown on construction loan until 1/15; monthly principal and interest thereafter
A&P Shopping Plaza	7.9	8.0	6.40%	11/1/2032	Monthly principal and interest
Chestnut Hill	—	9.3	—	—	—
Interest rate swaps (1)	62.3	71.5	4.85%		
Total fixed-rate debt	305.0	366.2			
Unamortized premium	0.1	0.1			
Total	\$ 846.4	\$ 806.2			

(1) Represents the amount of the Company's variable-rate debt that has been fixed through certain cash flow hedge transactions. (Note 7).

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

At September 30, 2011, maturities on our mortgage notes payable and convertible notes payable ranged from October 2011 to November 2032. In addition, we have non-cancelable ground leases at 24 of our shopping centers. We also lease space for our corporate headquarters for a term expiring in 2015. The following table summarizes our debt maturities, obligations under non-cancelable operating leases and construction contracts as of September 30, 2011:

(dollars in millions)

Contractual obligations	Payments due by period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Future debt maturities	\$ 871.3	\$ 114.2	\$ 479.7	\$ 151.9	\$ 125.5
Interest obligations on debt	110.9	35.8	39.8	23.2	12.1
Operating lease obligations	167.4	6.0	11.6	10.1	139.7
Construction commitments	24.9	24.9	—	—	—
Total	\$ 1,174.5	\$ 180.9	\$ 531.1	\$ 185.2	\$ 277.3

OFF BALANCE SHEET ARRANGEMENTS

We have investments in the following joint ventures for the purpose of investing in operating properties. We account for these investments using the equity method of accounting. As such, our financial statements reflect our investment in, and our share of income and loss from but not the individual assets and liabilities of these joint ventures.

Reference is made to Note 5 in the Notes to Consolidated Financial Statements in Part 1, Item 1 in this Form 10-Q for a discussion of our unconsolidated investments. Our pro-rata share of unconsolidated debt related to these investments is as follows:

(dollars in millions)

Investment	Pro-rata share of mortgage debt Operating Partnership	Interest rate at September 30, 2011	Maturity Date
Crossroads	\$ 29.7	5.37%	December 2014
Brandywine	36.9	5.99%	July 2016
White City	6.6	2.84%	December 2017
Lincoln Road	3.8	6.14%	August 2014
Georgetown Portfolio	5.2	5.10%	April 2012 - May 2021
Total	\$ 82.2		

In addition, we have arranged for the provision of one separate letter of credit in connection with certain leases and investments. As of September 30, 2011, there was no outstanding balance under the letter of credit. If the letter of credit was fully drawn, the maximum amount of our exposure would be \$4.6 million.

In addition to our derivative financial instruments, one of our unconsolidated affiliates is a party to two separate interest rate LIBOR swaps with a notional value of \$29.7 million, which effectively fix the interest rate at 5.54% and expire in December 2017. Our pro-rata share of the fair value of the derivative liabilities totaled \$0.4 million at September 30, 2011.

HISTORICAL CASH FLOW

The following table compares the historical cash flow for the nine months ended September 30, 2011 (“2011”) with the cash flow for the nine months ended September 30, 2010 (“2010”)

(dollars in millions)	Nine months ended September 30,		
	2011	2010	Change
Net cash provided by operating activities	\$ 39.1	\$ 22.6	\$ 16.5
Net cash used in investing activities	(98.7)	(23.1)	(75.6)
Net cash provided by financing activities	37.0	17.4	19.6
Total	\$ (22.6)	\$ 16.9	\$ (39.5)

A discussion of the significant changes in cash flow for 2011 compared to 2010 is as follows:

The increase of \$16.5 million in net cash provided by operating activities primarily resulted from the following:

Items which contributed to an increase in cash from operating activities:

- Additional rents from Fund redevelopment projects, Core and Fund acquisitions and distributions from our RCP investment in Albertson's
- Funding of an escrow account with the proceeds from the City Point bond financing during 2010

Items which contributed to a decrease in cash from operating activities:

- Payment of \$3.9 million for ground rent at City Point during 2011
- Additional cash payments totaling \$2.6 million during 2011 for income taxes related to our taxable REIT subsidiaries

The increase of \$75.6 million in net cash used in investing activities primarily resulted from the following:

Items which contributed to an increase in cash used in investing activities:

- An increase of \$77.0 million in expenditures for real estate, development and tenant installations during 2011
- An increase of \$43.6 million in investments and advances to unconsolidated affiliates during 2011 related to the acquisitions of Lincoln Road, White Oak, and Georgetown
- An increase of \$7.8 million in additional advances of notes receivables during 2011

Items which contributed to a decrease in cash used in investing activities:

- An increase of \$43.8 million in proceeds from the sale of two properties during 2011
- An increase of \$6.2 million from the collection of notes receivable during 2011

The \$19.6 million increase in net cash provided by financing activities resulted primarily from the following:

Items which contributed to an increase in cash from financing activities:

- An additional \$49.9 million in borrowings during 2011
- An additional \$22.6 million of contributions from noncontrolling interests during 2011

Items which contributed to a decrease in cash from financing activities:

- An additional \$33.1 million in repayments of debt during 2011
- \$22.0 million in repurchases of convertible notes during 2011

INFLATION

Our long-term leases contain provisions designed to mitigate the adverse impact of inflation on our net income. Such provisions include clauses enabling us to receive percentage rents based on tenants' gross sales, which generally increase as prices rise, and/or, in certain cases, escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses are often related to increases in the consumer price index or similar inflation indexes. In addition, many of our leases are for terms of less than ten years, which permits us to seek to increase rents upon re-rental at market rates if current rents are below the then existing market rates. Most of our leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our primary market risk exposure is to changes in interest rates related to our mortgage debt. See the discussion under Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations for certain quantitative details related to our mortgage debt.

Currently, we manage our exposure to fluctuations in interest rates primarily through the use of fixed-rate debt and interest rate swap and cap agreements. As of September 30, 2011, we had total mortgage debt and convertible notes payable of \$871.2 million, net of unamortized premium of \$0.1 million and unamortized discount of \$0.1 million, of which \$329.9 million or 37.9% was fixed-rate, inclusive of interest rate swaps, and \$541.3 million, or 62.1% was variable-rate based upon LIBOR plus certain spreads. As of September 30, 2011, we were a party to six interest rate swap transactions and two interest rate caps to hedge our exposure to changes in interest rates with respect to \$62.3 million of LIBOR-based variable-rate debt. We were also a party to two forward interest rate swap transactions with respect to \$21.2 million of LIBOR-based variable-rate debt.

Of our total consolidated outstanding debt, \$58.5 million and \$335.6 million will become due in 2011 and 2012, respectively. As we intend on refinancing some or all of such debt at the then-existing market interest rates, which may be greater than the current interest rate, our interest expense would increase by approximately \$3.9 million annually if the interest rate on the refinanced debt increased by 100 basis points. After giving effect to noncontrolling interests, the Company's share of this increase would be \$1.1 million.

Interest expense on our consolidated variable-rate debt, net of variable to fixed-rate swap agreements currently in effect, as of September 30, 2011 would increase by \$5.4 million annually if LIBOR increased by 100 basis points. After giving effect to noncontrolling interests, the Company's share of this increase would be \$0.8 million. We may seek additional variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, we would consider hedging against the interest rate risk related to such additional variable-rate debt through interest rate swaps and protection agreements, or other means.

Item 4. Controls and Procedures.

(a) *Evaluation of Disclosure Controls and Procedures.* In accordance with paragraph (b) of Rule 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures were effective.

(b) *Internal Control over Financial Reporting.* There has not been any change in our internal control over financial reporting during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings.

There have been no material legal proceedings or updates thereto beyond those previously disclosed in our 2010 Form 10-K.

Item 1A. Risk Factors.

The most significant risk factors applicable to us are described in Item 1A of our 2010 Form 10-K. There have been no material changes to those previously-disclosed risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. (Removed and Reserved).

Item 5. Other Information.

None

Item 6. Exhibits.

The information under the heading "Exhibit Index" below is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACADIA REALTY TRUST

November 2, 2011 /s/ Kenneth F. Bernstein
Kenneth F. Bernstein
President and Chief Executive Officer
(Principal Executive Officer)

November 2, 2011 /s/ Michael Nelsen
Michael Nelsen
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

Exhibit No.	Description
3.1	Declaration of Trust of the Company, as amended (1)
3.2	Fourth Amendment to Declaration of Trust (2)
3.3	Amended and Restated By-Laws of the Company (3)
3.4	Fifth Amendment to Declaration of Trust (9)
3.5	First Amendment the Amended and Restated Bylaws of the Company (9)
4.1	Voting Trust Agreement between the Company and Yale University dated February 27, 2002 (4)
10.83	Loan Agreement among 125 Main Street Associates LLC, as borrower and Bank of America, N.A., Note between 125 Main Street Associates LLC, as borrower and Bank of America N.A., and Guaranty Agreement by Acadia Strategic Opportunity Fund III LLC and Bank of America N.A., all dated September 30, 2011 (5)
10.84	Second Amendment to the Revolving Credit Agreement between Acadia Strategic Opportunity Fund III, LLC as borrower and Bank of America, N.A., dated September 1, 2011, and Third Amendment to the Revolving Credit Agreement between Acadia Strategic Opportunity Fund III, LLC as borrower and Bank of America, N.A., dated September 23, 2011 (5)
10.85	Amended and Restated Loan Agreement between Acadia Storage Post Portfolio Company LLC as borrower and General Electric Capital Corporation, four Mortgage Modification Agreements between Acadia Storage Post Portfolio Company LLC and General Electric Capital Corporation, Mortgage Security Agreement and Fixture Filing between Acadia Storage Post Portfolio Company LLC and General Electric Capital Corporation, Promissory Note between Acadia Storage Post Portfolio Company, LLC and General Electric Capital Corporation, and Amended and Restated Promissory Note between Acadia Storage Post Portfolio Company LLC, and General Electric Capital Corporation, all dated August 25, 2011 (5)
10.86	Loan Agreement between Manufacturers and Traders Trust Company ("M&T") and Canarsie Plaza LLC, Mortgage between M&T and Canarsie Plaza LLC, Mortgage Note between M&T and Canarsie Plaza LLC and Mortgage Note between M&T and Canarsie Plaza LLC, all dated August 24, 2011 (5)
21	List of Subsidiaries of Acadia Realty Trust (5)
31.1	Certification of Chief Executive Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (5)
31.2	Certification of Chief Financial Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (5)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (5)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (5)
99.1	Amended and Restated Agreement of Limited Partnership of the Operating Partnership (6)
99.2	First and Second Amendments to the Amended and Restated Agreement of Limited Partnership of the Operating Partnership (6)
99.3	Third Amendment to Amended and Restated Agreement of Limited Partnership of the Operating Partnership (7)
99.4	Fourth Amendment to Amended and Restated Agreement of Limited Partnership of the Operating Partnership (7)
99.5	Certificate of Designation of Series A Preferred Operating Partnership Units of Limited Partnership Interest of Acadia Realty Limited Partnership (8)
99.6	Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Acadia Realty Limited Partnership (7)
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Document*
101.DEF	XBRL Taxonomy Extension Definitions Document*
101.LAB	XBRL Taxonomy Extension Labels Document*
101.PRE	XBRL Taxonomy Extension Presentation Document*

* Pursuant to Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Notes:

- (1) Incorporated by reference to the copy thereof filed as an Exhibit to the Company's Annual Report on Form 10-K filed for the fiscal Year ended December 31, 1994
- (2) Incorporated by reference to the copy thereof filed as an Exhibit to Company's Quarterly Report on Form 10-Q filed for the quarter ended September 30, 1998
- (3) Incorporated by reference to the copy thereof filed as an Exhibit to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2005.
- (4) Incorporated by reference to the copy thereof filed as an Exhibit to Yale University's Schedule 13D filed on September 25, 2002
- (5) Filed herewith.
- (6) Incorporated by reference to the copy thereof filed as an Exhibit to the Company's Registration Statement on Form S-3 filed on March 3, 2000
- (7) Incorporated by reference to the copy thereof filed as an Exhibit to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2003
- (8) Incorporated by reference to the copy thereof filed as an Exhibit to Company's Quarterly Report on Form 10-Q filed for the quarter ended June 30, 1997
- (9) Incorporated by reference to the copy thereof filed as an Exhibit to Company's Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2009



LOAN AGREEMENT

among

125 MAIN STREET ASSOCIATES LLC,
as Borrower

and

BANK OF AMERICA, N.A.,
a national banking association,
as Administrative Agent

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Dated as of September 30, 2011

BANC OF AMERICA SECURITIES LLC,
as Sole Arranger and Sole Book Manager

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") dated as of September 30, 2011 is made by and among each lender from time to time a party hereto (individually, a "Lender" and collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association as Administrative Agent, and 125 MAIN STREET ASSOCIATES LLC, a Connecticut limited liability company ("Borrower"), who agree as follows:

ARTICLE 1 THE LOAN

1.1. General Information and Exhibits. This Agreement includes the Exhibits listed below which are marked by an "X", all of which Exhibits are attached hereto and made a part hereof for all purposes. Borrower and Lenders agree that if any Exhibit to be attached to this Agreement contains blanks, the same shall be completed correctly and in accordance with this Agreement prior to or at the time of the execution and delivery thereof.

<input checked="" type="checkbox"/>	Exhibit A - Legal Description of the Land
<input checked="" type="checkbox"/>	Exhibit B - Definitions and Financial Statements
<input checked="" type="checkbox"/>	Exhibit C - Conditions Precedent to the Advance
<input checked="" type="checkbox"/>	Exhibit D - Monthly Amortization Schedule
<input checked="" type="checkbox"/>	Exhibit E - Intentionally Omitted
<input checked="" type="checkbox"/>	Exhibit F - Advances
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<input checked="" type="checkbox"/>	Exhibit H - Intentionally Omitted
<input checked="" type="checkbox"/>	Exhibit I - Leasing and Tenant Matters
<input checked="" type="checkbox"/>	Exhibit J - Intentionally Omitted
<input checked="" type="checkbox"/>	Exhibit K - Intentionally Omitted
<input checked="" type="checkbox"/>	Exhibit L - Assignment and Assumption
<input checked="" type="checkbox"/>	Exhibit M - Loan Note
<input checked="" type="checkbox"/>	Exhibit N - Schedule of Lenders and Other Parties
<input checked="" type="checkbox"/>	Exhibit O - Swap Contracts

The Exhibits contain other terms, provisions and conditions applicable to the Loan. Capitalized terms used in this Agreement shall have the meanings assigned to them in Exhibit B. This Agreement and the other Loan Documents, which must be in form, detail and substance satisfactory to Lenders, evidence the agreements of Borrower and Lenders with respect to the Loan. Borrower shall comply with all of the Loan Documents.

1.2. Purpose. The proceeds of the Loan shall only be used by Borrower to (i) refinance a portion of the acquisition and re-development cost of the Land and the Improvements, (ii) fund other costs related to the Land and the Improvements and/or (iii) fund closing costs in connection with the Loan.

1.3. Commitment to Lend. Borrower agrees to borrow from each Lender, and each Lender severally agrees to lend its Pro Rata Share of the Loan proceeds to Borrower not to exceed such Lender's Pro Rata Share of the Loan and (except for Administrative Agent with respect to Administrative Agent Advances), on the terms and subject to the conditions set forth in this Agreement, including, without limitation, those set forth in Exhibit C and Exhibit F attached to this Agreement. Lender's commitment to

lend shall expire and terminate automatically if the Loan is prepaid in full. The Loan is not revolving. Any amount repaid may not be reborrowed.

1.4. Intentionally Omitted.

1.5. Intentionally Omitted.

1.6. Evidence of Debt. Amounts of the Loan made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by Administrative Agent in the ordinary course of business. The accounts or records maintained by Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loan made by Lenders to Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of Borrower hereunder to pay any amount owing with respect to the Indebtedness. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of Administrative Agent in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error.

1.7. Interest Rates.

1.7.1. Interest Rate.

(a) The unpaid principal balance of this Loan from day to day outstanding which is not past due, shall bear interest at a fluctuating rate of interest equal to the BBA LIBOR Daily Floating Rate plus the LIBOR Margin. The "BBA LIBOR Daily Floating Rate" shall mean a fluctuating rate of interest equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by Administrative Agent from time to time) as determined for each Business Day at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one month term, as adjusted from time to time in Administrative Agent's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternative method as reasonably selected by Administrative Agent. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. Interest shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year.

(b) If Administrative Agent determines that no adequate basis exists for determining the BBA LIBOR Daily Floating Rate or that the BBA LIBOR Daily Floating Rate will not adequately and fairly reflect the cost to Lenders of funding the Loan, or that any applicable law or regulation or compliance therewith by any Lender prohibits or restricts or makes impossible the charging of interest based on the BBA LIBOR Daily Floating Rate and such Lender so notifies Administrative Agent and Borrower, then until Administrative Agent notifies Borrower that the circumstances giving rise to such suspension no longer exist, interest shall accrue and be payable on the unpaid principal balance of this Loan from the date Administrative Agent so notifies Borrower until the Maturity Date of this Loan (whether by acceleration, declaration, extension or otherwise) at a fluctuating rate of interest equal to the Base Rate. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

1.7.2. Default Rate. After the occurrence of a Default (including the expiration of any applicable cure period), Administrative Agent, in Administrative Agent's sole discretion and without notice or demand, may raise the rate of interest accruing on the Principal Debt a rate per annum (the "Default

Rate") equal to the BBA LIBOR Daily Floating Rate (or, if unavailable pursuant to Section 1.7.1, the Prime Rate) plus 6.25%.

1.8. Prepayment. Borrower may prepay the principal balance of this Loan, in full at any time or in part from time to time, without fee, premium or penalty, provided that: (a) Administrative Agent shall have actually received from Borrower prior written notice of (i) Borrower's intent to prepay, (ii) the amount of principal which will be prepaid (the "Prepaid Principal"), and (iii) the date on which the prepayment will be made; (b) each prepayment shall be in a minimum amount of \$1,000 or more (unless the prepayment retires the outstanding balance of this Loan in full); and (c) each prepayment shall be in the amount of 100% of the Prepaid Principal, plus accrued unpaid interest thereon to the date of prepayment, plus any other sums which have become due to Administrative Agent and Lenders under the Loan Documents on or before the date of prepayment but have not been paid. If this Loan is prepaid in full, any commitment of Lenders for further advances shall automatically terminate.

1.9. Intentionally Omitted.

1.10. Late Charge. If Borrower shall fail to make any payment due hereunder or under the terms of any Note within fifteen (15) days after the date such payment is due, Borrower shall pay to the applicable Lender or Lenders on demand a late charge equal to 4% of such payment. Such fifteen (15) day period shall not be construed as in any way extending the due date of any payment. The "late charge" is imposed for the purpose of defraying the expenses of a Lender incident to handling such defaulting payment. This charge shall be in addition to, and not in lieu of, any other remedy Lenders may have and is in addition to any fees and charges of any agents or attorneys which Administrative Agent or Lenders may employ upon the occurrence of a Default, whether authorized herein or by Law.

1.11. Taxes.

(a) Any and all payments by Borrower to or for the account of Administrative Agent or any Lender under any Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of Administrative Agent and any Lender, taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which Administrative Agent or such Lender, as the case may be, is organized or maintains a lending office (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as "Taxes"). If Borrower shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to Administrative Agent or any Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), Administrative Agent and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions, (iii) Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within thirty (30) days after the date of such payment, Borrower shall furnish to Administrative Agent (which shall forward the same to such Lender) the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document (hereinafter referred to as "Other Taxes").

(c) If Borrower shall be required by the Laws of any jurisdiction outside the United States

to deduct any Taxes or Other Taxes from or in respect of any sum payable under any Loan Document to Administrative Agent or any Lender, Borrower shall also pay to Administrative Agent (for the account of such Lender) or to such Lender, at the time interest is paid, such additional amount that such Lender specifies is necessary to preserve the after-tax yield (after factoring in United States (federal and state) taxes imposed on or measured by net income) Lender would have received if such deductions (including deductions applicable to additional sums payable under this Section) had not been made.

(d) Borrower agrees to indemnify Administrative Agent and each Lender for the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section) paid by Administrative Agent and such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, in each case whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Tribunal. Payment under this subsection (d) shall be made within thirty (30) days after the date Lender or Administrative Agent makes a demand therefor.

(e) Without prejudice to the survival of any other agreement of Borrower hereunder, the agreements and obligations of Borrower contained in this Section shall survive the termination of the Commitments and the payment in full of all the other Indebtedness.

1.12. Payment Schedule and Maturity Date.

(a) Accrued unpaid interest shall be due and payable on the first day of the calendar month after the date of this Agreement and on the same day of each succeeding calendar month thereafter until all principal and accrued interest owing on this Loan shall have been fully paid and satisfied.

(b) Commencing on the date (the "Amortization Date") which is the first day of the month commencing on or after the twelfth month anniversary of the date hereof, the principal of the Loan shall be due and payable in monthly installments equal to the amount for the applicable month (by specific calendar months) set forth on Exhibit D (each such monthly amount, a "Monthly Principal Amount"). Such principal amortization payments shall be due and payable on the Amortization Date and on the first day of each succeeding month thereafter until the Loan shall have been fully paid and satisfied, provided that on the Maturity Date the entire principal balance of the Loan then unpaid and all accrued interest then unpaid shall be finally due and payable.

(c) Borrower may elect to extend the Maturity Date for up to two (2) one-year periods (each such period, an "Extension Term" and the end of such Extension Term, if the applicable extension option is validly exercised, the "Extended Maturity Date"), upon and subject to the following terms and conditions (which shall be required to be satisfied separately with respect to each of such two extension options):

(i) Basic Conditions. Unless otherwise agreed by Administrative Agent with the consent of all Lenders in writing:

(1) Borrower shall request the extension, if at all, by written notice to Administrative Agent not more than ninety (90) days, and not less than forty-five (45) days, prior to the Maturity Date.

(2) At the time of the request, and at the time of the extension, there shall not exist any Default, nor any condition or state of facts which after notice and/or lapse of time would constitute a Default under any Loan Document.

(3) Borrower shall (i) have completed renovation of the Improvements, including, without limitation, tenant improvement work for the lease with Retail Brand Alliance, Inc. (d/b/a Brooks Brothers Women), as evidenced by certificates of occupancy (permanent or temporary) for all of the Improvements issued by the appropriate governmental authority and (ii) deliver to Administrative Agent an updated title report indicating that no liens or other adverse title matters are present.

(4) Current financial statements regarding Borrower and each Guarantor (dated not earlier than thirty (30) days prior to the request for extension) and all other financial statements and other information as may be required under the Loan Documents regarding Borrower, each Guarantor and the Property, shall have been submitted promptly to Administrative Agent, and there shall not have occurred, in the opinion of Administrative Agent, any material adverse change in the business or financial condition of Borrower or any Guarantor, or in the Property or in any other state of facts submitted to Administrative Agent in connection with the Loan Documents, from that which existed on the date of this Agreement.

(5) Whether or not the extension becomes effective, Borrower shall pay all out-of-pocket costs and expenses incurred by Administrative Agent and Lenders in connection with the proposed extension (pre- and post-closing), including, without limitation, appraisal fees, environmental audit and legal fees; all such costs and expenses incurred up to the time of Lenders' written agreement to the extension shall be due and payable prior to Lenders' execution of that agreement (or if the proposed extension does not become effective, then upon demand by Administrative Agent), and any future failure to pay such amounts shall constitute a default under the Loan Documents.

(6) All applicable regulatory requirements, including appraisal requirements, shall have been satisfied with respect to the extension.

(7) Not later than the Maturity Date, (A) the extension shall have been consented to and documented to Administrative Agent and Lenders' satisfaction by Borrower, each Guarantor, Lenders, and all other parties deemed necessary by Administrative Agent (such as any permitted subordinate lienholders, tenants of the Property and permanent lenders (if any)); (B) Administrative Agent shall have been provided with an updated title report and judgment and lien searches, as required by Administrative Agent; and (C) Borrower shall have paid to Administrative Agent for the pro rata benefit of Lenders a non-refundable extension fee (an "Extension Fee") in an amount equal to 0.20% of the then outstanding principal balance hereunder; for the avoidance of doubt, payment of a separate full Extension Fee shall be a condition to each of Borrower's two extension periods.

(8) At the time of such extension, the Property shall have a Loan to Value Ratio (as hereinafter defined) of not greater than 70%, which Loan to Value Ratio shall be calculated as follows: the outstanding principal balance and accrued but unpaid interest on this Note as of the date of the determination of the ratio shall be divided by the appraised "As-Is" value of the Property. The appraised "As-Is" value of the Property shall be based upon an appraisal, prepared by an appraiser acceptable to Administrative Agent at Borrower's expense, and satisfactory to Administrative Agent in all respects, as reviewed, adjusted and approved by Administrative Agent. In the event this Loan to Value Ratio is not met, Borrower may satisfy this Loan to Value Ratio prior to the extension date by either (A) making a principal curtailment on the Loan in an amount sufficient to bring this Loan to Value Ratio into compliance and/or (B) provide additional collateral acceptable to Administrative Agent, which shall have value

(as determined by Administrative Agent) which when added to the Property value is sufficient to satisfy this Loan to Value Ratio. If Borrower has delivered collateral as aforesaid to satisfy the Loan to Value Ratio covenant and thereafter such Loan to Value Ratio covenant is satisfied, whether based on a new appraisal or a reduction of the Principal Debt, Administrative Agent shall, provided no Event of Default exists and such collateral is not required to satisfy any other covenant under the Loan Documents, release such collateral upon request of Borrower.

(9) At the time of such extension, Borrower shall satisfy a Debt Service Coverage Ratio as determined by Administrative Agent of at least 1.25 to 1.00.

(10) The first of the two extension options set forth in this Section shall be for the period (the "First Extension Term") commencing on October 1, 2014 and ending on September 30, 2015 and the second and final extension plan shall be for the period (the "Second Extension Term") commencing on October 1, 2015 and ending on September 30, 2016. It shall be a condition to Borrower's option to extend the Maturity Date for the Second Extension Term that Borrower shall have previously validly exercised Borrower's option with respect to the First Extension Term and satisfied all of the conditions with respect thereto. Borrower shall have no option or other right to extend the Maturity Date past the Second Extension Term.

If all of the foregoing conditions are not satisfied strictly in accordance with their terms, the extension shall not be or become effective.

(ii) Changes in Loan Terms. All terms and conditions of the Loan Documents shall continue to apply to the extended term except to the extent changed as indicated below (such changes to be effective on and after the original Maturity Date, if the applicable extension becomes effective as provided herein):

Maturity Date. The Maturity Date shall mean the Extended Maturity Date.

1.13. Advances and Payments.

(a) The Loan shall be advanced as follows: subject to Borrower's satisfaction of the conditions set forth in this Agreement including, without limitation, Exhibit "C" and Exhibit "F" hereto, the Advance shall be advanced as a single, lump sum advance. In the case of an advance of the Loan, each Lender shall make the funds for its Pro Rata Share of the Advance available to Administrative Agent not later than 11:00 a.m. Administrative Agent's Time on the Funding Date thereof. After Administrative Agent's receipt of the Advance from Lenders, Administrative Agent shall make proceeds of the Loan in an amount equal to the Loan Amount (or, if less, such portion of the Amount that shall have been paid to Administrative Agent by Lenders in accordance with the terms hereof) available to Borrower on the applicable Funding Date by advancing such funds to Borrower in accordance with the provisions of Exhibit F.

(b) All payments by Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by Borrower hereunder shall be made to Administrative Agent not later than 1:00 p.m. (Administrative Agent's Time) on the date specified herein. Administrative Agent shall distribute to each Lender such funds as such Lender may be entitled to receive hereunder (i) on or before 3:00 p.m. (Administrative Agent's Time) on the day Administrative Agent receives such funds, if Administrative Agent has received such funds on or before 1:00 p.m. (Administrative Agent's Time), or (ii) on or before 1:00 p.m. (Administrative Agent's Time) on the Business Day following the day Administrative Agent receives such funds, if Administrative Agent receives

such funds after 1:00 p.m. (Administrative Agent's Time). If Administrative Agent fails to timely pay any amount to any Lender in accordance with this subsection, Administrative Agent shall pay to such Lender interest at the Federal Funds Rate on such amount, for each day from the day such amount was to be paid until it is paid to such Lender.

(c) Except as otherwise provided herein, all payments by Borrower or any Lender shall be made to Administrative Agent at Administrative Agent's Office not later than the time for such type of payment specified in this Agreement. All payments received after such time shall be deemed received on the next succeeding Business Day. All payments shall be made in immediately available funds in lawful money of the United States of America. Whenever any payment falls due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day.

(d) Upon satisfaction of any applicable terms and conditions set forth herein, Administrative Agent shall promptly make any amounts received in accordance with the prior subsection available in like funds received as follows: (i) if payable to Borrower, in accordance with Exhibit F, except as otherwise specified herein, and (ii) if payable to any Lender, by wire transfer to such Lender at the address specified in the Schedule of Lenders.

(e) Unless Borrower or any Lender has notified Administrative Agent, prior to the date any payment is required to be made by it to Administrative Agent, that Borrower or such Lender, as the case may be, will not make such payment, Administrative Agent may assume that Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be required to do so) in reliance thereon, make available a corresponding amount to the person or entity entitled thereto. If and to the extent that such payment was not in fact made to Administrative Agent in immediately available funds, then:

(i) if Borrower failed to make such payment, each Lender shall forthwith on demand repay to Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by Administrative Agent to such Lender to the date such amount is repaid to Administrative Agent in immediately available funds at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender or, if applicable, Electing Lender or Lenders shall forthwith on demand pay to Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by Administrative Agent to Borrower to the date such amount is recovered by Administrative Agent (the "Compensation Period") at a rate per annum equal to the interest rate applicable to such amount under the Loan. If such Lender pays such amount to Administrative Agent, then such amount shall constitute such Lender's Pro Rata Share, included in the applicable Loan advance. If such Lender does not pay such amount forthwith upon Administrative Agent's demand therefor, Administrative Agent may make a demand therefor upon Borrower, and Borrower shall pay such amount to Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to such amount under the Loan. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which Administrative Agent or Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of Administrative Agent to any Lender or to Borrower with respect to any amount owing under this subsection shall be conclusive, absent manifest error.

(f) If any Lender makes available to Administrative Agent funds for the Loan advance to

be made by such Lender as provided in the foregoing provisions of this Section, and the funds are not advanced to Borrower or otherwise used to satisfy any Obligations of such Lender hereunder, Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(g) Nothing herein shall be deemed to obligate any Lender to obtain the funds for the Loan advance in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for the Loan advance in any particular place or manner.

1.14. Administrative Agent Advances.

(a) Administrative Agent is authorized, from time to time, in Administrative Agent's sole discretion to make, authorize or determine advances of the Loan, or otherwise expend funds, on behalf of Lenders ("Administrative Agent Advances"), (i) to pay any costs, fees and expenses as described in Section 6.10 herein, (ii) when the applicable conditions precedent set forth in Exhibit C and Exhibit F have been satisfied to the extent required by Administrative Agent, and (iii) when Administrative Agent deems necessary or desirable to preserve or protect the Loan collateral or any portion thereof (including those with respect to property taxes, insurance premiums, completion of construction, operation, management, improvements, maintenance, repair, sale and disposition) (A) subject to Section 5.5, after the occurrence of a Default, and (B) subject to Section 5.10, after acquisition of all or a portion of the Loan collateral by foreclosure or otherwise.

(b) Administrative Agent Advances shall constitute obligatory advances of Lenders under this Agreement, shall be repayable on demand and secured by the Loan collateral, and if unpaid by Lenders as set forth below shall bear interest at the rate applicable to such amount under the Loan or if no longer applicable, at the Base Rate. Administrative Agent shall notify each Lender in writing of each Administrative Agent Advance. Upon receipt of notice from Administrative Agent of its making of an Administrative Agent Advance, each Lender shall make the amount of such Lender's Pro Rata Share of the outstanding principal amount of Administrative Agent Advance available to Administrative Agent, in same day funds, to such account of Administrative Agent as Administrative Agent may designate, (i) on or before 3:00 p.m. (Administrative Agent's Time) on the day Administrative Agent provides Lenders with notice of the making of such Administrative Agent Advance if Administrative Agent provides such notice on or before 12:00 p.m. (Administrative Agent's Time), or (ii) on or before 12:00 p.m. on the Business Day immediately following the day Administrative Agent provides Lenders with notice of the making of such advance if Administrative Agent provides notice after 12:00 p.m. (Administrative Agent's Time).

1.15. Defaulting Lender.

1.15.1. Notice and Cure of Lender Default; Election Period; Electing Lenders. Administrative Agent shall notify (such notice being referred to as the "Default Notice") Borrower (for Loan advances) and each non-Defaulting Lender if any Lender is a Defaulting Lender. Each non-Defaulting Lender shall have the right, but in no event or under any circumstance the obligation, to fund such Defaulting Lender Amount, provided that within twenty (20) days after the date of the Default Notice (the "Election Period"), such non-Defaulting Lender or Lenders (each such Lender, an "Electing Lender") irrevocably commit(s) by notice in writing (an "Election Notice") to Administrative Agent, the other Lenders and Borrower to fund the Defaulting Lender Amount. If Administrative Agent receives more than one Election Notice within the Election Period, then the commitment to fund the Defaulting Lender Amount shall be apportioned pro rata among the Electing Lenders in the proportion that the amount of each such Electing Lender's Commitment bears to the total Commitments of all Electing Lenders. If the Defaulting Lender fails to pay the Defaulting Lender Payment Amount within the Election Period, the Electing Lender or Lenders, as applicable, shall be automatically obligated to fund the Defaulting Lender Amount (and Defaulting Lender shall no longer be

entitled to fund such Defaulting Lender Amount) within three (3) Business Days following the expiration of the Election Period to reimburse Administrative Agent or make payment to Borrower, as applicable. Notwithstanding anything to the contrary contained herein, if Administrative Agent has funded the Defaulting Lender Amount, Administrative Agent shall be entitled to reimbursement for its portion of the Defaulting Lender Payment Amount pursuant to Section 5.11.

1.15.2. Removal of Rights; Indemnity. Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments made by or on behalf of Borrower to Administrative Agent for the Defaulting Lender's benefit; nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder or under any Note until all Defaulting Lender Payment Amounts are paid in full. Amounts payable to a Defaulting Lender shall be paid by Administrative Agent to reimburse Administrative Agent and any Electing Lender pro rata for all Defaulting Lender Payment Amounts. Solely for the purposes of voting or consenting to matters with respect to the Loan Documents, a Defaulting Lender shall be deemed not to be a "Lender" and such Defaulting Lender's Commitment shall be deemed to be zero. A Defaulting Lender shall have no right to participate in any discussions among and/or decisions by Lenders hereunder and/or under the other Loan Documents. Further, any Defaulting Lender shall be bound by any amendment to, or waiver of, any provision of, or any action taken or omitted to be taken by Administrative Agent and/or the non-Defaulting Lenders under, any Loan Document which is made subsequent to the Defaulting Lender's becoming a Defaulting Lender. This Section shall remain effective with respect to a Defaulting Lender until such time as the Defaulting Lender shall no longer be in default of any of its obligations under this Agreement by curing such default by payment of all Defaulting Lender Payment Amounts (i) within the Election Period, or (ii) after the Election Period with the consent of the non-Defaulting Lenders. Such Defaulting Lender nonetheless shall be bound by any amendment to or waiver of any provision of, or any action taken or omitted to be taken by Administrative Agent and/or the non-Defaulting Lenders under any Loan Document which is made subsequent to that Lender's becoming a Defaulting Lender and prior to such cure or waiver. The operation of this subsection or the subsection above alone shall not be construed to increase or otherwise affect the Commitment of any non-Defaulting Lender, or relieve or excuse the performance by Borrower of their duties and obligations hereunder or under any of the other Loan Documents. Furthermore, nothing contained in this Section shall release or in any way limit a Defaulting Lender's obligations as a Lender hereunder and/or under any other of the Loan Documents. Further, a Defaulting Lender shall indemnify and hold harmless Administrative Agent and each of the non-Defaulting Lenders from any claim, loss, or costs incurred by Administrative Agent and/or the non-Defaulting Lenders as a result of a Defaulting Lender's failure to comply with the requirements of this Agreement, including, without limitation, any and all additional losses, damages, costs and expenses (including, without limitation, attorneys' fees) incurred by Administrative Agent and any non-Defaulting Lender as a result of and/or in connection with (i) a non-Defaulting Lender's acting as an Electing Lender, (ii) any enforcement action brought by Administrative Agent against a Defaulting Lender, and (iii) any action brought against Administrative Agent and/or Lenders. The indemnification provided above shall survive any termination of this Agreement.

1.15.3. Commitment Adjustments. In connection with the adjustment of the amounts of the Loan Commitments of the Defaulting Lender and Electing Lender(s) upon the expiration of the Election Period as aforesaid, Borrower, Administrative Agent and Lenders shall execute such modifications to the Loan Documents as shall, in the reasonable judgment of Administrative Agent, be necessary or desirable in connection with the adjustment of the amounts of Commitments in accordance with the foregoing provisions of this Section. For the purpose of voting or consenting to matters with respect to the Loan Documents such modifications shall also reflect the removal of voting rights of the Defaulting Lender and increase in voting rights of Electing Lenders to the extent an Electing Lender has funded the Defaulting Lender Amount. In connection with such adjustments, Defaulting Lenders shall execute and deliver an Assignment and Assumption covering that Lender's Commitment and otherwise comply with Section 6.5. If a Lender refuses

to execute and deliver such Assignment and Assumption or otherwise comply with Section 6.5, such Lender hereby appoints Administrative Agent to do so on such Lender's behalf. Administrative Agent shall distribute an amended Schedule of Lenders, which shall thereafter be incorporated into this Agreement, to reflect such adjustments. However, all such Defaulting Lender Amounts funded by Administrative Agent or Electing Lenders shall continue to be Defaulting Lender Amounts of the Defaulting Lender pursuant to its obligations under this Agreement.

1.15.4. No Election. In the event that no Lender elects to commit to fund the Defaulting Lender Amount within the Election Period, Administrative Agent shall, upon the expiration of the Election Period, so notify Borrower and each Lender.

1.16. Several Obligations; No Liability, No Release. Notwithstanding that certain of the Loan Documents now or hereafter may have been or will be executed only by or in favor of Administrative Agent in its capacity as such, and not by or in favor of Lenders, any and all obligations on the part of Administrative Agent (if any) to make any advances of the Loan or reimbursements for other Payment Amounts shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Pro Rata Shares. Except as may be specifically provided in this Agreement, no Lender shall have any liability for the acts of any other Lender. No Lender shall be responsible to Borrower or any other person for any failure by any other Lender to fulfill its obligations to make advances of the Loan or reimbursements for other Payment Amounts, nor to take any other action on its behalf hereunder or in connection with the financing contemplated herein. The failure of any Lender to pay to Administrative Agent its Pro Rata Share of a Payment Amount shall not relieve any other Lender of any obligation hereunder to pay to Administrative Agent its Pro Rata Share of such Payment Amounts as and when required herein, but no Lender shall be responsible for the failure of any other Lender to so fund its Pro Rata Share of the Payment Amount. In furtherance of the foregoing, Lenders shall comply with their obligation to pay Administrative Agent their Pro Rata Share of such Payment Amounts regardless of (i) the occurrence of any Default hereunder or under any Loan Document; (ii) any failure of consideration, absence of consideration, misrepresentation, fraud, or any other event, failure, deficiency, breach or irregularity of any nature whatsoever in the Loan Documents; or (iii) any bankruptcy, insolvency or other like event with regard to any Borrower or Guarantor. The obligation of Lenders to pay to such Payment Amounts are in all regards independent of any claims between Administrative Agent and any Lender.

ARTICLE 2 ADDITIONAL COVENANTS AND AGREEMENTS

2.1. Bank Accounts. Borrower shall maintain all security deposits collected from tenants or others with respect to the Property in one or more accounts with Administrative Agent in accordance with all applicable legal requirements. Borrower and/or Guarantor shall maintain all bank accounts used by Borrower in connection with the operation of the Property with Administrative Agent.

2.2. Intentionally Omitted.

2.3. Contracts. Without Administrative Agent's prior written approval as to parties, terms, and all other matters, Borrower shall not (a) enter into any Material Contract, (b) enter into any management, leasing, maintenance or other contract pertaining to the Property not described in clause (a) that is not unconditionally terminable by Borrower or any successor owner without penalty or payment on not more than thirty (30) days' notice to the other party thereunder, or (c) modify, amend, or terminate any such contracts. All rights and liens of the applicable contractor, architect, engineer, supplier, surveyor or other party under such contracts and any right to remove removable Improvements are subordinate to Lender's

rights and liens. Borrower shall not default under any contract, Borrower shall not permit any contract to terminate by reason of any failure of Borrower to perform thereunder, and Borrower shall promptly notify Administrative Agent of any default thereunder. Borrower will deliver to Administrative Agent, upon request of Administrative Agent, the names and addresses of all persons or entities with whom each contractor has contracted or intends to contract for the construction of the Improvements or for the furnishing of labor or materials therefor.

2.4. Assignment of Contracts and Plans. As additional security for the Obligations, Borrower hereby transfers and assigns to Administrative Agent for the ratable benefit of Administrative Agent and Lenders and grants a security interest in all of Borrower's right, title and interest, but not its liability, in, under, and to all construction, architectural and design contracts, and the Plans, and agrees that all of the same are covered by the security agreement provisions of the Mortgage. Borrower agrees to deliver to Administrative Agent from time to time upon Administrative Agent's request such consents to the foregoing assignment from parties contracting with Borrower as Administrative Agent may reasonably require. Neither this assignment nor any action by Administrative Agent or Lenders shall constitute an assumption by Administrative Agent or Lenders of any obligation under any contract or with respect to the Plans, Borrower hereby agrees to perform all of its obligations under any contract, and Borrower shall continue to be liable for all obligations of Borrower with respect thereto. Administrative Agent shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower such action as Administrative Agent may determine to be necessary to cure any default under any contract or with respect to the Plans or to protect the rights of Borrower, Administrative Agent or Lenders with respect thereto. Borrower irrevocably constitutes and appoints Administrative Agent as Borrower's attorney-in-fact, which power of attorney is coupled with an interest and irrevocable, to enforce in Borrower's name or in Administrative Agent's and Lender's name all rights of Borrower under any contract or with respect to the Plans. Administrative Agent shall incur no liability if any action so taken by it or on its behalf shall prove to be inadequate or invalid. Borrower indemnifies and holds Administrative Agent and Lenders harmless against and from any loss, cost, liability or expense (including, but not limited to, consultants' fees and expenses and attorneys' fees and expenses) incurred in connection with Borrower's failure to perform such contracts or any such action taken by Administrative Agent or Lenders. Administrative Agent may use the Plans for any purpose relating to the Improvements. Borrower represents and warrants to Administrative Agent and Lenders that the copy of any contract furnished or to be furnished to Administrative Agent is and shall be a true and complete copy thereof, that there have been no modifications thereof which are not fully set forth in the copies delivered, and that Borrower's interest therein is not subject to any claim, setoff, or encumbrance.

2.5. Financial Covenants.

(a) Loan to Value Ratio. The Property shall have a "Loan to Value Ratio" of not greater than 70%, which Loan to Value Ratio shall be calculated, and defined, as follows: the sum of (x) the Principal Debt and (y) accrued but unpaid interest on the Loan as of the date of the determination of the ratio shall be divided by the appraised "As-Is" value of the Property. The appraised "As-Is" value of the Property shall be based upon the most recent appraisal performed pursuant to Section 2.13, as reviewed, adjusted and approved by Administrative Agent. The Loan to Value Ratio requirement shall be tested no more often than once per calendar year, unless one or more events have occurred which have, alone or in the aggregate, a Material Adverse Effect. In the event the Loan to Value Ratio covenant is not met, Administrative Agent shall notify Borrower of such condition and Borrower may satisfy the Loan to Value Ratio covenant by, within thirty (30) days of such notice, either (A) making a principal curtailment on the Loan (which shall not be credited towards future principal amortization required under the Loan Documents) in an amount sufficient to bring this Loan to Value Ratio into compliance and/or (B) provide additional collateral acceptable to Administrative Agent, which shall have value (as determined by Administrative Agent) which when added

to the Property value is sufficient to satisfy the Loan to Value Ratio covenant. If Borrower fails to satisfy the Loan to Value Ratio covenant within such thirty (30) day period, such condition shall constitute an immediate Default. If Borrower has delivered collateral as aforesaid to satisfy the Loan to Value Ratio covenant and thereafter such Loan to Value Ratio covenant is satisfied, whether based on a new appraisal or a reduction of the Principal Debt, Administrative Agent shall, provided no Event of Default exists and such collateral is not required to satisfy any other covenant under the Loan Documents, release such collateral upon request of Borrower.

(b) Debt Service Coverage Ratio. Commencing on January 1, 2012 Borrower shall at all times have a Debt Service Coverage Ratio of at least 1.25 to 1.00. The Debt Service Coverage Ratio covenant shall be tested quarterly commencing with the first quarter of 2012. In the event the Debt Service Coverage Ratio covenant is not met, Administrative Agent shall notify Borrower of such condition and Borrower may satisfy the Debt Service Coverage Ratio covenant by, within thirty (30) days of such notice, either (A) making a principal curtailment on the Loan (which shall not be credited towards future principal amortization required under the Loan Documents) in an amount sufficient to bring this Debt Service Coverage Ratio to at least 1.40 to 1.00 and/or (B) provide additional collateral acceptable to Administrative Agent, which shall have value (as determined by Administrative Agent) which would, assuming such collateral were liquidated and applied to reduce the outstanding principal amount of the Loan, result in a Debt Service Coverage Ratio of 1.40 to 1.00. If Borrower fails to satisfy the Debt Service Coverage Ratio covenant within such thirty (30) day period, such condition shall constitute an immediate Default. If Borrower has delivered collateral as aforesaid to satisfy the Debt Service Coverage Ratio covenant and thereafter at the end of any quarter a Debt Service Coverage Ratio of 1.25 to 1.00 is achieved, Administrative Agent shall, provided no Event of Default exists and such collateral is not required to satisfy any other covenant under the Loan Documents, release such collateral upon request of Borrower.

2.6. Limitation on Debt. Borrower will not incur, create, assume directly or indirectly, or suffer to exist any Debt or encumber any of its assets nor form or own any subsidiaries, nor acquire or hold a direct or indirect equity investments in any other Person without in each such instance the prior written consent of Administrative Agent, except for:

- (a) Debt incurred pursuant to this Agreement and the other Loan Documents;
- (b) Debt of Borrower under a Swap Contract;
- (c) Debt constituting a trade payable which is payable in the ordinary course of business and is not past due;
- (d) obligations to pay brokerage commissions in connection with executed leases so long as such commissions are at market rates; and
- (e) amounts payable under leases in connection with build-out allowances or tenant improvement reimbursements (but only to the extent approved by Administrative Agent in its reasonable discretion to the extent Administrative Agent's consent is required hereunder).

2.7. Inspection. Administrative Agent and its agents may enter upon the Property to inspect the Property at any reasonable time, unless Administrative Agent deems such inspection is of an emergency nature, in which event Borrower shall provide Administrative Agent with immediate access to the Property. Borrower will furnish to Administrative Agent and its agents for inspection and copying, all Plans, shop drawings, specifications, books and records, and other documents and information that Administrative Agent may reasonably request from time to time.

2.8. Notice to Lenders. Borrower shall promptly within ten (10) days after the occurrence of any of the following events, notify each Lender in writing thereof, specifying in each case the action Borrower has taken or will take with respect thereto: (a) any violation of any Law or governmental requirement; (b) any litigation, arbitration or governmental investigation or proceeding instituted or threatened against Borrower or any Guarantor or the Property, and any material development therein; (c) any actual or threatened condemnation of any portion of the Property, any negotiations with respect to any such taking, or any loss of or substantial damage to the Property; (d) any labor controversy pending or threatened against Borrower or any contractor, and any material development in any labor controversy; (e) any notice received by Borrower with respect to the cancellation, alteration or non-renewal of any insurance coverage maintained with respect to the Property; (f) Borrower receiving notice or otherwise having knowledge of any lien in excess of \$50,000 filed against the Property or any stop notice served on Borrower in connection with construction of any alterations or renovations of the Improvements; or (g) any required permit, license, certificate or approval with respect to the Property lapses or ceases to be in full force and effect.

2.9. Financial Statements. Borrower shall deliver to Administrative Agent with sufficient copies for each Lender the Financial Statements and other statements and information at the times and for the periods described in (a) Exhibit B and (b) any other Loan Document, and Borrower shall deliver to Administrative Agent with sufficient copies for each Lender from time to time such additional financial statements and information as Administrative Agent may at any time request. Borrower will make all of its books, records and accounts available to Administrative Agent and its representatives at the Property upon request and will permit them to review and copy the same. Borrower shall promptly notify Administrative Agent of any event or condition that could reasonably be expected to have a Material Adverse Effect in the financial condition of Borrower and, if known by Borrower, Guarantor. Administrative Agent shall provide a copy of such Financial Statements to each Lender upon receipt.

2.10. Other Information. Borrower shall furnish to Administrative Agent from time to time upon Administrative Agent's request budgets of Borrower and revisions thereof showing the estimated costs and expenses to be incurred in connection with the completion of construction of the Improvements, current or updated detailed Project schedules or construction schedules and such other information relating to Borrower, Guarantor, the Improvements, the Property, or any indemnitor or other person or party connected with Borrower, the Loan, the construction or renovation of the Improvements or any security for the Loan.

2.11. Intentionally Omitted.

2.12. Intentionally Omitted.

2.13. Appraisal. Administrative Agent may obtain from time to time, an appraisal of all or any part of the Property prepared in accordance with written instructions from Administrative Agent by a third-party appraiser engaged directly by Administrative Agent. Each such appraiser and appraisal shall be satisfactory to Administrative Agent (including satisfaction of applicable regulatory requirements). The cost of any such appraisal shall be borne by Borrower if such appraisal is the first appraisal in any calendar year and in all events if Administrative Agent obtains such appraisal after the occurrence of a Default, and such cost is due and payable by Borrower on demand and shall be secured by the Loan Documents. Administrative Agent shall provide a copy of such appraisal to each Lender upon receipt. Provided no Default exists and Borrower has paid the cost of such appraisal as aforesaid, Administrative Agent shall provide a copy of such appraisal to Borrower upon request.

2.14. Payment of Withholding Taxes. Borrower shall not use, or permit the property manager of the Property to use, any portion of the proceeds of any Loan advance to pay the wages of employees unless a portion of the proceeds or other funds are also used to make timely payment to or deposit with (a)

the United States of all amounts of tax required to be deducted and withheld with respect to such wages under the Code, and (b) any state and/or local Tribunal or agency having jurisdiction of all amounts of tax required to be deducted and withheld with respect to such wages under any applicable state and/or local Laws.

2.15. ERISA and Prohibited Transaction Taxes. As of the date hereof and throughout the term of this Agreement, (a) Borrower is not and will not be (i) an "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); or (ii) a "plan" within the meaning of Section 4975(e) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"); (b) the assets of Borrower do not and will not constitute "plan assets" within the meaning of the United States Department of Labor Regulations set forth in 29 C.F.R. §2510.3-101; (c) Borrower is not and will not be a "governmental plan" within the meaning of Section 3(32) of ERISA; (d) transactions by or with Borrower are not and will not be subject to state statutes applicable to Borrower regulating investments of fiduciaries with respect to governmental plans; and (e) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Administrative Agent of any of Lender's rights under this Agreement, any Note or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or Section 4975 of the Code. Borrower further agrees to deliver to Administrative Agent such certifications or other evidence of compliance with the provisions of this Section 2.15 as Administrative Agent may from time to time request.

2.16. Transfer Taxes.

(a) In the event of any sale or transfer of Borrower's interest in the Property, or any part thereof, including any sale or transfer by reason of foreclosure of the Mortgage or any prior or subordinate mortgage or by deed in lieu of any such foreclosure, Borrower shall timely and duly complete, execute and deliver to Administrative Agent all forms and supporting documentation required by any taxing authority to estimate and fix any tax payable by reason of such sale or transfer or recording of the deed evidencing such sale or transfer, including any New York State Transfer Tax (individually, a "Transfer Tax").

(b) Borrower shall pay the Transfer Tax that may hereafter become due and payable with respect to any sale or transfer of the property described in this Section, and in the event of a default of such payment, Administrative Agent may pay the same and the amount of such payment shall be added to the Indebtedness secured hereby and, unless incurred in connection with a foreclosure of the Mortgage or deed in lieu of such foreclosure, be secured by the Mortgage.

(c) In the event that Borrower fails to execute the same and such failure continues for more than ten (10) days after Administrative Agent requests Borrower to execute the same, Borrower hereby irrevocably constitutes and appoints Administrative Agent as its attorney-in-fact, coupled with an interest, to prepare and deliver any questionnaire, statement, affidavit or tax return in connection with any Transfer Tax applicable to any foreclosure or deed in lieu of foreclosure described related to the Mortgage.

(d) Borrower shall indemnify and hold harmless Administrative Agent and Lenders against (i) any and all liability incurred by Administrative Agent and/or Lenders for the payment of any Transfer Tax with respect to any transfer of Borrower's interest in the Property, and (ii) any and all expenses reasonably incurred by Lender in connection therewith including, without limitation, interest, penalties and reasonable attorneys' fees.

(e) The obligation to pay the taxes and indemnify Administrative Agent and Lenders under this Section is a personal obligation of Borrower (excluding its shareholders, directors and officers), whether or not Borrower is personally obligated to pay the Indebtedness secured by the Mortgage and shall be binding

upon and enforceable against the distributees, successors and assigns of Borrower with the same force and effect as though each of them had personally executed and delivered the Mortgage, notwithstanding any exculpation provision in favor of Borrower with respect to the payment of any other monetary obligations under the Mortgage.

(f) In the event that Borrower fails or refuses to pay a tax payable by Borrower with respect to a sale or transfer by reason of a foreclosure of this Security Instrument in accordance with this Section, the amount of the tax, any interest or penalty applicable thereto and any other amount payable pursuant to Borrower's obligation to indemnify Administrative Agent and Lenders under this Section may, at the sole option of Lender, be paid as an expense of the sale out of the proceeds of the mortgage foreclosure sale.

(g) The provisions of this Section shall survive any transfer and the delivery of the deed affecting such transfer. Nothing in this Section shall be deemed to grant to Borrower any greater rights to sell, assign or otherwise transfer the premises than are expressly provided in the Mortgage nor to deprive Administrative Agent of any right to refuse to consent to any transaction referred to in this Section.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

To induce Lenders to make the Loan, Borrower hereby represents and warrants to Administrative Agent and Lenders that except as otherwise disclosed to Administrative Agent in writing (a) Borrower has complied with any and all Laws and regulations concerning its organization, existence and the transaction of its business, and has the right and power to own the Property and to develop the Improvements as contemplated in this Agreement and the other Loan Documents; (b) Borrower is authorized to execute, deliver and perform all of its obligations under the Loan Documents; (c) the Loan Documents are valid and binding obligations of Borrower; (d) Borrower is not in violation of any Law, regulation or ordinance, or any order of any court or Tribunal, and no provision of the Loan Documents violates any applicable Law, any covenants or restrictions affecting the Property, any order of any court or Tribunal or any contract or agreement binding on Borrower or the Property; (e) to the extent required by applicable Law, Borrower and Guarantor have filed all necessary tax returns and reports and have paid all taxes and governmental charges thereby shown to be owing; (f) the Land is not part of a larger tract of land owned by Borrower or any of its affiliates or any Guarantor, is not otherwise included under any unity of title or similar covenant with other lands not encumbered by the Mortgage, and constitutes a separate tax lot or lots with a separate tax assessment or assessments for the Land and Improvements, independent of those for any other lands or improvements; (g) the Land and Improvements comply with all Laws and governmental requirements, including all subdivision and platting requirements, without reliance on any adjoining or neighboring property; (h) the Improvements comply with all legal requirements regarding access and facilities for handicapped or disabled persons; (i) Borrower has not directly or indirectly conveyed, assigned or otherwise disposed of or transferred (or agreed to do so) any development rights, air rights or other similar rights, privileges or attributes with respect to the Property, including those arising under any zoning or land use ordinance or other Law or governmental requirement; (j) the Financial Statements delivered to Administrative Agent are true, correct, and complete in all material respects, and there has been no event or condition that could reasonably be expected to have a Material Adverse Effect in Borrower's or Guarantor's financial condition from the financial condition of Borrower or Guarantor (as the case may be) indicated in such Financial Statements; (k) all utility services necessary for operation of the Improvements for their intended purpose are available at the boundaries of the Land, including electric and natural gas facilities, telephone service, water supply, storm and sanitary sewer facilities; (l) except as otherwise provided for in the Loan Documents, Borrower has made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on

the Property; and (m) the current and anticipated use of the Property complies with all applicable zoning ordinances, regulations and restrictive covenants affecting the Land without the existence of any variance, non-complying use, nonconforming use or other special exception, all use restrictions of any Tribunal having jurisdiction have been satisfied, and no violation of any Law or regulation exists with respect thereto.

ARTICLE 4 DEFAULT AND REMEDIES

4.1. Events of Default. The occurrence of any one of the following shall be a default under this Agreement ("Default"): (a) any of the Indebtedness is not paid when due, whether on the scheduled due date or upon acceleration, maturity or otherwise and such default shall have continued for a period of ten (10) days; (b) any covenant, agreement, condition, representation or warranty in this Agreement (other than covenants to pay the Indebtedness and other than Defaults expressly listed in this Section) is not fully and timely performed, observed or kept and, except with respect to provisions which are specified to be immediate Defaults, such default shall have continued for a period of thirty (30) days after notice thereof shall have been given to Borrower by Administrative Agent (or such other grace period as may be specified elsewhere in this Agreement with respect to specific provisions), provided, however, if such default is not susceptible of being cured within such thirty (30) day period and Borrower has commenced such cure within such thirty (30) day period and is diligently pursuing such cure to Administrative Agent's satisfaction, such thirty (30) day cure period shall be extended, but in no event shall such cure period exceed sixty (60) days, or, in the case of such other documents, such shorter grace period, if any, as may be provided for therein; (c) the occurrence of a Default under any other Loan Document (taking into account any applicable notice and cure period set forth in such Loan Document); (d) any required permit, license, certificate or approval with respect to the Property lapses or ceases to be in full force and effect and Borrower fails to have such required permit, license, certificate or approval renewed or reinstated within thirty (30) days; (e) Borrower, Administrative Agent or any Lender is enjoined or prohibited from performing any of its respective obligations under any of the Loan Documents; (f) the owner of the Property enters into any lease of part or all of the Property which does not comply with the Loan Documents; (g) a lien for the performance of work or the supply of materials which is established against the Property remains unsatisfied or unbonded for a period of twenty (20) days after Borrower's receipt of notice or otherwise obtaining knowledge of the date of filing or service; (h) the entry of a judgment against Borrower or any Guarantor for an amount in excess of \$500,000 and Borrower shall not discharge the same or cause it to be discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered, and secure a stay of execution or bond over such judgment by a commercially acceptable bonding company pending such appeal; (i) the issuance of any attachment, sequestration, or similar writ levied upon any of Borrower's or Guarantor's property which is not discharged within a period of ten (10) days; (j) Administrative Agent determines that an event or condition that could reasonably be expected to have a Material Adverse Effect has occurred in the financial condition of Borrower or any Guarantor or in the condition of the Property; (k) the death, incompetency, dissolution or insolvency of Borrower or any Guarantor; (l) a Default as specified in Section 6.26; or (m) a default occurs under any other Loan Document which is not cured within any applicable notice and cure period provided therein.

4.2. Remedies. Upon a Default, Administrative Agent may with the consent of, and shall at the direction of the Required Lenders, without notice, exercise any and all rights and remedies afforded by this Agreement, the other Loan Documents, Law, equity or otherwise, including (a) declaring any and all Indebtedness immediately due and payable; (b) reducing any claim to judgment; or (c) obtaining appointment of a receiver (to which Borrower hereby consents) and/or judicial or nonjudicial foreclosure under the Mortgage; provided, however, that upon a Default, Administrative Agent at its election may (but shall not be obligated to) without the consent of and shall at the direction of the Required Lenders, without

notice, do any one or more of the following: (a) terminate Lenders' Commitment to lend; and (b) set-off and apply, to the extent thereof and to the maximum extent permitted by Law, any and all deposits, funds, or assets at any time held and any and all other indebtedness at any time owing by Administrative Agent or any Lender to or for the credit or account of Borrower against any Indebtedness.

Borrower hereby appoints Administrative Agent as Borrower's attorney-in-fact, which power of attorney is irrevocable and coupled with an interest, with full power of substitution if Administrative Agent so elects, to do any of the following in Borrower's name upon the occurrence of a Default: (i) use such sums as are necessary, including any proceeds of the Loan and employ such architects, engineers, and contractors as may be required, or as Lenders may otherwise consider desirable, for the purpose of completing renovation of the Improvements substantially in accordance with the Plans, the Loan Documents, and all applicable Laws, governmental requirements and restrictive covenants; (ii) endorse the name of Borrower on any checks or drafts representing proceeds of any insurance policies, or other checks or instruments payable to Borrower with respect to the Property; (iii) do every act with respect to the construction of the Tenant Improvements that Borrower may do; (iv) prosecute or defend any action or proceeding incident to the Property, (v) pay, settle, or compromise all bills and claims so as to clear title to the Property; and (vi) take over and use all or any part of the labor, materials, supplies and equipment contracted for, owned by, or under the control of Borrower, whether or not previously incorporated into the Improvements. Any amounts expended by Administrative Agent itself or on behalf of Lenders to construct or to complete the Tenant Improvements in connection with the exercise of its remedies herein shall be deemed to have been advanced to Borrower hereunder as a demand obligation owing by Borrower to Administrative Agent or Lenders as applicable and shall constitute a portion of the Indebtedness, regardless of whether such amounts exceed any limits for Indebtedness otherwise set forth herein. Neither Administrative Agent nor Lenders shall have any liability to Borrower for the sufficiency or adequacy of any such actions taken by Administrative Agent.

No delay or omission of Administrative Agent or Lenders to exercise any right, power or remedy accruing upon the happening of a Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Default or any acquiescence therein. No delay or omission on the part of Administrative Agent or Lenders to exercise any option for acceleration of the maturity of the Indebtedness, or for foreclosure of the Mortgage following any Default as aforesaid, or any other option granted to Administrative Agent and Lenders hereunder in any one or more instances, or the acceptances by Administrative Agent or Lenders of any partial payment on account of the Indebtedness, shall constitute a waiver of any such Default, and each such option shall remain continuously in full force and effect. No remedy herein conferred upon or reserved to Administrative Agent and/or Lenders is intended to be exclusive of any other remedies provided for in any Note or any of the other Loan Documents, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or under any Note or any of the other Loan Documents, or now or hereafter existing at Law or in equity or by statute. Every right, power and remedy given to Administrative Agent and Lenders by this Agreement, any Note or any of the other Loan Documents shall be concurrent, and may be pursued separately, successively or together against Borrower, or the Property or any part thereof, or any personal property granted as security under the Loan Documents, and every right, power and remedy given by this Agreement, any Note or any of the other Loan Documents may be exercised from time to time as often as may be deemed expedient by the Required Lenders.

Regardless of how a Lender may treat payments received from the exercise of remedies under the Loan Documents for the purpose of its own accounting, for the purpose of computing the Indebtedness, payments shall be applied as elected by Lenders. No application of payments will cure any event of Default, or prevent acceleration, or continued acceleration, of amounts payable under the Loan Documents, or prevent the exercise, or continued exercise, of rights or remedies of Administrative Agent and Lenders hereunder or

thereunder or at Law or in equity.

ARTICLE 5
ADMINISTRATIVE AGENT

5.1. Appointment and Authorization of Administrative Agent.

(a) Each Lender hereby irrevocably (subject to Section 5.9) appoints, designates and authorizes Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Administrative Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) No individual Lender or group of Lenders shall have any right to amend or waive, or consent to the departure of any party from any provision of any Loan Document, or secure or enforce the obligations of Borrower or any other party pursuant to the Loan Documents, or otherwise. All such rights, on behalf of Administrative Agent or any Lender or Lenders, shall be held and exercised solely by and at the option of Administrative Agent for the pro rata benefit of Lenders. Such rights, however, are subject to the rights of a Lender or Lenders, as expressly set forth in this Agreement, to approve matters or direct Administrative Agent to take or refrain from taking action as set forth in this Agreement. Except as expressly otherwise provided in this Agreement or the other Loan Documents, Administrative Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights, or taking or refraining from taking any actions which Administrative Agent is expressly entitled to exercise or take under this Agreement and the other Loan Documents, including, without limitation, (i) the determination if and to what extent matters or items subject to Administrative Agent's satisfaction are acceptable or otherwise within its discretion, (ii) the making of Administrative Agent Advances, and (iii) the exercise of remedies pursuant to, but subject to, Article 4 or pursuant to any other Loan Document and any action so taken or not taken shall be deemed consented to by Lenders.

(c) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or Guarantor, no individual Lender or group of Lenders shall have the right, and Administrative Agent (irrespective of whether the principal of the Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower) shall be exclusively entitled and empowered on behalf of itself and Lenders, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loan and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders and

Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders and Administrative Agent and their respective agents and counsel and all other amounts due Lenders and Administrative Agent under Section 6.10 and Exhibit K allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to Lenders, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent under Section 6.10.

Nothing contained herein shall be deemed to authorize Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of Lenders except as approved by Required Lenders or to authorize Administrative Agent to vote in respect of the claims of Lenders except as approved by Required Lenders in any such proceeding.

5.2. Delegation of Duties. Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultant experts concerning all matters pertaining to such duties. Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

5.3. Liability of Administrative Agent. No Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of Lenders for any recital, statement, representation or warranty made by Borrower or any subsidiary or Affiliate of Borrower, or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of Borrower, Guarantor or any of their Affiliates.

5.4. Reliance by Administrative Agent. Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons, and upon advice and statements of legal counsel (including counsel to any party to the Loan Documents), independent accountants and other experts selected by Administrative Agent. Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders or all Lenders if required hereunder as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by

Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders or such greater number of Lenders as may be expressly required hereby in any instance, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders. In the absence of written instructions from the Required Lenders or such greater number of Lenders, as expressly required hereunder, Administrative Agent may take or not take any action, at its discretion, unless this Agreement specifically requires the consent of the Required Lenders or such greater number of Lenders.

5.5. Notice of Default. Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, unless Administrative Agent shall have received written notice from a Lender or Borrower referring to this Agreement, describing such Default that Administrative Agent determines will have a Material Adverse Effect. Administrative Agent will notify Lenders of its receipt of any such notice. Administrative Agent shall take such action with respect to such Default as may be requested by the Required Lenders in accordance with Article 4; provided, however, that unless and until Administrative Agent has received any such request, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable or in the best interest of Lenders.

5.6. Credit Decision; Disclosure of Information by Administrative Agent.

(a) Each Lender acknowledges that none of Agent-Related Persons has made any representation or warranty to it, and that no act by Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of Borrower and Guarantor, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lenders as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and Guarantor, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower and Guarantor hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and Guarantor.

(b) Administrative Agent upon its receipt shall provide each Lender such notices, reports and other documents expressly required to be furnished to Lenders by Administrative Agent herein. To the extent not already available to a Lender, Administrative Agent shall also provide Lender and/or make available for Lender's inspection during reasonable business hours and at Lender's expense, upon Lender's written request therefor: (i) copies of the Loan Documents; (ii) such information as is then in Administrative Agent's possession in respect of the current status of principal and interest payments and accruals in respect of the Loan; (iii) copies of all current financial statements in respect of Borrower, any Guarantor or other person liable for payment or performance by Borrower of any obligations under the Loan Documents, then in Administrative Agent's possession with respect to the Loan; and (iv) other current factual information then in Administrative Agent's possession with respect to the Loan and bearing on the continuing creditworthiness of Borrower or any Guarantor, or any of their respective Affiliates; provided that nothing contained in this Section shall impose any liability upon Administrative Agent for its failure to provide a Lender any of such

Loan Documents, information, or financial statements, unless such failure constitutes willful misconduct or gross negligence on Administrative Agent's part; and provided further that Administrative Agent shall not be obligated to provide any Lender with any information in violation of Law or any contractual restrictions on the disclosure thereof (provided such contractual restrictions shall not apply to distributing to a Lender factual and financial information expressly required to be provided herein). Except as set forth above, Administrative Agent shall not have any duty or responsibility to provide any Lenders with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrower or Guarantor or any of their respective Affiliates which may come into the possession of any of Agent-Related Persons.

5.7. Indemnification of Administrative Agent. Whether or not the transactions contemplated hereby are consummated, Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of Borrower to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, to the extent that Administrative Agent is not reimbursed by or on behalf of Borrower, each Lender shall reimburse Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorney fees) incurred by Administrative Agent as described in Section 6.10. The undertaking in this Section shall survive the payment of all Indebtedness hereunder and the resignation or replacement of Administrative Agent.

5.8. Administrative Agent in Individual Capacity. Administrative Agent, in its individual capacity, and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with any party to the Loan Documents and their respective Affiliates as though Administrative Agent were not Administrative Agent hereunder and without notice to or consent of Lenders. Lenders acknowledge that Borrower and Bank of America, N.A. or its Affiliate have entered or may enter into Swap Transactions. A portion of the Loan may be funded to honor Borrower's payment obligations under the terms of such Swap Transactions, and Lenders shall have no right to share in any portion of such payments. Lenders acknowledge that, pursuant to such activities, Bank of America, N.A. or its Affiliates may receive information regarding any party to the Loan Documents, or their respective Affiliates (including information that may be subject to confidentiality obligations in favor of such parties or such parties' Affiliates) and acknowledge that Administrative Agent shall be under no obligation to provide such information to them. With respect to its Pro Rata Share of the Loan, Bank of America, N.A. shall have the same rights and powers under this Agreement as any other Lenders and may exercise such rights and powers as though it were not Administrative Agent or party to Swap Transactions, and the terms "Lender" and "Lenders" include Bank of America, N.A. in its individual capacity.

5.9. Successor Administrative Agent. Administrative Agent may, and at the request of the Required Lenders as a result of Administrative Agent's gross negligence or willful misconduct in performing its duties under this Agreement shall, resign as Administrative Agent upon thirty (30) days' notice to Lenders. If Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among Lenders a successor administrative agent for Lenders, which successor administrative agent shall be consented to by Borrower at all times other than during the existence of a Default (which consent of Borrower shall not be unreasonably withheld or delayed). If no successor administrative agent is appointed prior to

the effective date of the resignation of Administrative Agent, Administrative Agent may appoint, after consulting with Lenders and Borrower, a successor administrative agent from among Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor administrative agent, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article and other applicable Sections of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Lenders shall perform all of the duties of Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

5.10. Releases; Acquisition and Transfers of Collateral.

(a) Lenders hereby irrevocably authorize Administrative Agent to transfer or release any lien on, or after foreclosure or other acquisition of title by Administrative Agent on behalf of Lenders to transfer or sell, any Loan collateral (i) upon the termination of the Commitments and payment and satisfaction in full of all Indebtedness, (ii) constituting a release, transfer or sale of a lien or Loan collateral if Borrower will certify to Administrative Agent that the release, transfer or sale is permitted under this Agreement or the other Loan Documents (and Administrative Agent may rely conclusively on any such certificate, without further inquiry); or (iii) after foreclosure or other acquisition of title (1) for a purchase price of at least 90% of the value indicated in the most recent appraisal of the collateral obtained by Administrative Agent made in accordance with regulations governing Administrative Agent, less any reduction indicated in the appraisal estimated by experts in such areas; or (2) if approved by the Required Lenders.

(b) If all or any portion of the Loan collateral is acquired by foreclosure or by deed in lieu of foreclosure, Administrative Agent shall take title to the collateral in its name or by an Affiliate of Administrative Agent, but for the benefit of all Lenders in their Pro Rata Shares on the date of the foreclosure sale or recordation of the deed in lieu of foreclosure (the "Acquisition Date"). Administrative Agent and all Lenders hereby expressly waive and relinquish any right of partition with respect to any collateral so acquired. After any collateral is acquired, Administrative Agent shall appoint and retain one or more persons (individually and collectively, "Property Manager") experienced in the management, leasing, sale and/or dispositions of similar properties.

After consulting with the Property Manager, Administrative Agent shall prepare a written plan for completion of construction (if required), operation, management, improvement, maintenance, repair, sale and disposition of the Loan collateral and a budget for the aforesaid, which may include a reasonable management fee payable to Administrative Agent (the "Business Plan"). Administrative Agent will deliver the Business Plan not later than the sixtieth (60th) day after the Acquisition Date to each Lender with a written request for approval of the Business Plan. If the Business Plan is approved by the Required Lenders, Administrative Agent and the Property Manager shall adhere to the Business Plan until a different Business Plan is approved by the Required Lenders. Administrative Agent may propose an amendment to the Business Plan as it deems appropriate, which shall also be subject to Required Lender approval. If the Business Plan (as may be amended) proposed by Administrative Agent is not approved by the Required Lenders, (or if sixty (60) days have elapsed following the Acquisition Date without a Business Plan being proposed by Administrative Agent), any Lender may propose an alternative Business Plan, which Administrative Agent shall submit to all Lenders for their approval. If an alternative Business Plan is approved by the Required Lenders, Administrative Agent may appoint one of the approving Lenders to implement the alternative

Business Plan. Notwithstanding any other provision of this Agreement, unless in violation of an approved Business Plan or otherwise in an emergency situation, Administrative Agent shall, subject to subsection (a) of this Section, have the right but not the obligation to take any action in connection with the Loan collateral (including those with respect to property taxes, insurance premiums, completion of construction, operation, management, improvement, maintenance, repair, sale and disposition), or any portion thereof.

(c) Upon request by Administrative Agent or Borrower at any time, Lenders will confirm in writing Administrative Agent's authority to sell, transfer or release any such liens of particular types or items of Loan collateral pursuant to this Section; provided, however, that (i) Administrative Agent shall not be required to execute any document necessary to evidence such release, transfer or sale on terms that, in Administrative Agent's opinion, would expose Administrative Agent to liability or create any obligation or entail any consequence other than the transfer, release or sale without recourse, representation or warranty, and (ii) such transfer, release or sale shall not in any manner discharge, affect or impair the obligations of Borrower other than those expressly being released.

(d) If only two (2) Lenders exist at the time Administrative Agent receives a purchase offer for Loan collateral for which one of Lenders does not consent within ten (10) Business Days after notification from Administrative Agent, the consenting Lender may offer ("Purchase Offer") to purchase all of non-consenting Lender's right, title and interest in the collateral for a purchase price equal to non-consenting Lender's Pro Rata Share of the net proceeds anticipated from such sale of such collateral (as reasonably determined by Administrative Agent, including the undiscounted face principal amount of any purchase money obligation not payable at closing) ("Net Proceeds"). Within ten (10) Business Days thereafter the non-consenting Lender shall be deemed to have accepted such Purchase Offer unless the non-consenting Lender notifies Administrative Agent that it elects to purchase all of the consenting Lender's right, title and interest in the collateral for a purchase price payable by the non-consenting Lender in an amount equal to the consenting Lender's Pro Rata Share of the Net Proceeds. Any amount payable hereunder by a Lender shall be due on the earlier to occur of the closing of the sale of the collateral or ninety (90) days after the Purchase Offer, regardless of whether the collateral has been sold.

5.11. Application of Payments. Except as otherwise provided below with respect to Defaulting Lenders, aggregate principal and interest payments, payments for Indemnified Liabilities and/or foreclosure or sale of the collateral, and net operating income from the collateral during any period it is owned by Administrative Agent on behalf of Lenders ("Payments") shall be apportioned pro rata among Lenders and payments of any fees (other than fees designated for Administrative Agent's separate account) shall, as applicable, be apportioned pro rata among Lenders. Notwithstanding anything to the contrary in this Agreement, all Payments due and payable to Defaulting Lenders shall be due and payable to and be apportioned pro rata among Administrative Agent and Electing Lenders. Such apportionment shall be in the proportion that the Defaulting Lender Payment Amounts paid by them bears to the total Defaulting Lender Payment Amounts of such Defaulting Lender. Such apportionment shall be made until Administrative Agent and Lenders have been paid in full for the Defaulting Lender Payment Amounts. All pro rata Payments shall be remitted to Administrative Agent and all such payments not constituting payment of specific fees, and all proceeds of the Loan collateral received by Administrative Agent, shall be applied first, to pay any fees, indemnities, costs, expenses (including those in Section 5.7) and reimbursements then due to Administrative Agent from Borrower; second, to pay any fees, costs, expenses and reimbursements then due to Lenders from Borrower; third, to pay pro rata interest and late charges due in respect of the Indebtedness and Administrative Agent Advances; fourth, to pay or prepay pro rata principal of the Indebtedness and Administrative Agent Advances; fifth, to pay any indebtedness of Borrower under Swap Transactions; and last, to Borrower, if required by law, or Lenders in Pro Rata Share percentages equal to their percentages at the termination of the Aggregate Commitments.

5.12. Benefit. The terms and conditions of this Article are inserted for the sole benefit of Administrative Agent and Lenders; the same may be waived in whole or in part, with or without terms or conditions, without prejudicing Administrative Agent's or Lenders' rights to later assert them in whole or in part.

ARTICLE 6 GENERAL TERMS AND CONDITIONS

6.1. Consents; Borrower's Indemnity. Except where otherwise expressly provided in the Loan Documents, in any instance where the approval, consent or the exercise of Administrative Agent's or Lenders' judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be (a) within the sole discretion of Administrative Agent or Lenders; (b) deemed to have been given only by a specific writing intended for the purpose given and executed by Administrative Agent or Lenders; and (c) free from any limitation or requirement of reasonableness. Notwithstanding any approvals or consents by Administrative Agent or Lenders, neither Administrative Agent nor any Lender has any obligation or responsibility whatsoever for the adequacy, form or content of any appraisal, any contract, any lease, or any other matter incident to the Property. Administrative Agent's or Lenders' acceptance of an assignment of the Plans for the benefit of Administrative Agent and Lenders shall not constitute approval of the Plans. Any inspection, appraisal or audit of the Property or the books and records of Borrower, or the procuring of documents and financial and other information, by or on behalf of Administrative Agent shall be for Administrative Agent's and Lenders' protection only, and shall not constitute an assumption of responsibility to Borrower or anyone else with regard to the condition, value, construction, maintenance or operation of the Property, or relieve Borrower of any of Borrower's obligations. Borrower has selected all surveyors, architects, engineers, contractors, materialmen and all other persons or entities furnishing services or materials to the Project. Neither Administrative Agent nor any Lender has any duty to supervise or to inspect the Property or the construction of the Improvements nor any duty of care to Borrower or any other person to protect against, or inform Borrower or any other person of the existence of, negligent, faulty, inadequate or defective design or construction of the Improvements. Neither Administrative Agent nor any Lender shall be liable or responsible for, and Borrower shall indemnify each Agent-Related Person and each Lender and their respective Affiliates, directors, officers, agents, attorneys and employees (collectively, the "Indemnitees") from and against: (a) any claim, action, loss or cost (including attorney's fees and costs) arising from or relating to (i) any defect in the Property or the Improvements, (ii) the performance or default of Borrower, Borrower's surveyors, architects, engineers, contractors or any other person, (iii) any failure to construct, complete, protect or insure the Improvements, (iv) the payment of costs of labor, materials, or services supplied for the construction, alteration or renovation of the Improvements, including, without limitation, Tenant Improvements, (v) in connection with the protection and preservation of the Loan collateral (including those with respect to property taxes, insurance premiums, completion of construction, operation, management, improvements, maintenance, repair, sale and disposition), or (vi) the performance of any obligation of Borrower whatsoever; (b) any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including attorney fees and costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (i) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (ii) any Commitment or Loan, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto; (c) any and all claims, demands, actions or causes of action arising out of or relating to the use of Information (as

defined in Section 6.6) or other materials obtained through internet, Intralinks or other similar information transmission systems in connection with this Agreement; and (d) any and all liabilities, losses, costs or expenses (including attorney fees and costs) that any Indemnitee suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, whether or not an Indemnitee is a party to such claim, demand, action, cause of action or proceeding and whether it is defeated, successful or withdrawn, (all the foregoing, collectively, the "Indemnified Liabilities"); provided, however, that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. Nothing, including any advance or acceptance of any document or instrument, shall be construed as a representation or warranty, express or implied, to any party by Administrative Agent or Lenders. Inspection shall not constitute an acknowledgment or representation by Administrative Agent or any Lender that there has been or will be compliance with the Plans, the Loan Documents, or applicable Laws, governmental requirements and restrictive covenants, or that the construction is free from defective materials or workmanship. Inspection, whether or not followed by notice of Default, shall not constitute a waiver of any Default then existing, or a waiver of Administrative Agent's and Lenders' right thereafter to insist that the Improvements be in compliance with the Plans, the Loan Documents, and all applicable Laws, governmental requirements and restrictive covenants. Administrative Agent's failure to inspect shall not constitute a waiver of any of Administrative Agent's or Lenders' rights under the Loan Documents or at Law or in equity.

6.2. Miscellaneous. This Agreement may be executed in several counterparts, all of which are identical, and all of which counterparts together shall constitute one and the same instrument. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons, entities or circumstances. Time shall be of the essence with respect to obligations under the Loan Documents. This Agreement, and its validity, enforcement and interpretation, shall be governed by New York law (without regard to any conflict of Laws principles) and applicable United States federal Law.

6.3. Notices.

6.3.1. Modes of Delivery; Changes. Except as otherwise provided herein, all notices, and other communications required or which any party desires to give under this Agreement or any other Loan Document shall be in writing. Unless otherwise specifically provided in such other Loan Document, all such notices and other communications shall be deemed sufficiently given or furnished if delivered by personal delivery, by courier (including overnight delivery services such as FedEx), by registered or certified United States mail, postage prepaid, or by facsimile (with, subject to Subsection 6.3.2 below, a confirmatory duplicate copy sent by first class United States mail), addressed to the party to whom directed or by (subject to Subsection 6.3.3 below) electronic mail address to Borrower, at the addresses set forth at the end of this Agreement or to Administrative Agent or Lenders at the addresses specified for notices on the Schedule of Lenders (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any such notice or communication shall be deemed to have been given and received either at the time of personal delivery or, in the case of courier or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of facsimile, upon receipt; provided, however, that service of a notice required by any applicable statute shall be considered complete when the requirements of that statute are met. Notwithstanding the foregoing, no notice of change of address shall be effective

except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

6.3.2. Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all parties to the Loan Documents. Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

6.3.3. Limited Use of Electronic Mail. Electronic mail and internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

6.3.4. Reliance by Administrative Agent and Lenders. Administrative Agent and Lenders shall be entitled to rely and act upon any notices (including telephonic Loan advance notices) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other communications with Administrative Agent may be recorded by Administrative Agent, and each of the parties hereto hereby consents to such recording. If a Lender does not notify or inform Administrative Agent of whether or not it consents to, or approves of or agrees to any matter of any nature whatsoever with respect to which its consent, approval or agreement is required under the express provisions of this Agreement or with respect to which its consent, approval or agreement is otherwise requested by Administrative Agent, in connection with the Loan or any matter pertaining to the Loan, within ten (10) Business Days (or such longer period as may be specified by Administrative Agent) after such consent, approval or agreement is requested by Administrative Agent, Lender shall be deemed to have given its consent, approval or agreement, as the case may be, with respect to the matter in question.

6.4. Payments Set Aside. To the extent that any payment by or on behalf of Borrower is made to Administrative Agent or any Lender, or Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law, to a depository (including Administrative Agent, any Lender or its or their Affiliates) for returned items or insufficient collected funds, or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender severally agrees to pay to Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

6.5. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the

parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and Pro Rata Share of the Loan at the time owing to it); provided that:

(i) so long as no Default has occurred and is continuing the assigning Lender's Commitment after the assignment must be at least \$5,000,000.00, and except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and Pro Rata Share of the Loan at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund as defined in subsection (h) of this Section with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes its Pro Rata Share of the Loan outstanding) subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent, shall not be less than \$5,000,000 unless each of Administrative Agent and, so long as no Default has occurred and is continuing, Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to its Pro Rata Share of the Loan and the Commitment assigned;

(iii) any assignment of a Commitment must be approved by Administrative Agent, unless the person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and

(iv) the parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500.

Subject to acceptance and recording thereof by Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of this Agreement with respect to Borrower's obligations surviving termination of this Agreement). Upon request, Administrative Agent shall prepare and Borrower shall execute and deliver a Note ("Replacement Note") to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with

subsection (d) of this Section.

(c) Administrative Agent, acting solely for this purpose as an agent of Borrower shall maintain at Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of Lenders, and the Commitments of, and principal amount of each Lender's Pro Rata Share of the Loan owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Borrower, Administrative Agent and Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may, without the consent of, but with prior notice to Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or its Pro Rata Share of the Loan owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) except to the extent consented to by Administrative Agent in its sole discretion with respect to each participation, any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement.

(e) A Participant shall not be entitled to receive any greater payment under Sections 1.7, 1.8 or 1.12 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) If the consent of Borrower to an assignment or to an assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment threshold specified in clause (i) of the provision to the first sentence of subsection (b) above), Borrower shall be deemed to have given its consent five (5) Business Days after the date notice thereof has been delivered by the assigning Lender (through Administrative Agent) unless such consent is expressly refused by Borrower prior to such fifth Business Day.

(h) As used herein, the following terms have the following meanings:

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other person (other than a natural person) approved by Administrative Agent, and, unless a Default has occurred and is continuing, Borrower (each such approval not to be unreasonably withheld or delayed).

"Fund" means any person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial real estate loans and similar extensions of credit in the ordinary course of its business.

6.6. Confidentiality. Each of Administrative Agent and Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any regulatory authority; (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process; (d) to any other party to this Agreement; (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement or (ii) any direct or indirect contractual counterparty or prospective counterparty (or such contractual counterparty's or prospective counterparty's professional advisor) to any Swap Transaction or credit derivative transaction relating to obligations of Borrower and Guarantor; (g) with the consent of Borrower; or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to Administrative Agent or any Lender on a nonconfidential basis from a source other than Borrower; or (i) to the National Association of Insurance Commissioners or any other similar organization. For the purposes of this Section, "Information" means all information received from Borrower or Guarantor relating to Borrower or Guarantor or their business, other than any such information that is available to Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by Borrower or Guarantor; provided that in the case of information received from Borrower or Guarantor after the date hereof, such information is clearly identified in writing at the time of delivery as confidential. Any person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord to its own confidential information. Administrative Agent and Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to Administrative Agent and Lenders in connection with the administration and management of this Agreement, the Loan and Loan Documents.

6.7. Set-off. In addition to any rights and remedies of Administrative Agent and Lenders provided by Law, upon the occurrence and during the continuance of any Default, Administrative Agent and each Lender is authorized at any time and from time to time, without prior notice to Borrower or any other party to the Loan Documents, any such notice being waived by Borrower (on its own behalf and on behalf of each party to the Loan Documents to the fullest extent permitted by Law), to set-off and apply any and all deposits, general or special, time or demand, provisional or final, any time owing by Administrative Agent or such Lender hereunder or under any other Loan Document to or for the credit or the account of such parties to the Loan Documents against any and all Indebtedness, irrespective of whether or not Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Indebtedness may be contingent or unmatured or denominated in a currency different from that of the applicable depositor indebtedness. Each Lender agrees promptly to notify Borrower and Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

6.8. Sharing of Payments. If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the portions of the Loan advanced by it, any payment (whether voluntary,

involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the portions of the Loan made by them as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such portions of the Loan or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 6.4 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered without further interest thereon. Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by Law, exercise all its rights of payment (including the right of set-off), but subject to Section 6.7 with respect to such participation as fully as if such Lender were the direct creditor of Borrower in the amount of such participation. Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

6.9. Amendments; Survival. Administrative Agent and Lenders shall be entitled to amend (whether pursuant to a separate intercreditor agreement or otherwise) any of the terms, conditions or agreements set forth in Article 5 or as to any other matter in the Loan Documents respecting payments to Administrative Agent or Lenders or the required number of Lenders to approve or disapprove any matter or to take or refrain from taking any action, without the consent of Borrower or any other person or the execution by Borrower or any other person of any such amendment or intercreditor agreement. Subject to the foregoing, Administrative Agent may amend or waive any provision of this Agreement or any other Loan Document, or consent to any departure by any party to the Loan Documents therefrom which amendment, waiver or consent is intended to be within Administrative Agent's discretion or determination, or otherwise in Administrative Agent's reasonable determination shall not have a Material Adverse Effect; provided, however, that otherwise no such amendment, waiver or consent shall be effective unless in writing, signed by the Required Lenders and Borrower or the applicable party to the Loan Documents, as the case may be, and acknowledged by Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; and provided further that no such amendment, waiver or consent shall:

(a) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 4.2), without the written consent of such Lender (it being understood that a waiver of a Default shall not constitute an extension or increase in any Lender's Commitment);

(b) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to Lenders (or any of them) hereunder or under any other Loan Document, without the written consent of each Lender directly affected thereby;

(c) reduce the principal of, or the rate of interest specified herein on, any portion of the Loan or any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly affected thereby; provided, however, that Administrative

Agent may waive any obligation of Borrower to pay interest at the Default Rate and/or late charges for periods of up to thirty (30) days, and only the consent of the Required Lenders shall be necessary to waive any obligation of Borrower to pay interest at the Default Rate or late charges thereafter, or to amend the definition of "Default Rate" or "late charges";

(d) change the percentage of the combined Commitments or of the aggregate unpaid principal amount of the Loan which is required for Lenders or any of them to take any action hereunder, without the written consent of each Lender;

(e) change the definition of "Pro Rata Share" or "Required Lender" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(f) amend this Section, or Section 6.8, without the written consent of each Lender;

(g) release the liability of Borrower or any existing Guarantor without the written consent of each Lender;

(h) permit the sale, transfer, pledge, mortgage or assignment of any Loan collateral or any direct or indirect interest in Borrower, except as expressly permitted under the Loan Documents, without the written consent of each Lender; or

(i) transfer or release any lien on, or after foreclosure or other acquisition of title by Administrative Agent on behalf of Lenders transfer or sell, any Loan collateral except as permitted in Section 5.10, without the written consent of each Lender,

and provided further that no amendment, waiver or consent shall, unless in writing and signed by Administrative Agent in addition to Lenders required above, affect the rights or duties of Administrative Agent under this Agreement or any other Loan Document. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased without the consent of such Lender. Notwithstanding anything to the contrary herein, Administrative Agent is hereby authorized, without the consent of Lenders, to enter into subordination, non-disturbance and attornment agreements with tenants on reasonable and customary terms, as determined by Administrative Agent.

This Agreement shall continue in full force and effect until the Indebtedness is paid in full and all of Administrative Agent's and Lenders' obligations under this Agreement are terminated; and all representations and warranties and all provisions herein for indemnity of the Indemnitees, Administrative Agent and Lenders (and any other provisions herein specified to survive) shall survive payment in full, satisfaction or discharge of the Indebtedness, the resignation or removal of Administrative Agent or replacement of any Lender, and any release or termination of this Agreement or of any other Loan Documents.

6.10. Costs and Expenses. Without limiting any Loan Document and to the extent not prohibited by applicable Laws, Borrower shall pay when due, shall reimburse to Administrative Agent for the benefit of itself and Lenders on demand and shall indemnify Administrative Agent and Lenders from, all reasonable out-of-pocket fees, costs, and expenses paid or incurred by Administrative Agent in connection with the negotiation, preparation and execution of this Agreement and the other Loan Documents (and any amendments, approvals, consents, waivers and releases requested, required, proposed or done from time to time), or in connection with the disbursement, administration or collection of the Loan or the

enforcement of the obligations of Borrower or the exercise of any right or remedy of Administrative Agent, including (a) all reasonable fees and expenses of Administrative Agent's counsel; (b) reasonable fees and charges of each inspector and engineer retained by Administrative Agent for purposes specified in this Agreement; (c) appraisal, re-appraisal and survey costs; (d) title insurance charges and premiums; (e) title search or examination costs, including abstracts, abstractors' certificates and uniform commercial code searches; (f) judgment and tax lien searches for Borrower and each Guarantor; (g) escrow fees; (h) fees and costs of environmental investigations, site assessments and remediations; (i) recordation taxes, documentary taxes, transfer taxes and mortgage taxes; (j) filing and recording fees; and (k) loan brokerage fees. Borrower shall pay all costs and expenses incurred by Administrative Agent, including attorneys' fees, if the obligations or any part thereof are sought to be collected by or through an attorney at law, whether or not involving probate, appellate, administrative or bankruptcy proceedings. Borrower shall pay all costs and expenses of complying with the Loan Documents, whether or not such costs and expenses are included in any budget related to the Property. Borrower's obligations under this Section shall survive the delivery of the Loan Documents, the making of advances, the payment in full of the Indebtedness, the release or reconveyance of any of the Loan Documents, the foreclosure of the Mortgage or conveyance in lieu of foreclosure, any bankruptcy or other debtor relief proceeding, and any other event whatsoever.

6.11. Tax Forms.

(a) (i) Each Lender, and each holder of a participation interest herein, that is not a "United States person" (a "Foreign Lender") within the meaning of Section 7701(a)(30) of the Code shall deliver to Administrative Agent, prior to receipt of any payment subject to withholding (or upon accepting an assignment or receiving a participation interest herein), two duly signed completed copies of either Form W-8BEN or any successor thereto (relating to such Foreign Lender and entitling it to a complete exemption from withholding on all payments to be made to such Foreign Lender by Borrower pursuant to this Agreement) or Form W-8ECI or any successor thereto (relating to all payments to be made to such Foreign Lender by Borrower pursuant to this Agreement) of the United States Internal Revenue Service or such other evidence satisfactory to Borrower and Administrative Agent that such Foreign Lender is entitled to an exemption from or reduction of, United States withholding tax, including any exemption pursuant to Section 881(c) of the Code. Thereafter and from time to time, each such Foreign Lender shall (A) promptly submit to Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States Laws and regulations to avoid, or such evidence as is satisfactory to Borrower and Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Foreign Lender by Borrower pursuant to the Loan Documents, (B) promptly notify Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (C) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lenders, and as may be reasonably necessary (including the re-designation of its lending office, if any) to avoid any requirement of applicable Laws that Borrower make any deduction or withholding for taxes from amounts payable to such Foreign Lender.

(ii) Each Foreign Lender, to the extent it does not act or ceases to act for its own account with respect to any portion of any sums paid or payable to such Lender under any of the Loan Documents (for example, in the case of a typical participation by such Lender), shall deliver to Administrative Agent on the date when such Foreign Lender ceases to act for its own account with respect to any portion of any such sums paid or payable, and at such other times as may be necessary in the determination of Administrative Agent (in the reasonable exercise of its discretion), (A) two duly signed completed copies of the forms or statements required to be provided by such Lender as set forth above, to establish the portion of any such sums paid or payable with respect to which such Lender acts for its own account that is not

subject to U.S. withholding tax, and (B) two duly signed completed copies of United States Internal Revenue Service Form W-8IMY (or any successor thereto), together with any information such Lender chooses to transmit with such form, and any other certificate or statement of exemption required under the Code, to establish that such Lender is not acting for its own account with respect to a portion of any such sums payable to such Lender.

(iii) Borrower shall not be required to pay any additional amount to any Foreign Lender under Section 1.11, (A) with respect to any Taxes required to be deducted or withheld on the basis of the information, certificates or statements of exemption such Lender transmits with an United States Internal Revenue Service Form W-8IMY pursuant to this subsection (a) of this Section, or (B) if such Lender shall have failed to satisfy the foregoing provisions of this subsection (a); provided that if such Lender shall have satisfied the requirement of this subsection (a) on the date such Lender became a Lender or ceased to act for its own account with respect to any payment under any of the Loan Documents, nothing in this subsection (a) shall relieve Borrower of its obligation to pay any amounts pursuant to Section 1.11 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Lender or other person for the account of which such Lender receives any sums payable under any of the Loan Documents is not subject to withholding or is subject to withholding at a reduced rate.

(iv) Administrative Agent may, without reduction, withhold any Taxes required to be deducted and withheld from any payment under any of the Loan Documents with respect to which Borrower is not required to pay additional amounts under this subsection (a).

(b) Upon the request of Administrative Agent, each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to Administrative Agent two duly signed completed copies of United States Internal Revenue Service Form W-9. If such Lender fails to deliver such forms, then Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable back-up withholding tax imposed by the Code, without reduction.

(c) If any Tribunal asserts that Administrative Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify Administrative Agent therefor, including all penalties and interest and costs and expenses (including attorney fees) of Administrative Agent. The obligation of Lenders under this subsection shall survive the removal or replacement of a Lender, the payment of all Indebtedness and the resignation or replacement of Administrative Agent.

6.12. Further Assurances. Borrower will, upon Administrative Agent's request, (a) promptly correct any defect, error or omission in any Loan Document; (b) execute, acknowledge, deliver, procure, record or file such further instruments and do such further acts as Administrative Agent deems reasonably necessary, desirable or proper to carry out the purposes of the Loan Documents and to identify and subject to the liens and security interest of the Loan Documents any property intended to be covered thereby, including any renewals, additions, substitutions, replacements, or appurtenances to the Property; (c) execute, acknowledge, deliver, procure, file or record any document or instrument Administrative Agent deems necessary, desirable, or proper to protect the liens or the security interest under the Loan Documents against the rights or interests of third persons; and (d) provide such certificates, documents, reports, information, affidavits and other instruments and do such further acts deemed necessary, desirable or proper by Administrative Agent to comply with the requirements of any agency having jurisdiction over Administrative Agent. In addition, at any time, and from time to time, upon request by Administrative Agent or any Lender, Borrower will, at Borrower's expense, provide any and all further instruments, certificates

and other documents as may, in the opinion of Administrative Agent or such Lender, be necessary or desirable in order to verify Borrower's identity and background in a manner satisfactory to Administrative Agent or such Lender.

6.13. Inducement to Lenders. The representations and warranties contained in this Agreement and the other Loan Documents (a) are made to induce Lenders to make the Loan and extend any other credit to or for the account of Borrower pursuant hereto, and Administrative Agent and Lenders are relying thereon, and will continue to rely thereon, and (b) shall survive any bankruptcy proceedings involving Borrower, Guarantor or the Property, foreclosure, or conveyance in lieu of foreclosure.

6.14. Forum. Each party to this Agreement hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the jurisdiction of any state court, or any United States federal court, sitting in the State specified in Section 6.2 of this Agreement and to the jurisdiction of any state court or any United States federal court, sitting in the state in which any of the Property is located, over any suit, action or proceeding arising out of or relating to this Agreement or the Indebtedness. Each party to this Agreement hereby irrevocably waives, to the fullest extent permitted by Law, any objection that they may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Each party to this Agreement hereby agrees and consents that, in addition to any methods of service of process provided for under applicable Law, all service of process in any such suit, action or proceeding in any state court, or any United States federal court, sitting in the state specified in Section 6.2 may be made by certified or registered mail, return receipt requested, directed to such party at its address for notice stated in the Loan Documents, or at a subsequent address of which Administrative Agent received actual notice from such party in accordance with the Loan Documents, and service so made shall be complete five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of Administrative Agent to serve process in any manner permitted by Law or limit the right of Administrative Agent to bring proceedings against any party in any other court or jurisdiction.

6.15. Interpretation. References to "Dollars", "\$", "money", "payments" or other similar financial or monetary terms are references to lawful money of the United States of America. References to Articles, Sections, and Exhibits are, unless specified otherwise, references to articles, sections and exhibits of this Agreement. Words of any gender shall include each other gender. Words in the singular shall include the plural and words in the plural shall include the singular. References to Borrower or Guarantor shall mean, each person comprising same, jointly and severally. References to "persons" shall include both natural persons and any legal entities, including public or governmental bodies, agencies or instrumentalities. The words "include" and "including" shall be interpreted as if followed by the words "without limitation". Captions and headings in the Loan Documents are for convenience only and shall not affect the construction of the Loan Documents.

6.16. No Partnership, etc. The relationship between Lenders (including Administrative Agent) and Borrower is solely that of lender and borrower. Neither Administrative Agent nor any Lender has any fiduciary or other special relationship with or duty to Borrower and none is created by the Loan Documents. Nothing contained in the Loan Documents, and no action taken or omitted pursuant to the Loan Documents, is intended or shall be construed to create any partnership, joint venture, association, or special relationship between Borrower and Administrative Agent or any Lender or in any way make Administrative Agent or any Lender a co-principal with Borrower with reference to the Project, the Property or otherwise. In no event shall Administrative Agent's or Lenders' rights and interests under the Loan Documents be construed to give Administrative Agent or any Lender the right to control, or be deemed to indicate that Administrative Agent or any Lender is in control of, the business, properties, management or operations of Borrower.

6.17. Records. The unpaid amount of the Loan and the amount of any other credit

extended by Administrative Agent or Lenders to or for the account of Borrower set forth on the books and records of Administrative Agent shall be presumptive evidence of the amount thereof owing and unpaid, but failure to record any such amount on Administrative Agent's books and records shall not limit or affect the obligations of Borrower under the Loan Documents to make payments on the Loan when due.

6.18. Commercial Purpose. Borrower warrants that the Loan is being made solely to acquire or carry on a business or commercial enterprise, and/or Borrower is a business or commercial organization. Borrower further warrants that all of the proceeds of this Loan shall be used for commercial purposes and stipulates that the Loan shall be construed for all purposes as a commercial loan, and is made for other than personal, family, household or agricultural purposes.

6.19. WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THEY MAY BE A PARTY, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO, ANY NOTE, THE LOAN AGREEMENT, THE MORTGAGE OR ANY OF THE OTHER LOAN DOCUMENTS. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTION OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO ANY NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH PARTY TO THIS AGREEMENT, AND THEY HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. EACH PARTY FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE EXECUTION OF THE LOAN DOCUMENTS AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

6.20. Service of Process. Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Loan by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to Borrower and (b) serving a copy thereof upon Robert Masters, the agent hereby designated and appointed by Borrower as Borrower's agent for service of process. Borrower irrevocably agrees that such service shall be deemed to be service of process upon Borrower in any such suit, action, or proceeding. Nothing in any Note shall affect the right of Administrative Agent to serve process in any manner otherwise permitted by Law and nothing in any Note will limit the right of Administrative Agent on behalf of Lenders otherwise to bring proceedings against Borrower in the courts of any jurisdiction or jurisdictions.

6.21. USA Patriot Act Notice. Each Lender and Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow such Lender or Administrative Agent, as applicable, to identify Borrower in accordance with the Act.

6.22. Entire Agreement. The Loan Documents constitute the entire understanding and agreement between Borrower, Administrative Agent and Lenders with respect to the transactions arising in connection with the Loan, and supersede all prior written or oral understandings and agreements between Borrower, Administrative Agent and Lenders with respect to the matters addressed in the Loan Documents. In particular, and without limitation, the terms of any commitment letter, letter of intent or quote letter by

Administrative Agent or any Lender to make the Loan are merged into the Loan Documents. Neither Administrative Agent nor any Lender has made any commitments to extend the term of the Loan past its stated maturity date or to provide Borrower with financing except as set forth in the Loan Documents. Except as incorporated in writing into the Loan Documents, there are not, and were not, and no persons are or were authorized by Administrative Agent or any Lender to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Loan Documents.

BORROWER FURTHER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY OR ON BEHALF OF ADMINISTRATIVE AGENT OR LENDERS WITH RESPECT TO THIS AGREEMENT, THE NOTES OR OTHERWISE IN RESPECT OF THE LOAN, ANY AND EVERY RIGHT BORROWER MAY HAVE TO (X) INJUNCTIVE RELIEF, (Y) INTERPOSE ANY COUNTERCLAIM THEREIN, OTHER THAN A COMPULSORY COUNTERCLAIM, AND (Z) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING CONTAINED IN THE IMMEDIATELY PRECEDING SENTENCE SHALL PREVENT OR PROHIBIT BORROWER FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST LENDER WITH RESPECT TO ANY ASSERTED CLAIM.

6.23. Limitation on Liability. Borrower waives any right to assert or make any claim against Administrative Agent or any Lender (or to sue Administrative Agent or any Lender upon any claim for) any special, indirect, incidental, punitive or consequential damages in respect of any breach or wrongful conduct (whether the claim is based on contract, tort or duty imposed by law) in connection with, arising out of or in any way related to this Agreement, the other Loan Documents or the transactions contemplated hereby and/or thereby, or any act, omission or event in connection therewith.

6.24. Third Parties; Benefit. All conditions to the obligation of Lenders or Administrative Agent to make advances hereunder are imposed solely and exclusively for the benefit of Lenders, Administrative Agent and their assigns and no other persons shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lenders or Administrative Agent will refuse to make advances in the absence of strict compliance with any or all thereof and no other person shall, under any circumstances, be deemed to be the beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lenders or Administrative Agent at any time in the sole and absolute exercise of their discretion. The terms and provisions of this Agreement and the other Loan Documents are for the benefit of the parties hereto and, except as herein specifically provided, no other person shall have any right or cause of action on account thereof.

6.25. Rules of Construction. The words "hereof", "herein", "hereunder", "hereto", and other words of similar import refer to this Agreement in its entirety. The terms "agree" and "agreements" mean and include "covenant" and "covenants". The words "include" and "including" shall be interpreted as if followed by the words "without limitation". The captions and headings contained in this Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to define, limit or enlarge the terms hereof. All references (a) made in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (b) made in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, (c) to the Loan Documents are to the same as extended, amended, restated, supplemented or otherwise modified from time to time unless expressly indicated otherwise, (d) to the Land, the Improvements or the Property shall mean all or any portion of each of the foregoing, respectively, and (e) to Articles, Sections and Schedules are to the respective Articles, Sections and Schedules contained in this Agreement unless expressly indicated otherwise.

6.26. Cross-Default. This Loan shall be cross-defaulted with any and all other loans

which Borrower (or any entity included within Borrower shall have from any Lender (or any subsidiary or affiliated entity of Lender) during the term of this Loan, whether existing as of the date of this Agreement or subsequently made. A default under any of the above-described loans or credit facilities shall constitute a Default under this Loan; however, a Default under this Loan shall not in itself constitute a Default under the above-described other loans unless and to the extent expressly set forth in the agreements and instruments governing such other loans.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement is EXECUTED and DELIVERED UNDER SEAL as of September 30, 2011.

BORROWER:

125 MAIN STREET ASSOCIATES LLC, a Connecticut limited liability company

By: Acadia Westport LLC, its managing member

By /s/ Robert Masters
Robert Masters
Senior Vice President

Borrower's Address for Notices:

c/o Acadia Realty Trust
1311 Mamaroneck Avenue, Suite 260
White Plains, New York 10605
Telephone: 914-288-8100
Telefax: 914-428-3646
Email: rmasters@acadiarealty.com

Borrower's Federal Tax Identification Number: 26-1187916

BANK OF AMERICA, N.A., a national banking association, individually as Administrative Agent and a Lender

By /s/ Gregory Egli
Gregory Egli
Senior Vice President

Lender's Address for Notices:

Bank of America, N.A.
One Bryant Park, 35th Floor
New York, New York 10036

EXHIBIT A

Legal Description of Land

ALL that certain tract or parcel of land, together with the buildings and improvements thereon, situated in the Town of Westport, County of Fairfield and State of Connecticut, being more particularly bounded and described as follows:

Northerly by land now or formerly of Madeleine H. Pell, now or formerly of Marie and Joseph Sarno, each in part, 103.72 feet;

Easterly 70.02 feet by Main Street;

Southerly 124.62 feet by land now or formerly of the Est. of Thomas Morelick;

Westerly 92.20 feet by the Parker-Harding Plaza of the Town of Westport.

For a more particular description of said premises, reference may be had to a certain map entitled "Survey Prepared For Colonial Buildings, Inc., Westport, Conn., Scale 1"=20', Dec., 1962, Certified Substantially Correct, Charles S. Lyman, Land Surveyor", which map is on file in the Office of the Town Clerk of the Town of Westport as Map No. 5486.

EXHIBIT B

Definitions and Financial Statements

1. Definitions: As used in this Agreement and the attached exhibits, the following terms shall have the following meanings:

"Additional Interest" means all payments required to be made by Borrower under a Swap Contract.

"Adjusted Net Operating Income" means Operating Income less the sum of (i) Adjusted Operating Expenses plus (ii) the Vacancy and Credit Loss Factor.

"Adjusted Operating Expenses" means the aggregate amount of all actual operating expenses of the Property paid by Borrower in the most recently ended six (6) month period for which Borrower has delivered financial statements to Administrative Agent, annualized, provided that the amount of management fees included in Adjusted Operating Expenses shall be equal to the greater of (x) actual management fees paid by Borrower with respect to such period or (y) 2.0% of the operating income received by Borrower during such period. Until either Gap, Inc. or one or more other tenants leasing 15,000 square feet or more have opened for business in the Improvements such that six (6) months of historical operating expenses are available, Borrower will be required to annualize the actual expenses for the available period and such calculation will be subject to adjustment in Administrative Agent's reasonable discretion. Adjusted Operating Expenses shall exclude from expenses payments of principal and interest under the Loan Documents and other expenses payable to Administrative Agent and Lenders pursuant to the Loan Documents, capital expenditures, Tenant Improvement Costs, leasing commissions and extraordinary items of expense.

"Administrative Agent" means Bank of America, N.A., in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent Advances" has the meaning set forth in Section 1.14 of this Agreement.

"Administrative Agent's Office" means Administrative Agent's address and, as appropriate, account as set forth on the Schedule of Lenders, or such other address or account as Administrative Agent hereafter may from time to time notify Borrower and Lenders.

"Administrative Agent's Time" means the time of day observed in the city where Administrative Agent's Office is located.

"Advance" means the advance of the Loan Amount on or about the date hereof.

"Affiliate" means any person directly or indirectly through one or more intermediaries controlling, controlled by, or under direct or indirect common control with, such person. A person shall be deemed to be "controlled by" any other person if such other person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners or the equivalent; or (b) to direct or cause the direction of the management and policies of such person whether by contract or otherwise.

"Agent-Related Persons" means Administrative Agent, together with its Affiliates (including Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such persons and Affiliates.

"Aggregate Commitments" means the Commitments of all Lenders.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement, and includes all exhibits attached hereto and referenced in Section 1.1.

"Amortization Date" has the meaning set forth in Section 1.12 of this Agreement.

"Appraised Value" means the value shown on the appraisal of the Property delivered to Administrative Agent prior to the date hereof.

"Arranger" means Banc of America Securities LLC, in its capacity as sole arranger and sole book manager.

"Assignment and Assumption" means an Assignment and Assumption substantially in the form of Exhibit L.

"Base Rate" means, on any day, a simple rate per annum equal to the sum of the Prime Rate for that day plus the Base Rate Margin. Without notice to Borrower or anyone else, the Base Rate shall automatically fluctuate upward and downward as and in the amount by which the Prime Rate fluctuates.

"Base Rate Margin" means 2.35% per annum.

"Base Rate Principal" means, at any time, the Principal Debt minus the portion, if any, of such Principal Debt which is LIBOR Rate Principal.

"BBA LIBOR Daily Floating Rate" has the meaning set forth in Section 1.7.1 of this Agreement.

"Borrower" has the meaning set forth in the introductory paragraph of this Agreement.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where Administrative Agent's Office is located.

"Closing Checklist" means that certain Closing Requirements and Checklist setting forth the conditions for closing the Loan and recording the Mortgage.

"Code" has the meaning set forth in Section 2.15.

"Commitment" means, as to each Lender, its obligation to advance its Pro Rata Share of the Loan in an aggregate principal amount not exceeding the amount set forth opposite such Lender's name on the Schedule of Lenders at any one time outstanding, as such amount may be adjusted from time to time in accordance with this Agreement.

"Debt" means, with respect to any Person, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services, (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under capital leases, (f) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any capital stock of or other ownership

or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock, (h) all obligations of such Person in respect of interest rate hedge agreements, (i) all debt of others referred to in clauses (a) through (h) above or clause (j) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such debt or to fund or supply monies for the payment or purchase of such debt, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such debt or to assure the holder of such debt against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss, and (j) all debt referred to in clauses (a) through (h) above of another Person secured by (or for which the holder of such debt has an existing right, contingent or otherwise, to be secured by) any lien on property (including, without limitation, accounts, contract rights or inventory) owned by such Person, even though such Person has not assumed or become liable for the payment of such debt.

"Debt Service Coverage Ratio" means the ratio, as of any date of calculation, of (a) the Adjusted Net Operating Income to (b) the Debt Service Payments.

"Debt Service Payments" means the annual amount of principal and interest payments that would be payable on the Principal Debt based upon a thirty (30) year self liquidating mortgage amortization schedule at an annual assumed interest rate equal to the greatest of (i) 7.0%, (ii) the "Ten Year Treasury Rate Obligation" (as hereinafter defined) as of any date of calculation plus 2.50% and (iii) the actual interest applicable to the Loan as of any date of calculation. The "Ten Year Treasury Rate Obligation" shall mean the rate determined by Administrative Agent to be the week ending yield on United States treasury securities, adjusted to a constant maturity of ten years, as published by the United States Federal Reserve Board in the then most currently available Statistical Release H.15 (519) (or, if not published at such time, such other comparable statistical release then published by the United States Federal Reserve Board) rounded to the next highest 1/8 of 1%.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" has the meaning set forth in Section 4.1 of this Agreement.

"Defaulting Lender" means a Lender that fails to pay its Pro Rata Share of a Payment Amount within five (5) Business Days after notice from Administrative Agent, until such Lender cures such failure as permitted in this Agreement.

"Defaulting Lender Amount" means the Defaulting Lender's Pro Rata Share of a Payment Amount.

"Defaulting Lender Payment Amounts" means a Defaulting Lender Amount plus interest from the date such Defaulting Lender Amount was funded by Administrative Agent and/or an Electing Lender, as applicable, to the date such amount is repaid to Administrative Agent and/or such Electing Lender, as applicable, at the rate per annum applicable to such Defaulting Lender Amount under the Loan or otherwise at the Base Rate.

"Eligible Assignee" has the meaning set forth in Section 6.5.

"Environmental Agreement" means the Environmental Indemnity Agreement of even date

herewith by and among Borrower, Guarantor and Administrative Agent for the benefit of Lenders.

"Excusable Delay" means a delay, not to exceed a total of thirty (30) days, caused by unusually adverse weather conditions which have not been taken into account in the construction schedule, fire, earthquake or other acts of God, strikes, lockouts, acts of public enemy, riots or insurrections or any other unforeseen circumstances or events beyond the control of Borrower (except financial circumstances or events or matters which may be resolved by the payment of money), and as to which Borrower notifies Administrative Agent in writing within five (5) days after such occurrence; provided, however, no Excusable Delay shall extend the Maturity Date or suspend or abate any obligation of Borrower or any Guarantor or any other person to pay any money.

"Extension Maturity Date" has the meaning set forth in Section 1.12 of this Agreement.

"Extension Term" has the meaning set forth in Section 1.12 of this Agreement.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upwards to the next higher 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by Administrative Agent.

"Financial Statements" means (i) for each reporting party other than an individual, a balance sheet, income statement, statements of cash flow and amounts and sources of contingent liabilities, a reconciliation of changes in equity and liquidity verification, and unless Administrative Agent otherwise consents, consolidated statements if the reporting party is a holding company or a parent of a subsidiary entity; and (ii) for each reporting party who is an individual, a balance sheet, statements of amount and sources of contingent liabilities, sources and uses of cash and liquidity verification and, unless Administrative Agent otherwise consents, Financial Statements for each entity owned or jointly owned by the reporting party. For purposes of this definition and any covenant requiring the delivery of Financial Statements, each party for whom Financial Statements are required is a "reporting party" and a specified period to which the required Financial Statements relate is a "reporting period".

"First Extension Term" has the meaning set forth in Section 1.12 of this Agreement.

"Funding Date" means the date on which an advance of Loan proceeds shall occur.

"Guarantor" means Acadia Strategic Opportunity Fund III LLC, a Delaware limited liability company, whether one or more, and if more than one, each one individually or all collectively.

"Improvements" means all buildings and other improvements constructed on the Land, together with all fixtures, tenant improvements, and appurtenances now or later to be located on the Land and/or in such improvements.

"Indebtedness" means any and all indebtedness to Administrative Agent or Lenders evidenced, governed or secured by, or arising under, any of the Loan Documents, including the Loan.

"Indemnified Liabilities" has the meaning set forth in Section 6.1.

"Land" means the real property described in Exhibit A.

"Laws" means all constitutions, treaties, statutes, laws, ordinances, regulations, rules, orders, writs, injunctions, or decrees of the United States of America, any state or commonwealth, any municipality, any foreign country, any territory or possession, or any Tribunal.

"Lender" means each lender from time to time party to this Agreement.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such on the Schedule of Lenders, or such other office or offices as such Lender may from time to time notify Borrower and Administrative Agent.

"LIBOR Business Day" means a Business Day which is also a London Banking Day.

"LIBOR Margin" means 2.35% per annum.

"LIBOR Rate Principal" means any portion of the Principal Debt which bears interest at an applicable BBA Daily Floating LIBOR Rate at the time in question.

"Leases" means any lease, sublease or subsublease, letting, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in the Property, and every modification, amendment or other agreement relating to such lease, sublease, subsublease, or other agreement entered into in connection with such lease, sublease, subsublease or other agreement and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto.

"Loan" means the loan by Lenders to Borrower, in the maximum amount of the Loan Amount.

"Loan Amount" means \$12,500,000.

"Loan Documents" means this Agreement (including all exhibits), the Mortgage, any Note, the Environmental Agreement, any guaranty, financing statements and such other documents evidencing, securing or pertaining to the Loan as shall, from time to time, be executed and/or delivered by Borrower, Guarantor, or any other party to Administrative Agent or any Lender pursuant to this Agreement, as they may be amended, modified, restated, replaced and supplemented from time to time.

"Loan to Value Ratio" is defined in Section 2.5.

"London Banking Day" means a day on which dealings in dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the Project, or the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of Borrower or Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of any party to the Loan Documents to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any party to the Loan Documents of any Loan Document to which it is a party.

"Material Contract" means any contract for the performance of any work or the supplying of any labor, materials or services which exceeds \$100,000 per annum.

"Maturity Date" means September 30, 2014, as it may be earlier terminated or extended in

accordance with the terms hereof.

"Monthly Principal Amount" has the meaning set forth in Section 1.12 of this Agreement.

"Mortgage" means that certain Open End Mortgage, Assignment of Leases and Rents and Security Agreement in the Loan Amount dated as of the date hereof from Borrower to Administrative Agent, securing repayment of the Indebtedness and Borrower's performance of its other obligations to Administrative Agent and Lenders under the Loan Documents, as amended, modified, supplemented, restated and replaced from time to time.

"Notes" means, collectively, the Note or Notes in the maximum principal amount of the Loan, substantially in the form of Exhibit M as amended, modified, replaced, restated, extended or renewed from time to time.

"Obligations" means all liabilities, obligations, covenants and duties (including, without limitation, paying all Additional Interest) of, any party to a Loan Document arising under or otherwise with respect to any Loan Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any party to a Loan Document or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceedings.

"Operating Income" means the aggregate rentals and all other revenue (unless excluded pursuant hereto) of the Property as projected by Borrower and approved by Administrative Agent from only executed bona fide leases, licenses and other occupancy agreements of the Property which are in full force and effect (excluding tenants who are not obligated to commence payment of full base rent within six (6) months) as to which the tenant thereunder is not the subject of any bankruptcy proceeding has not given notice that it intends to vacate and is not in default under its lease, beyond any applicable notice or cure periods set forth therein for the twelve (12) months following the date of calculation. Operating Income shall exclude all extraordinary items of income, all amounts paid to Borrower for tenant alterations in connection with the leasing of space at the Property, all amounts payable to Borrower under leases with affiliates of Borrower, as tenant, or with Borrower, as tenant (unless Administrative Agent otherwise agrees) and, with respect to any lease providing for a reduction in the rentals payable under such lease at any time during the term thereof, base rentals in excess of the lowest base rentals payable under such lease (other than during any period of rent concessions made with respect to consecutive monthly periods commencing with the first month of the term of such lease), but notwithstanding the preceding, including reimbursements for operating expenses and percentage rent pursuant to executed leases, provided a sales report is provided by the applicable tenant.

"Payment Amount" means an advance of the Loan, an unreimbursed Administrative Agent Advance, an unreimbursed Indemnified Liability or any other amount that a Lender is required to fund under this Agreement.

"Person" means an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or other entity of whatever nature.

"Plans" means the plans and specifications related to any Tenant Improvements or the Improvements.

"Potential Default" means any condition or event which with the giving of notice or lapse of

time or both would, unless cured or waived, become a Default.

"Prime Rate" means, on any day, the rate of interest per annum then most recently established by Administrative Agent as its "prime rate", it being understood and agreed that such rate is set by Administrative Agent as a general reference rate of interest, taking into account such factors as Administrative Agent may deem appropriate, that it is not necessarily the lowest or best rate actually charged to any customer or a favored rate, that it may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that Administrative Agent may make various business or other loans at rates of interest having no relationship to such rate. If Administrative Agent (including any subsequent Administrative Agent) ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

"Principal Debt" means the aggregate unpaid principal balance of the Loan at the time in question.

"Pro Rata Share" means, with respect to each Lender at any time, a fraction expressed as a percentage, the numerator of which is the amount of the Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate Commitments at such time or, if the Aggregate Commitments have been terminated, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the total outstanding amount of all Indebtedness held by such Lender at such time and the denominator of which is the total outstanding amount of all Indebtedness at such time. The initial Pro Rata Share of each Lender named on the signature pages hereto is set forth opposite the name of that Lender on the Schedule of Lenders.

"Project" means the acquisition of the Land, the construction of the Improvements, and if applicable, the leasing and operation of the Improvements.

"Property" means the Land, the Improvements and all other property constituting the "Mortgage Property", as described in the Mortgage, or subject to a right, lien or security interest to secure the Loan pursuant to any other Loan Document.

"Required Lenders" means as of any date of determination at least two Lenders having more than 50% of the Aggregate Commitments or, if the Aggregate Commitments have been terminated, at least two Lenders holding in the aggregate more than 50% of the total outstanding amount of all Indebtedness; provided that the Commitment of, and the portion of the total outstanding amount of all Indebtedness held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Schedule of Lenders" means the schedule of Lenders party to this Agreement as set forth on Exhibit N, as it may be modified from time to time in accordance with this Agreement.

"Second Extension Term" has the meaning set forth in Section 1.12 of this Agreement.

"Subsidiary" means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares or securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries.

"Survey" means a survey prepared in accordance with Exhibit G or as otherwise approved by Administrative Agent in its sole discretion.

"Swap Contract" means any agreement, whether or not in writing, relating to any Swap Transaction, including, unless the context otherwise clearly requires, any form of master agreement (the "Master Agreement") published by the International Swaps and Derivatives Association, Inc., or any other master agreement, entered into prior to the date hereof or any time after the date hereof, between Swap Counterparty and Borrower (or its Affiliate), together with any related schedule and confirmation, as amended, supplemented, superseded or replaced from time to time.

"Swap Counterparty:" means Lender or its Affiliate, in its capacity as counterparty under any Swap Contract.

"Swap Transaction" means any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, note or bill option, interest rate option, forward foreign exchange transaction, cap transaction, collar transaction, floor transaction, currency swap transaction, cross-currency rate swap transaction, swap option, currency option, credit swap or default transaction, T-lock, or any other similar transaction (including any option to enter into the foregoing) or any combination of the foregoing, entered into prior to the date hereof or anytime after the date hereof between Swap Counterparty and Borrower (or its Affiliate) so long as a writing, such as a Swap Contract, evidences the parties' intent that such obligations shall be secured by the Mortgage.

"Taxes" has the meaning set forth in Section 1.11.

"Tenant Improvements" means all work to be completed by Borrower pursuant to any Lease.

"Title Company:" means Chicago Title Insurance Company.

"Title Insurance" means the loan policy or policies of title insurance issued to Administrative Agent for the benefit of Lenders by the Title Company, in an amount equal to the maximum principal amount of the Loan, insuring the validity and priority of the Mortgage encumbering the Land and Improvements for the benefit of Administrative Agent and Lenders.

"Transfer Tax" has the meaning set forth in Section 2.16.

"Tribunal" means any state, commonwealth, federal, foreign, territorial or other court or governmental department, commission, board, bureau, district, authority, agency, central bank, or instrumentality, or any arbitration authority.

"Vacancy and Credit Loss Factor" means an amount (which amount can be \$0 but cannot be less than \$0) determined by multiplying Operating Income by the lesser of (i) 5% or (ii) the amount, stated as a percentage of total rentable retail area, by which total rented retail area at the time of calculation exceeds 95% of total rentable retail area.

2. Financial Statements:

Borrower shall provide or cause to be provided to Administrative Agent with a copy for each Lender all of the following:

- (a) Financial Statements of Borrower,: (i) for each fiscal year of such reporting party, as soon as reasonably practicable and in any event within ninety (90) days after the close of each fiscal

year; and (ii) for each fiscal quarter of such reporting party, as soon as reasonably practicable and in any event within sixty (60) days after the close of each fiscal quarter.

(b) Financial Statements of each Guarantor: (i) for each fiscal year of such Guarantor, as soon as reasonably practicable and in any event within one hundred twenty (120) days after the close of each fiscal year; or (ii) for each fiscal quarter of such Guarantor, as soon as reasonably practicable and in any event within sixty (60) days after the close of each fiscal quarter.

(c) (i) Prior to the beginning of each fiscal year of Borrower, a capital and operating budget for the Property and (ii) for each calendar quarter (and for the fiscal year through the end of that month) (A) a statement of all income and expenses in connection with the Property and (B) a current leasing status report (including tenants' names, occupied tenant space, lease terms, rents, vacant space and proposed rents), including in each case a comparison to the budget, as soon as reasonably practicable but in any event within fifteen (15) days after the end of each such quarter, certified in writing as true and correct by a representative of Borrower satisfactory to Administrative Agent. Items provided under this paragraph shall be in form and detail satisfactory to Administrative Agent.

(d) At the time of submitting, and together with, Borrower's quarterly financial statements, Borrower shall submit a certificate representing and warranting (i) that no Default or Potential Default exists, or specifying any and all Defaults or Potential Defaults which do exist at the time and (ii), commencing with the delivery of financial statements for the period in which the Debt Service Coverage Ratio Covenant in Section 2.5(b) applies, whether or not the financial covenants set forth in Section 2.5 are in compliance, including a reasonably detailed calculation of such compliance or non-compliance. At the time of submitting (or prior to the date due, in the case of deemed submission by virtue of filings with the Securities and Exchange Commission as set forth above), and together with, Guarantor's quarterly financial statements, Guarantor shall submit a detailed certificate of the compliance of the financial covenants set forth in the Guaranty.

(e) From time to time promptly after Administrative Agent's request, such additional information, reports and statements respecting the Property and the Improvements, or the business operations and financial condition of each reporting party, as Administrative Agent may reasonably request.

All Financial Statements shall be in form and detail satisfactory to Administrative Agent and shall contain or be attached to the signed and dated written certification of the reporting party in form specified by Administrative Agent to certify that the Financial Statements are furnished to Administrative Agent in connection with the extension of credit by Lenders and constitute a true and correct statement of the reporting party's financial position. All certifications and signatures on behalf of corporations, partnerships or other entities shall be by a representative of the reporting party satisfactory to Administrative Agent. All Financial Statements for a reporting party who is an individual shall be on Administrative Agent's then-current personal financial statement form or in another form satisfactory to Administrative Agent. All fiscal year-end Financial Statements of Guarantor shall be audited, without any qualification or exception not acceptable to Administrative Agent, by independent certified public accountants acceptable to Administrative Agent, and shall contain all reports and disclosures required by generally accepted accounting principles (without giving effect to straightlining of rent or FAS 141R adjustments) for a fair presentation. All fiscal year-end Financial Statements of Borrower shall be compiled or reviewed by independent certified public accountants acceptable to Administrative Agent, or may be prepared by the reporting party. All quarterly Financial Statements shall be compiled or reviewed by independent certified public accountants acceptable to Administrative Agent, or may be prepared by the reporting party. As of the date hereof, the firm of certified public accountants BDO USA is acceptable to Administrative Agent.

EXHIBIT C

CONDITIONS PRECEDENT TO THE ADVANCE

As conditions precedent to the Advance, if and to the extent required by Administrative Agent, Administrative Agent shall have received and approved the following:

1. Fees and Expenses. Any and all required commitment and other fees, and evidence satisfactory to Administrative Agent that Borrower has paid all other fees, costs and expenses (including the fees and costs of Administrative Agent's counsel) then required to be paid pursuant to this Agreement and all other Loan Documents, including, without limitation, all fees, costs and expenses that Borrower is required to pay pursuant to any loan application or commitment.

2. Financial Statements. The Financial Statements of Borrower and Guarantor or any other party required by any loan application or commitment or otherwise required by Administrative Agent.

3. Appraisal. A market value appraisal of the Property made within one hundred eighty (180) days prior to the date of this Agreement, which appraises the Property on a "completed value" basis at not less than the minimum Appraised Value to be in compliance with the Loan to Value Ratio covenant in Section 2.5. The appraiser and appraisal must be satisfactory to Administrative Agent (including satisfaction of applicable regulatory requirements) and the appraiser must be engaged directly by Administrative Agent.

4. Authorization. Evidence Administrative Agent requires of the existence, good standing, authority and capacity of Borrower, each Guarantor, and their respective constituent partners, members, managers and owners (however remote) to execute, deliver and perform their respective obligations to Administrative Agent and Lenders under the Loan Documents, including:

(a) For each partnership (including a joint venture or limited partnership): (i) a true and complete copy of an executed partnership agreement or limited partnership agreement, and all amendments thereto; (ii) for each limited partnership, a copy of the certificate of limited partnership and all amendments thereto accompanied by a certificate issued by the appropriate governmental official of the jurisdiction of formation that the copy is true and complete, and evidence Administrative Agent requires of registration or qualification to do business in the state where Borrower's principal place of business is located and the state where the Project is located, and (iii) a partnership affidavit certifying who will be authorized to execute or attest any of the Loan Documents, and a true and complete copy of the partnership resolutions approving the Loan Documents and authorizing the transactions contemplated in this Agreement and the other Loan Documents.

(b) For each corporation: (i) a true and complete copy of its articles of incorporation and by-laws, and all amendments thereto, a certificate of incumbency of all of its officers who are authorized to execute or attest to any of the Loan Documents, and a true and complete copy of resolutions approving the Loan Documents and authorizing the transactions contemplated in this Agreement and the other Loan Documents; and (ii) certificates of existence, good standing and qualification to do business issued by the appropriate governmental officials in the state of its formation and, if different, the state in which the Project is located.

(c) For each limited liability company or limited liability partnership: (i) a true and complete copy of the articles of organization and operating agreement, and all amendments thereto, a certificate of incumbency of all of its members who are authorized to execute or attest to any of the Loan Documents, and a true and complete copy of resolutions approving the Loan Documents and

authorizing the transactions contemplated in this Agreement and the other Loan Documents; and (ii) certificates of existence, good standing and qualification to do business issued by appropriate governmental officials in the state of its formation and, if different, the state in which the Property is located.

(d) For each entity or organization that is not a corporation, partnership, limited partnership, joint venture, limited liability company or limited liability partnership, a copy of each document creating it or governing the existence, operation, power or authority of it or its representatives.

(e) All certificates, resolutions, and consents required by Administrative Agent applicable to the foregoing.

5. Loan Documents. From Borrower, Guarantor and each other person required by Administrative Agent, duly executed, acknowledged and/or sworn to as required, and delivered to Administrative Agent (with a copy for each Lender) all Loan Documents then required by Administrative Agent, dated the date of this Agreement, each in form and content satisfactory to Administrative Agent, and evidence Administrative Agent requires that the Mortgage has been recorded in the official records of the city or county in which the Property is located and UCC-1 financing statements have been filed in all filing offices that Administrative Agent may require.

6. Opinions. The written opinion of counsel satisfactory to Administrative Agent for Borrower, each Guarantor, and any other persons or entities addressed to Administrative Agent for the benefit of Lenders, dated the date of this Agreement.

7. Survey; No Special Flood Hazard. (a) two (2) prints of an original survey (with a copy for each Lender) of the Land and improvements thereon dated not more than sixty (60) days prior to the date of this Agreement (or dated such earlier date, if any, as is satisfactory to the Title Company, but in any event not more than one hundred eighty (180) days prior to the date of this Agreement) satisfactory to Administrative Agent and the Title Company and otherwise, to the extent required by Administrative Agent, complying with Exhibit G, and (b) a flood insurance policy (with a copy for each Lender) in an amount equal to the lesser of the maximum Loan amount or the maximum amount of flood insurance available under the Flood Disaster Protection Act of 1973, as amended, and otherwise in compliance with the requirements of the Loan Documents, or evidence satisfactory to Administrative Agent that none of the Land is located in a flood hazard area.

8. Title Insurance. An ALTA title insurance policy, issued by the Title Company (which shall be approved by Administrative Agent) in the maximum amount of the Loan plus any other amount secured by the Mortgage, on a coinsurance and/or reinsurance basis if and as required by Administrative Agent, insuring without exclusion or exception for creditors' rights that the Mortgage constitutes a valid lien covering the Land and all Improvements thereon, having the priority required by Administrative Agent and subject only to those exceptions and encumbrances (regardless of rank or priority) Administrative Agent approves, in a form acceptable to Administrative Agent, and with all "standard" exceptions which can be deleted, including the exception for matters which a current survey would show, deleted to the fullest extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor permitted; containing no exception for standby fees or real estate taxes or assessments other than those for the year in which the closing occurs to the extent the same are not then due and payable and endorsed "not yet due and payable" and no exception for subsequent assessments for prior years; providing full coverage against mechanics' and materialmen's liens to the extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; insuring that no restrictive covenants shown in the Title

Insurance have been violated, and that no violation of the restrictions will result in a reversion or forfeiture of title; insuring all appurtenant easements; insuring that fee simple indefeasible or marketable (as coverage is available) fee simple title to the Land and Improvements is vested in Borrower; containing such affirmative coverage and endorsements (including the standard New York endorsements) as Administrative Agent may require and are available under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; insuring any easements, leasehold estates or other matters appurtenant to or benefiting the Land and/or the Improvements as part of the insured estate; insuring the right of access to the Land to the extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; and containing provisions acceptable to Administrative Agent regarding advances and/or readvances of Loan funds after closing. Borrower and Borrower's counsel shall not have any interest, direct or indirect, in the Title Company (or its agent) or any portion of the premium paid for the Title Insurance. The policy shall contain a pending disbursement clause in Lender's standard form or such other form approved by Lender.

9. Insurance Policies. The insurance policies initially required by Administrative Agent, pursuant to the Loan Documents, together with evidence satisfactory to Administrative Agent that all premiums therefor have been paid for a period of not less than one (1) year from the date of this Agreement and that the policies are in full force and effect.

10. Leases. (i) True and correct copies of all leases and subleases of the Improvements, and guarantees thereof which must include leases with Gap, Inc. of approximately 17,448 rentable square feet and with Retail Brand Alliance (d/b/a Brooks Brothers Women) of approximately 4,227 rentable square feet; (ii) estoppel certificates and subordination and attornment agreements (including nondisturbance agreements if and to the extent agreed by Administrative Agent in its discretion), dated within thirty (30) days prior to this Agreement and in the respective forms attached as exhibits to the Closing Checklist, or otherwise in form and content satisfactory to Administrative Agent, from the tenants and subtenants as Administrative Agent requires; (iii) evidence satisfactory to Administrative Agent of Borrower's compliance with the leases; and (iv) evidence satisfactory to Administrative Agent of the tenants' approval of all matters requiring their approval.

11. Environmental Compliance/Report. Evidence satisfactory to Administrative Agent that no portion of the Land is "wetlands" under any applicable Law and that the Land does not contain and is not within or near any area designated as a hazardous waste site by any Tribunal, that neither the Property nor any adjoining property contains or has ever contained any substance classified as hazardous or toxic (or otherwise regulated, such as, without limitation, asbestos, radon and/or petroleum products) under any Law or governmental requirement pertaining to health or the environment, and that neither the Property nor any use or activity thereon violates or is or could be subject to any response, remediation, clean-up or other obligation under any Law or governmental requirement pertaining to health or the environment including without limitation, a written report of an environmental assessment of the Property, made within twelve (12) months prior to the date of this Agreement, by an engineering firm, and of a scope and in form and content satisfactory to Administrative Agent, complying with Administrative Agent's established guidelines, showing that there is no evidence of any such substance which has been generated, treated, stored, released or disposed of in the Property, and such additional evidence as may be required by Administrative Agent. All reports, drafts of reports, and recommendations, whether written or oral, from such engineering firm shall be made available and communicated to Administrative Agent.

12. Laws. (a) Evidence satisfactory to Administrative Agent that all applicable zoning ordinances, restrictive covenants and governmental requirements affecting the Property permit the use for which the Property is intended and have been or will be complied with without the existence of any variance, non-complying use, nonconforming use or other special exception; (b) evidence satisfactory to Administrative Agent that the Land and Improvements comply and will comply with all Laws and governmental requirements

regarding subdivision and platting and would so comply if the Land and the Improvements thereon were conveyed as a separate parcel; (c) a true and correct copy of valid certificates of occupancy for the Improvements, together with all other consents, licenses, permits and approvals necessary for operation of the Improvements, all in assignable form (to the extent appropriate) and in full force and effect; (d) evidence satisfactory to Administrative Agent of compliance by Borrower and the Property, use and occupancy of the Improvements, with such other applicable Laws and governmental requirements as Administrative Agent may request, including all Laws and governmental requirements regarding access and facilities for handicapped or disabled persons including, without limitation and to the extent applicable, The Federal Architectural Barriers Act (42 U.S.C. § 4151 et seq.), The Fair Housing Amendments Act of 1988 (42 U.S.C. § 3601 et seq.), The Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), The Rehabilitation Act of 1973 (29 U.S.C. § 794), and any applicable state requirements; and (e) written evidence satisfactory to Administrative Agent that construction of the Improvements on the Land is permissible under all federal, state and local statutes, regulations and rulings protecting tidal and non-tidal wetlands and other environmentally protected areas.

13. Priority. (a) evidence satisfactory to Administrative Agent that prior to and as of the time the Mortgage was filed for record no mechanic's or materialman's lien claim or notice, lis pendens, judgment, or other claim or encumbrance against the Property has been filed for record in the county where the Property is located or in any other public record which by Law provides notice of claims or encumbrances regarding the Property; (b) a certificate or certificates of a reporting service acceptable to Administrative Agent, reflecting the results of searches made not earlier than ten (10) days prior to the date of this Agreement, (i) of the central and local Uniform Commercial Code records, showing no filings against any of the collateral for the Loan or against Borrower otherwise except as consented to by Administrative Agent; and (ii) if required by Administrative Agent, of the appropriate judgment and tax lien records, showing no outstanding judgment or tax lien against Borrower or any Guarantor.

14. Tax and Standby Fee Certificates. Evidence satisfactory to Administrative Agent (a) of the identity of all taxing authorities and utility districts (or similar authorities) having jurisdiction over the Property or any portion thereof; (b) that all taxes, standby fees and any other similar charges have been paid, including copies of receipts or statements marked "paid" by the appropriate authority; and (c) that the Land is a separate tax lot or lots with separate assessment or assessments of the Land and Improvements, independent of any other land or improvements and that the Land is a separate legally subdivided parcel.

15. Other Documents. Such other documents and certificates as Administrative Agent may reasonably request from Borrower, any Guarantor, and any other person or entity, in form and content satisfactory to Administrative Agent.

16. Borrower Identification Due Diligence. Administrative Agent and each Lender shall have received all due diligence materials they deem necessary with respect to verifying Borrower's identity and background information in a manner satisfactory to each of them.

EXHIBIT D
MONTHLY AMORTIZATION SCHEDULE

[Attached]

Loan summary				
Loan amount	12,500,000			
Annual Interest rate	7.00%			
Loan period In years	30			
Number of paymentis per year	12			
Start date of loan principal repayment	10/1/2012			
Principal Payment Number	Principal Payment Date	Beginning Balance	Principal Payment	Ending Balance
1	10/1/2012	\$ 12,500,000.00	\$ 10,246.15	\$12,489,753.85
2	11/1/2012	\$ 12,489,753.85	\$ 10,305.91	\$12,479,447.94
3	12/1/2012	\$ 12,479,447.94	\$ 10,366.03	\$12,469,081.91
4	1/1/2013	\$ 12,469,081.91	\$ 10,426.50	\$12,458,655.41
5	2/1/2013	\$ 12,458,655.41	\$ 10,487.32	\$12,448,168.09
6	3/1/2013	\$ 12,448,168.09	\$ 10,548.50	\$12,437,619.59
7	4/1/2013	\$ 12,437,619.59	\$ 10,610.03	\$12,427,009.56
8	5/1/2013	\$ 12,427,009.56	\$ 10,671.92	\$12,416,337.63
9	6/1/2013	\$ 12,416,337.63	\$ 10,734.18	\$12,405,603.46
10	7/1/2013	\$ 12,405,603.46	\$ 10,796.79	\$12,394,806.67
11	8/1/2013	\$ 12,394,806.67	\$ 10,859.77	\$12,383,946.89
12	9/1/2013	\$ 12,383,946.89	\$ 10,923.12	\$12,373,023.77
13	10/1/2013	\$ 12,373,023.77	\$ 10,986.84	\$12,362,036.93
14	11/1/2013	\$ 12,362,036.93	\$ 11,050.93	\$12,350,986.00
15	12/1/2013	\$ 12,350,986.00	\$ 11,115.39	\$12,339,870.61
16	1/1/2014	\$ 12,339,870.61	\$ 11,180.23	\$12,328,690.37
17	2/1/2014	\$ 12,328,690.37	\$ 11,245.45	\$12,317,444.92
18	3/1/2014	\$ 12,317,444.92	\$ 11,311.05	\$12,306,133.87
19	4/1/2014	\$ 12,306,133.87	\$ 11,377.03	\$12,294,756.84
20	5/1/2014	\$ 12,294,756.84	\$ 11,443.40	\$12,283,313.45
21	6/1/2014	\$ 12,283,313.45	\$ 11,510.15	\$12,271,803.30
22	7/1/2014	\$ 12,271,803.30	\$ 11,577.29	\$12,260,226.00
23	8/1/2014	\$ 12,260,226.00	\$ 11,644.83	\$12,248,581.18
24	9/1/2014	\$ 12,248,581.18	\$ 11,712.76	\$ 12,236,868.42
25	10/1/2014	\$ 12,236,868.42	\$ 11,781.08	\$12,225,087.34
26	11/1/2014	\$ 12,225,087.34	\$ 11,849.80	\$12,213,237.54
27	12/1/2014	\$ 12,213,237.54	\$ 11,918.93	\$12,201,318.61
28	1/1/2015	\$ 12,201,318.61	\$ 11,988.45	\$12,189,330.16
29	2/1/2015	\$ 12,189,330.16	\$ 12,058.39	\$12,177,271.77
30	3/1/2015	\$ 12,177,271.77	\$ 12,128.73	\$12,165,143.05
31	4/1/2015	\$ 12,165,143.05	\$ 12,199.48	\$12,152,943.57
32	5/1/2015	\$ 12,152,943.57	\$ 12,270.64	\$12,140,672.93
33	6/1/2015	\$ 12,140,672.93	\$ 12,342.22	\$12,128,330.71
34	7/1/2015	\$ 12,128,330.71	\$ 12,414.22	\$12,115,916.49
35	8/1/2015	\$ 12,115,916.49	\$ 12,486.63	\$12,103,429.86
36	9/1/2015	\$ 12,103,429.86	\$ 12,559.47	\$12,090,870.39
37	10/1/2015	\$ 12,090,810.39	\$ 12,632.73	\$12,078,237.65
38	11/1/2015	\$ 12,078,237.65	\$ 12,706.43	\$12,065,531.23
39	12/1/2015	\$ 12,065,531.23	\$ 12,780.55	\$12,052,750.68
40	1/1/2016	\$ 12,052,750.68	\$ 12,855.10	\$12,039,895.58
41	2/1/2016	\$ 12,039,895.58	\$ 12,930.09	\$12,026,965.50
42	3/1/2016	\$ 12,026,965.50	\$ 13,005.51	\$12,013,959.98
43	4/1/2016	\$ 12,013,959.98	\$ 13,081.38	\$12,000,878.60
44	5/1/2016	\$ 12,000,878.60	\$ 13,157.69	\$11,987,720.92
45	6/1/2016	\$ 11,987,720.92	\$ 13,234.44	\$11,974,486.48
46	7/1/2016	\$ 11,974,486.48	\$ 13,311.64	\$11,961,174.84
47	8/1/2016	\$ 11,961,174.84	\$ 13,389.29	\$11,947,785.54

EXHIBIT E

INTENTIONALLY OMITTED

EXHIBIT F

ADVANCES

1. Intentionally Omitted.

2. Limit on Advances. Only a single advance shall be made by Lenders under this Agreement, such Advance to be subject to satisfaction of the conditions described in this Agreement and to be made as follows:

An initial Advance in the Loan Amount shall be evidenced by the Note and secured by, among other things, the Mortgage.

3. Conditions to the Advance. As conditions precedent to the Advance hereunder, if and to the extent required by Administrative Agent, to Administrative Agent's satisfaction, Borrower must have satisfied the conditions required under this Agreement, including all of those conditions set forth in Exhibit C and Section 4 below.

4. Conditions to All Advances. As conditions precedent to the Advance, in addition to all other requirements contained in this Agreement, if and to the extent required by Administrative Agent, Administrative Agent shall have received and approved the following:

(i) Evidence satisfactory to Administrative Agent that no Default or any event which, with the giving of notice or the lapse of time, or both, could become a Default, exists.

(ii) Evidence satisfactory to Administrative Agent that the representations and warranties made in the Loan Documents must be true and correct on and as of the date of each advance and no event shall have occurred or condition or circumstance shall exist which, if known to Borrower, would render any such representation or warranty incorrect or misleading.

(iii) To the extent requested by Administrative Agent, a true and complete copy of each contract to which Borrower is a party, if applicable, for labor, materials, services and/or other work recently performed at the Property duly executed and delivered by all parties thereto and effective, and a true and complete copy of a fully executed copy of each such subcontract or other contract as Administrative Agent may have requested.

(iv) Evidence satisfactory to Administrative Agent that no mechanic's or materialmen's lien or other encumbrance has been filed and remain in effect against the Property, no stop notices shall have been served on Lenders that have not been bonded by Borrower in a manner and amount satisfactory to Administrative Agent, and releases or waivers of mechanics' liens and receipted bills showing payment of all amounts due to all parties who have furnished materials or services or performed labor of any kind in connection with the Property.

(v) Evidence satisfactory to Administrative Agent that the Title Insurance has been endorsed and brought to date in a manner satisfactory to Administrative Agent to increase the coverage by the amount of each advance through the date of each such advance with no additional title change or exception not approved by Administrative Agent.

(vi) Evidence satisfactory to Administrative Agent that the Improvements shall not have been damaged and not repaired and shall not be the subject of any pending or threatened condemnation

or adverse zoning proceeding.

5. Conditions and Waivers. All conditions precedent to the obligation of Lenders to make any advance are imposed hereby solely for the benefit of Administrative Agent and Lenders, and no other party may require satisfaction of any such condition precedent or be entitled to assume that Lenders will refuse to make any advance in the absence of strict compliance with such conditions precedent. No advance shall constitute an approval or acceptance by Administrative Agent of any construction work, or a waiver of any condition precedent to any further advance, or preclude Administrative Agent from thereafter declaring the failure of Borrower to satisfy such condition precedent to be a Default. No waiver by Administrative Agent of any condition precedent or obligation shall preclude Administrative Agent from requiring such condition or obligation to be met prior to making any other advance or from thereafter declaring the failure to satisfy such condition or obligation to be a Default.

EXHIBIT G

SURVEY REQUIREMENTS

1. Requirements. The Survey shall be made in accordance with, and meet the requirements of, the certification below by a registered professional engineer or registered professional land surveyor. The description shall be a single metes and bounds perimeter description of the entire Land, and a separate metes and bounds description of the perimeter of each constituent tract or parcel out of the Land. The total acreage and square footage of the Land and each constituent tract or parcel of the Land shall be certified. If the Land has been recorded on a map or plat as part of an abstract or subdivision, all survey lines must be shown, and all lot and block lines (with distances and bearings) and numbers, must be shown. The date of any revisions subsequent to the initial survey prepared pursuant to these requirements must also be shown.

2. Certification. The certification for the property description and the map or plat shall be addressed to Administrative Agent for Lenders, Borrower and the Title Company, signed by the surveyor (a registered professional land surveyor or registered professional engineer), bearing current date, registration number, and seal, and shall be in the following form or its substantial equivalent:

This is to certify to Bank of America, N.A., as Administrative Agent for certain Lenders, _____, as Borrower and, _____, as the Title Company that this map or plat and the survey on which it is based were made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" jointly established and adopted by ALTA and NSPS in 2005, and include optional items 1, 2, 4 (in square feet or acres), 6, 8, 10, 11(b), 16, 17, 18, and if buildings are located on the land, optional items 7(a), 7(b)(1), 7(b)(2) and 9 of Table A thereof. Pursuant to the Accuracy Standards as adopted by ALTA and NSPS and in effect on the date of this certification, the undersigned further certifies that in my professional opinion, as a land surveyor registered in the State of _____, the maximum Relative Positional Accuracy resulting from the measurements made on the survey does not exceed the Allowable Relative Positional Accuracy for Measurements Controlling Land Boundaries on ALTA/ACSM Land Title Surveys (0.07 feet or 20 mm + 50 ppm). The undersigned additionally certifies that (a) this survey was made on the ground under my supervision; (b) I have received and examined a copy of the Title Insurance Commitment No. _____ issued by the Title Company as well as a copy of each instrument listed therein, and the subject land and each tract or parcel thereof described in this survey is the same land as described in the Title Commitment; (c) if the subject land consists of two or more tracts or parcels having common boundaries, those tracts and parcels are contiguous along the common boundaries; (d) the subject land and each tract or parcel thereof has a tax map designation separate and distinct from that of any other land and the subject land and each tract or parcel thereof is a separate, legally subdivided parcel; (e) this survey correctly shows all matters of record, (and to the extent they can be located, their location and dimensions) of which I have been advised affecting the subject land according to the legal description in such matters (with instrument, book, and page number indicated); (f) except as shown on this survey, no part of the subject land is located in a 100-year Flood Plain or in an identified "flood prone area", as defined pursuant to the Flood Disaster Protection Act of 1973, as amended, as reflected by Flood Insurance Rate Map Panel # _____ dated _____, which such map panel covers the area in which the Property is situated and this survey correctly indicates the zone designation of any area as being in the 100-year Flood Plain or "flood prone area"; (g) to the best of my knowledge, this survey shows the relation of and distance of all substantial, visible buildings, sidewalks and other improvements to easements and setback lines; and (h) to the best of my knowledge, except as shown on this survey, neither the subject land nor any

tract or parcel thereof serves any adjoining land for drainage, utilities, or ingress or egress.

EXHIBIT H

INTENTIONALLY OMITTED

EXHIBIT I

LEASING AND TENANT MATTERS

Borrower and Lenders agree as follows:

1. Approved Leases. Borrower shall not enter into any tenant lease of space in the Improvements unless satisfactory to or deemed satisfactory to Administrative Agent prior to execution. Borrower's standard form of tenant lease, and any revisions thereto, must have the prior written approval of Administrative Agent. Any tenant lease shall be "deemed" satisfactory to Administrative Agent that (a) is either on the standard form lease approved by Administrative Agent, with no deviations except as satisfactory to Administrative Agent or on the standard lease form of a national retailer which contains no provisions materially more adverse to landlord than the provisions of the lease form approved by Administrative Agent; (b) is entered into in the ordinary course of business with a bona fide unrelated third party tenant, and Borrower, acting in good faith and exercising due diligence, has determined that the tenant is financially capable of performing its obligations under the lease; (c) is received by Administrative Agent (together with each guarantee thereof (if any) and financial information regarding the tenant and each guarantor (if any) received by Borrower) within fifteen (15) days after execution; (d) reflects an arms-length transaction at then current market rate for comparable space; (e) contains no right to purchase the Property, or any present or future interest therein; (f) does not cover in excess of 5,000 square feet of rentable area of the concourse area of the Improvements; and (g) is expressly subordinate to the Mortgage. Borrower shall provide to Administrative Agent a correct and complete copy of each tenant lease, including any exhibits, and each guarantee thereof (if any), prior to execution unless the lease in question is reasonably satisfactory to Administrative Agent under the foregoing requirements. Borrower shall, throughout the term of this Agreement, pay all reasonable costs incurred by Administrative Agent in connection with Administrative Agent's review and approval of tenant leases and each guarantee thereof (if any), including reasonable attorneys' fees and costs.
2. Effect of Lease Approval. No approval of any lease by Administrative Agent shall be for any purpose other than to protect Lenders' security, and to preserve Lenders' rights under the Loan Documents. No approval by Administrative Agent shall result in a waiver of any default of Borrower. In no event shall any approval by Administrative Agent of a lease be a representation of any kind, with regard to the lease or its adequacy or enforceability, or the financial capacity of any tenant or guarantor.
3. Representations Concerning Leases. Borrower represents and warrants to Administrative Agent and Lenders that Borrower has delivered to Administrative Agent a true and correct copy of all tenant leases and each guarantee thereof (if any), affecting any part of the Improvements, together with an accurate and complete rent roll for the Project, and no such lease or guarantee contains any option to purchase all or any portion of the Property or any interest therein or contains any right of first refusal relating to any sale of the Property or any portion thereof or interest therein.
4. Delivery of Leasing Information and Documents. Borrower shall promptly (a) deliver to Administrative Agent such quarterly rent rolls, leasing schedules and reports, operating statements, financial statements for tenants other than residential tenants with a lease term for less than one year and other information regarding tenants and prospective tenants or other leasing information as Administrative Agent from time to time may request, and (b) obtain and deliver to Administrative Agent such estoppel certificates and subordination and attornment agreements executed by such tenants (and guarantors, if any) in the respective forms attached as exhibits to the Closing Checklist, or otherwise in such forms as Administrative Agent from time to time may reasonably require.
5. Income from the Property. Borrower shall first apply all income from leases, and all

other income derived from the Property, to pay costs and expenses associated with the ownership, maintenance, development, operating, and marketing of the Land and Improvements, including all amounts then required to be paid under the Loan Documents, before using or applying such income for any other purpose.

6. Compliance and Default. As additional conditions to Lenders' obligations under this Agreement, all tenants having the right to do so must approve all plans and all changes thereto, the construction of the Improvements, and all other aspects of the Project requiring tenants' approval. A default by Borrower under or any failure by Borrower to satisfy any of the conditions of a lease shall constitute a Default under this Agreement. Borrower shall promptly notify Administrative Agent in writing of any failure by any party to perform any material obligation under any lease, any event or condition which would permit a tenant to terminate or cancel a lease, or any notice given by a tenant with respect to the foregoing, specifying in each case the action Borrower has taken or will take with respect thereto.

EXHIBIT J

INTENTIONALLY OMITTED

EXHIBIT K

INTENTIONALLY OMITTED

EXHIBIT L

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "Assignment") is dated as of the Effective Date set forth below and is entered into by and between _____ ("Assignor") and _____ ("Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Loan Agreement identified below (the "Loan Agreement"), receipt of a copy of which is hereby acknowledged by Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, Assignor hereby irrevocably sells and assigns to Assignee, and Assignee hereby irrevocably purchases and assumes from Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by Administrative Agent as contemplated below, (i) all of Assignor's rights and obligations as a Lender under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of Assignor under the respective facilities identified below (including, without limitation, Guarantees), and (ii) to the extent permitted to be assigned under applicable Law, all claims, suits, causes of action and any other right of Assignor (in its capacity as a Lender) against any person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or in any way based on or related to any of the foregoing, including, but not limited to contract claims, tort claims, malpractice claims, statutory claims and all other claims at Law or in equity, related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to Assignor and, except as expressly provided in this Assignment, without representation or warranty by Assignor.

1. Assignor: _____
2. Assignee: _____ [, an **Affiliate/Approved Fund of** _____]
3. Borrower(s): _____
4. Administrative Agent: _____, as administrative agent under the Loan Agreement
5. Loan Agreement: The Loan Agreement, dated as of _____, among _____, Lenders parties thereto, [and] Bank of America, N.A., as Administrative Agent[, and the other agents parties thereto]
6. Assigned Interest:

<u>Aggregate Amount of Commitment/ Loans for all Lenders</u>	<u>Amount of Commitment/ Loans Assigned</u>	<u>Percentage Assigned of Commitment/Loans</u>
\$ _____	\$ _____	_____ %

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE

REGISTER THEREFOR.]

The terms set forth in this Assignment are hereby agreed to:

ASSIGNOR:

By__
Name:
Title:

ASSIGNEE:

By__
Name:
Title:

[CONSENTED TO AND] ACCEPTED:

BANK OF AMERICA, N.A., as Administrative Agent

By__
Name:
Title:

[CONSENTED TO]:

By__
Name:
Title:

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

STANDARD TERMS AND CONDITIONS
FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1. Assignor. Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents, or any collateral thereunder, (iii) the financial condition of Borrower, any of its Subsidiaries or Affiliates or any other person obligated in respect of any Loan Document or (iv) the performance or observance by Borrower, any of its Subsidiaries or Affiliates or any other person of any of their respective obligations under any Loan Document.

1.2. Assignee. Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby and to become a Lender under the Loan Agreement, (ii) it meets all requirements of an Eligible Assignee under the Loan Agreement (subject to receipt of such consents as may be required under the Loan Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Loan Agreement, together with copies of the most recent financial statements delivered pursuant to Section __ thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision independently and without reliance on Administrative Agent or any other Lender to enter into this Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision, and (v) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by Assignee; and (b) agrees that (i) it will, independently and without reliance on Administrative Agent, Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

1.3. Assignee's Address for Notices, etc. Attached hereto as Schedule 1 is all contact information, address, account and other administrative information relating to Assignee.

2. Payments. From and after the Effective Date, Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to Assignee whether such amounts have accrued prior to or on or after the Effective Date. Assignor and Assignee shall make all appropriate adjustments in payments by Administrative Agent for periods prior to the Effective Date or with respect to the making of this Assignment directly between themselves.

3. General Provisions. This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment by telecopy shall be effective as delivery of a manually executed

counterpart of this Assignment. This Assignment shall be governed by, and construed in accordance with, the Law of the State of _____ **[confirm that choice of law provision parallels the Loan Agreement]**.

SCHEDULE 1 TO ASSIGNMENT AND ASSUMPTION

ADMINISTRATIVE DETAILS

(Assignee to list names of credit contacts, addresses, phone and facsimile numbers, electronic mail addresses and account and payment information)

(a) LIBOR Lending Office:

Assignee name: Bank of America, N.A.
Address: One Bryant Park, 35th Floor
New York, New York 10036
Attention: Mr. Gregory Egli
Telephone: 646-855-2630
Facsimile: 212-293-8197
Electronic Mail: gregory.w.egli@baml.com

(b) Domestic Lending Office:

Assignee name: Bank of America, N.A.
Address: One Bryant Park, 35th Floor
New York, New York 10036
Attention: Mr. Peter Panagoulis
Telephone: 646-855-2667
Facsimile: 212-855-2209
Electronic Mail: peter.e.panagoulis@baml.com

(c) Notice Address:

Assignee name: Bank of America, N.A.
Address: One Bryant Park, 35th Floor
New York, New York 10036
Attention: Mr. Gregory Egli
Telephone: 646-855-2630
Facsimile: 212-293-8197
Electronic Mail: gregory.w.egli@baml.com

(d) Payment Instructions:

ABA #: 026-009-593
GL #: 1366211723000
Account Name: GA Incoming Wire Account
Reference: 125 Main Street Associates #01980764
Attention: Keva Russell

EXHIBIT M

NOTE

\$ _____, 20__

FOR VALUE RECEIVED, _____ ("Borrower", whether one or more) hereby promises to pay to the order of [_____ ("Lender") **under that certain Loan Agreement (defined below) among Borrower,**] Bank of America N.A., a national banking association and administrative agent (together with any and all of its successors and assigns, "Administrative Agent") for the benefit of Lenders from time to time a party to that certain Loan Agreement (the "Loan Agreement") [dated _____, 20__] of even date herewith, without offset, in immediately available funds in lawful money of the United States of America, at Administrative Agent's Office as defined in the Loan Agreement, the principal sum of _____ DOLLARS (\$ _____) (or the unpaid balance of all principal advanced against this Note, if that amount is less), together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

1. Note; Interest; Payment Schedule and Maturity Date. This Note is one of the Notes referred to in Loan Agreement and is entitled to the benefits thereof. The entire principal balance of this Note then unpaid shall be due and payable at the times as set forth in the Loan Agreement. Accrued unpaid interest shall be due and payable at the times and at the interest rate as set forth in the Loan Agreement until all principal and accrued interest owing on this Note shall have been fully paid and satisfied. Any amount not paid when due and payable hereunder shall, to the extent permitted by applicable Law, bear interest and if applicable a late charge as set forth in the Loan Agreement.

2. Security; Loan Documents. The security for this Note includes an Open End Mortgage, Assignment of Leases and Rents and Security Agreement in the amount of \$[_____] (which, as it may have been or may be amended, restated, modified or supplemented from time to time, is herein called the "Mortgage") dated _____, 20__ from Borrower to Administrative Agent covering certain property in Westport, _____ County, Connecticut described therein (the "Property"). This Note, the Mortgage, the Loan Agreement and all other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note (the "Loan"), are, as the same have been or may be amended, restated, modified or supplemented from time to time, herein sometimes called individually a "Loan Document" and together the "Loan Documents".

3. Defaults.

(a) It shall be a default ("Default") under this Note and each of the other Loan Documents if (i) any principal, interest or other amount of money due under this Note is not paid in full when due, regardless of how such amount may have become due; (ii) any covenant, agreement, condition, representation or warranty herein or in any other Loan Documents is not fully and timely performed, observed or kept; or (iii) there shall occur any default or event of default under the Mortgage or any other Loan Document. Upon the occurrence of a Default, Administrative Agent on behalf of Lenders shall have the rights to declare the unpaid principal balance and accrued but unpaid interest on this Note, and all other amounts due hereunder and under the other Loan Documents, at once due and payable (and upon such declaration, the same shall be at once due and payable), to foreclose any liens and security interests securing payment hereof and to exercise any of its other rights, powers and remedies under this Note, under any other Loan Document, or at Law or in equity.

(b) All of the rights, remedies, powers and privileges (together, "Rights") of

Administrative Agent on behalf of Lenders provided for in this Note and in any other Loan Document are cumulative of each other and of any and all other Rights at Law or in equity. The resort to any Right shall not prevent the concurrent or subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by Administrative Agent or Lenders to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of any Right. Without limiting the generality of the foregoing provisions, the acceptance by Lender from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment, shall not (i) constitute a waiver of or impair or extinguish the right of Administrative Agent or Lenders to accelerate the maturity of this Note or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance or a novation in any respect.

(c) If any holder of this Note retains an attorney in connection with any Default or at maturity or to collect, enforce or defend this Note or any other Loan Document in any lawsuit or in any probate, reorganization, bankruptcy, arbitration or other proceeding, or if Borrower sues any holder in connection with this Note or any other Loan Document and does not prevail, then Borrower agrees to pay to each such holder, in addition to principal, interest and any other sums owing to Lenders hereunder and under the other Loan Documents, all costs and expenses incurred by such holder in trying to collect this Note or in any such suit or proceeding, including, without limitation, attorneys' fees and expenses, investigation costs and all court costs, whether or not suit is filed hereon, whether before or after the Maturity Date, or whether in connection with bankruptcy, insolvency or appeal, or whether collection is made against Borrower or any guarantor or endorser or any other person primarily or secondarily liable hereunder.

4. Heirs, Successors and Assigns. The terms of this Note and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents. As further provided in the Loan Agreement, a Lender may, at any time, sell, transfer, or assign all or a portion of its interest in this Note, the Mortgage and the other Loan Documents, as set forth in the Loan Agreement.

5. General Provisions. Time is of the essence with respect to Borrower's obligations under this Note. If more than one person or entity executes this Note as Borrower, all of said parties shall be jointly and severally liable for payment of the indebtedness evidenced hereby. Borrower and all sureties, endorsers, guarantors and any other party now or hereafter liable for the payment of this Note in whole or in part, hereby severally (a) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (b) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (c) agree that neither Administrative Agent nor any Lender shall be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (d) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (e) submit (and waive all rights to object) to non-exclusive personal jurisdiction of any state or federal court sitting in the city and county, and venue in the city or county, in which payment is to be made as specified in the first paragraph of Page 1 of this Note, for the enforcement of any and all obligations under this Note and the Loan Documents; (f)

waive the benefit of all homestead and similar exemptions as to this Note; (g) agree that their liability under this Note shall not be affected or impaired by any determination that any security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (h) hereby subordinate any and all rights against Borrower and any of the security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. THIS NOTE, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY NEW YORK LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW.

6. Notices. Any notice, request, or demand to or upon Borrower or Lender shall be deemed to have been properly given or made when delivered in accordance with the Loan Agreement.

7. No Usury. It is expressly stipulated and agreed to be the intent of Borrower, Administrative Agent and all Lenders at all times to comply with applicable state Law or applicable United States federal Law (to the extent that it permits a Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state Law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal Law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Administrative Agent's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable Law, then it is Administrative Agent's and each Lender's express intent that all excess amounts theretofore collected by Administrative Agent or any Lender shall be credited on the principal balance of this Note and all other indebtedness and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable Law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lenders for the use, forbearance, or detention of the Loan shall, to the extent permitted by applicable Law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Borrower has duly executed this Note under seal as of the date first above written.

125 MAIN STREET ASSOCIATES LLC, a Connecticut limited liability company

By: Acadia Westport LLC, its managing member

By__
Robert Masters
Senior Vice President

EXHIBIT N

SCHEDULE OF LENDERS AND OTHER PARTIES

BANK OF AMERICA, N.A., as Administrative Agent:

Notices:

Bank of America, N.A.
One Bryant Park, 35th Floor
New York, New York 10036
Attention: Mr. Gregory Egli
Telephone: 646-855-2630
Facsimile: 212-293-8197
Email: gregory.w.egli@baml.com

Payment Instructions:

ABA #: 026-009-593
GL #: 1366211723000
Account Name: GA Incoming Wire Account
Reference: 125 Main Street Associates #01980764
Attention: Keva Russell

BANK OF AMERICA, N.A., as Lender:

Commitment Amount:	\$16,000,000
Pro Rata Share:	100%

Domestic and LIBOR Lending Office:

Bank of America, N.A.
One Bryant Park, 35th Floor
New York, New York 10036
Attention: Mr. Peter Panagoulas
Telephone: 646-855-2667
Facsimile: 212-855-2209
Email: peter.e.panagoulas@baml.com

Notices:

Bank of America, N.A.
One Bryant Park, 35th Floor
New York, New York 10036
Attention: Mr. Gregory Egli
Telephone: 646-855-2630
Facsimile: 212-293-8197
Email: gregory.w.egli@baml.com

Payment Instructions:

ABA #: 026-009-593

GL #: 1366211723000

Account Name: GA Incoming Wire Account

Reference: 125 Main Street Associates #01980764

Attention: Keva Russell

EXHIBIT O

SWAP CONTRACTS

1. Swap Documentation. Within the timeframes required by Lender and Swap Counterparty, Borrower shall deliver to Swap Counterparty the following documents and other items, executed and acknowledged as appropriate, all in form and substance satisfactory to Lender and Swap Counterparty: (a) Master Agreement in the form published by the International Swaps and Derivatives Association, Inc. and related schedule in the form agreed upon between Borrower (or its Affiliate) and Swap Counterparty; (b) a confirmation under the foregoing, if applicable; (c) a Guaranty; (d) if Borrower (or its Affiliate) is anything other than a natural person, evidence of due authorization to enter into transactions under the foregoing Swap Contract with Swap Counterparty, together with evidence of due authorization and execution of any Swap Contract; and such other title endorsements, documents, instruments and agreements as Lender and Swap Counterparty may require to evidence satisfaction of the conditions set forth in this Section, including a swap endorsement to Lender's title policy in form and substance satisfactory to Lender.

2. Conveyance and Security Interest. To secure Borrower's Obligations, Borrower hereby transfers, assigns and transfers to Lender, and grants to Lender a security interest in, all of Borrower's right, title and interest, but not its obligations, duties or liabilities for any breach, in, under and to the Swap Contract, any and all amounts received by Borrower in connection therewith or to which Borrower is entitled thereunder, and all proceeds of the foregoing. All amounts payable to Borrower under the Swap Contract shall be paid to Lender and shall be applied to pay interest or other amounts under the Loan.

3. Intentionally Omitted.

4. Cross-Default. It shall be a Default under this Agreement if any default (beyond any applicable notice or cure periods) occurs as defined under any Swap Contract as to which Borrower (or its Affiliate) is the Defaulting Party, or if any Termination Event occurs under any Swap Contract as to which Borrower (or its Affiliate) is an Affected Party. As used in this Section, the terms "Defaulting Party", "Termination Event" and "Affected Party" have the meanings ascribed to them in the Swap Contract.

5. Remedies; Cure Rights. In addition to any and all other remedies to which Lender and Swap Counterparty are entitled at law or in equity, Swap Counterparty shall have the right, to the extent so provided in any Swap Contract or any Master Agreement relating thereto, (a) to declare an event of default, termination event or other similar event thereunder and to designate an Early Termination Date as defined under the Master Agreement, and (b) to determine net termination amounts in accordance with the Swap Contract and to setoff amounts between Swap Contracts. Lender shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower (or its Affiliate) such action as Lender may at any time determine to be necessary or advisable to cure any default under any Swap Contract or to protect the rights of Borrower (or its Affiliate) or Swap Counterparty thereunder; provided, however, that before the occurrence of a Default under this Agreement, Lender shall give prior written notice to Borrower before taking any such action. For this purpose, Borrower hereby constitutes Lender its true and lawful attorney-in-fact with full power of substitution, which power of attorney is coupled with an interest and irrevocable, to exercise, at the election of Lender, any and all rights and remedies of Borrower (or its Affiliate) under the Swap Contract, including making any payments thereunder and consummating any transactions contemplated thereby, and to take any action that Lender may deem proper in order to collect, assert or enforce any claim, right or title, in and to the Swap Contract hereby assigned and conveyed, and generally to take any and all such action in relation thereto as Lender shall deem advisable. Lender shall not incur any

liability if any action so taken by Lender or on its behalf shall prove to be inadequate or invalid. Borrower expressly understands and agrees that Lender is not hereby assuming any duties or obligations of Borrower (or its Affiliate) to make payments to Swap Counterparty under any Swap Contract or under any other Loan Document. Such payment duties and obligations remain the responsibility of Borrower (or its Affiliate) notwithstanding any language in this Agreement.

NOTE

\$12,500,000 September 30, 2011

FOR VALUE RECEIVED, 125 MAIN STREET ASSOCIATES LLC ("Borrower", whether one or more) hereby promises to pay to the order of Bank of America, N.A. ("Lender") under that certain Loan Agreement (defined below) among Borrower, Bank of America N.A., a national banking association and administrative agent (together with any and all of its successors and assigns, "Administrative Agent") for the benefit of Lenders from time to time a party to that certain Loan Agreement (the "Loan Agreement") dated of even date herewith, without offset, in immediately available funds in lawful money of the United States of America, at Administrative Agent's Office as defined in the Loan Agreement, the principal sum of Twelve Million Five Hundred Thousand and No/100 Dollars (\$12,500,000) (or the unpaid balance of all principal advanced against this Note, if that amount is less), together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

1. Note; Interest; Payment Schedule and Maturity Date. This Note is one of the Notes referred to in Loan Agreement and is entitled to the benefits thereof. The entire principal balance of this Note then unpaid shall be due and payable at the times as set forth in the Loan Agreement. Accrued unpaid interest shall be due and payable at the times and at the interest rate as set forth in the Loan Agreement until all principal and accrued interest owing on this Note shall have been fully paid and satisfied. Any amount not paid when due and payable hereunder shall, to the extent permitted by applicable Law, bear interest and if applicable a late charge as set forth in the Loan Agreement.

2. Security; Loan Documents. The security for this Note includes an Open End Mortgage, Assignment of Leases and Rents and Security Agreement in the amount of \$12,500,000 (which, as it may have been or may be amended, restated, modified or supplemented from time to time, is herein called the "Mortgage") dated as of the date hereof from Borrower to Administrative Agent covering certain property in Westport, Fairfield County, Connecticut described therein (the "Property"). This Note, the Mortgage, the Loan Agreement and all other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note (the "Loan"), are, as the same have been or may be amended, restated, modified or supplemented from time to time, herein sometimes called individually a "Loan Document" and together the "Loan Documents".

3. Defaults.

(a) It shall be a default ("Default") under this Note and each of the other Loan Documents if (i) any principal, interest or other amount of money due under this Note is not paid in full when due, regardless of how such amount may have become due; (ii) any covenant, agreement, condition, representation or warranty herein or in any other Loan Documents is not fully and timely performed, observed or kept; or (iii) there shall occur any default or event of default under the Mortgage or any other Loan Document. Upon the occurrence of a Default, Administrative Agent on behalf of Lenders shall have the rights to declare the unpaid principal balance and accrued but unpaid interest on this Note, and all other amounts due hereunder and under the other Loan Documents, at once due and payable (and upon such declaration, the same shall be at once due and payable), to foreclose any liens and security interests securing payment hereof and to exercise any of its other rights, powers and remedies under this Note, under any other Loan Document, or at Law or in equity.

(b) All of the rights, remedies, powers and privileges (together, "Rights") of Administrative Agent on behalf of Lenders provided for in this Note and in any other Loan Document are

cumulative of each other and of any and all other Rights at Law or in equity. The resort to any Right shall not prevent the concurrent or subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by Administrative Agent or Lenders to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of any Right. Without limiting the generality of the foregoing provisions, the acceptance by Lender from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment, shall not (i) constitute a waiver of or impair or extinguish the right of Administrative Agent or Lenders to accelerate the maturity of this Note or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance or a novation in any respect.

(c) If any holder of this Note retains an attorney in connection with any Default or at maturity or to collect, enforce or defend this Note or any other Loan Document in any lawsuit or in any probate, reorganization, bankruptcy, arbitration or other proceeding, or if Borrower sues any holder in connection with this Note or any other Loan Document and does not prevail, then Borrower agrees to pay to each such holder, in addition to principal, interest and any other sums owing to Lenders hereunder and under the other Loan Documents, all costs and expenses incurred by such holder in trying to collect this Note or in any such suit or proceeding, including, without limitation, attorneys' fees and expenses, investigation costs and all court costs, whether or not suit is filed hereon, whether before or after the Maturity Date, or whether in connection with bankruptcy, insolvency or appeal, or whether collection is made against Borrower or any guarantor or endorser or any other person primarily or secondarily liable hereunder.

4. Heirs, Successors and Assigns. The terms of this Note and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents. As further provided in the Loan Agreement, a Lender may, at any time, sell, transfer, or assign all or a portion of its interest in this Note, the Mortgage and the other Loan Documents, as set forth in the Loan Agreement.

5. General Provisions. Time is of the essence with respect to Borrower's obligations under this Note. If more than one person or entity executes this Note as Borrower, all of said parties shall be jointly and severally liable for payment of the indebtedness evidenced hereby. Borrower and all sureties, endorsers, guarantors and any other party now or hereafter liable for the payment of this Note in whole or in part, hereby severally (a) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (b) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (c) agree that neither Administrative Agent nor any Lender shall be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (d) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (e) submit (and waive all rights to object) to non-exclusive personal jurisdiction of any state or federal court sitting in the city and county, and venue in the city or county, in which payment is to be made as specified in the first paragraph of Page 1 of this Note, for the enforcement of any and all obligations under this Note and the Loan Documents; (f) waive the benefit of all homestead and similar exemptions as to this Note; (g) agree that their liability under

this Note shall not be affected or impaired by any determination that any security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (h) hereby subordinate any and all rights against Borrower and any of the security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. THIS NOTE, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY NEW YORK LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW.

6. Notices. Any notice, request, or demand to or upon Borrower or Lender shall be deemed to have been properly given or made when delivered in accordance with the Loan Agreement.

7. No Usury. It is expressly stipulated and agreed to be the intent of Borrower, Administrative Agent and all Lenders at all times to comply with applicable state Law or applicable United States federal Law (to the extent that it permits a Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state Law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal Law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Administrative Agent's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable Law, then it is Administrative Agent's and each Lender's express intent that all excess amounts theretofore collected by Administrative Agent or any Lender shall be credited on the principal balance of this Note and all other indebtedness and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable Law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lenders for the use, forbearance, or detention of the Loan shall, to the extent permitted by applicable Law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Borrower has duly executed this Note under seal as of the date first above written.

125 MAIN STREET ASSOCIATES LLC, a Connecticut limited liability company

By: Acadia Westport LLC, its managing member

By /s/ Robert Masters

Robert Masters

Senior Vice President

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty") is made as of the 30th day of September, 2011 by ACADIA STRATEGIC OPPORTUNITY FUND III LLC, a Delaware limited liability company ("Guarantor"), in favor of BANK OF AMERICA, N.A., a national banking association (in its individual capacity and not as administrative agent, "BofA"), as Administrative Agent (in such capacity and together with its successors and assigns in such capacity, "Administrative Agent") for Lenders (as defined below).

Preliminary Statements

BofA and 125 Main Street Associates LLC, a Connecticut limited liability company ("Borrower"), have entered into, are entering into concurrently herewith, or contemplate entering into, that certain Loan Agreement dated as of the date hereof (herein called, as it may hereafter be modified, supplemented, restated, extended, or renewed and in effect from time to time, the "Loan Agreement"), which Loan Agreement sets forth the terms and conditions of certain loans (collectively, the "Loan") by BofA and certain other lenders (BofA and such other entities as may become lenders in accordance with the terms of the Loan Agreement, collectively, "Lenders") to Borrower for with respect to land located in the Town of Westport, Fairfield County, Connecticut as more particularly described in the Loan Agreement and identified therein as the Land and the Improvements thereon.

A condition precedent to Lenders' obligation to make the Loan to Borrower is Guarantor's execution and delivery to Administrative Agent of this Guaranty.

The Loan is, or will be, evidenced by one or more notes executed by Borrower pursuant to the Loan Agreement and payable to the order of Lenders in the aggregate principal face amount of \$12,500,000 (such note, as it may hereafter be renewed, extended, supplemented, increased or modified and in effect from time to time, and all other notes given in substitution therefor, or in modification, renewal, or extension thereof, in whole or in part, is herein called the "Note").

Borrower and BofA may from time to time enter into one or more "Swap Contracts" as defined in the Loan Agreement.

Any capitalized term used and not defined in this Guaranty shall have the meaning given to such term in the Loan Agreement. This Guaranty is one of the Loan Documents described in the Loan Agreement.

Statement of Agreements

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and as a material inducement to Lenders to extend credit to Borrower, Guarantor hereby guarantees to Administrative Agent and Lenders the prompt and full payment and performance of the indebtedness and obligations described below in this Guaranty (collectively called the "Guaranteed Obligations"), this Guaranty being upon the following terms and conditions:

1. Guaranty of Payment. Guarantor hereby jointly and severally, unconditionally and irrevocably guarantees to Administrative Agent and Lenders the punctual payment when due, whether by lapse of time, by acceleration of maturity, or otherwise, of (a) all principal, interest (including interest accruing after the commencement of any bankruptcy or insolvency proceeding by or against Borrower, whether or not allowed in such proceeding), fees, late charges, costs, expenses, indemnification indebtedness, and other sums of money now or hereafter due and owing, or which Borrower is obligated to pay, pursuant to the terms

of the Note, the Loan Agreement, the Mortgage, the Environmental Agreement, any application, agreement, note or other document executed and delivered in connection with any Swap Contract or any other Loan Documents, including any indemnifications contained in the Loan Documents, now or hereafter existing, and all renewals, extensions, refinancings, modifications, supplements or amendments of such indebtedness, or any of the Loan Documents, or any part thereof, (b) payment by Borrower of all customary or necessary costs and expenses actually incurred by Borrower, Administrative Agent or Lenders in connection with the operation, maintenance and management of the Land and the Improvements, including, without limitation, condominium common charges and assessments, insurance premiums, taxes and assessments, payments in lieu of taxes, utilities, repair, replacement and all other maintenance costs and expenses, equipment lease payments, management fees, professional fees, accounting fees, salaries, fringe and other benefits due to all employees engaged in the operation, maintenance or management of the Land and the Improvements, payroll and related taxes and any and all other customary or necessary operating expenses, (c) any and all transfer taxes which may be due in connection with the foreclosure of the Mortgage or delivery of a deed-in-lieu of foreclosure of the Mortgage, (d) all legal and other costs or expenses paid or incurred by or on behalf of Administrative Agent and/or Lenders in the enforcement thereof or hereof, (e) all leasing commissions, tenant allowances and/or other amounts which Borrower is obligated to pay as landlord under any and all existing leases of the Property and under any and all future leases at the Property executed while Borrower owns the Property and (f) any loss, cost, damage or expense paid or incurred by or on behalf of Administrative Agent and Lenders by reason of (i) any fraud or material misrepresentation, (ii) taxes of any kind (whether characterized as transfer, gains or other taxes) payable in connection with the foreclosure sale of the Property, irrespective of who pays such taxes, (iii) application of any proceeds of the Loan to any purpose other than as provided in the Loan Documents (provided that Guarantor's liability under this clause (iii) shall not apply to distributions made by Borrower more than thirty (30) days prior to a Default provided that such distributions are in the ordinary course of business and Borrower is solvent at the time of such distributions); (iv) the application of any insurance or condemnation proceeds or other funds or payments other than strictly in accordance with the Loan Documents, (v) the misapplication of any security deposits, (vi) rents, sales proceeds, or other sums received after default under the Loan Documents which are not applied to expenses of operating the Property or paid to Administrative Agent or a duly appointed receiver of the Property, (vii) any failure to deliver to Administrative Agent, after demand therefor, any agreements relating to the operation, management, leasing, use, occupancy or construction of the Property, (viii) any intentional physical waste in respect of the Property, (ix) any failure to pay or discharge any real estate tax, other tax, assessment, fine, penalty or lien against the Property to the extent revenue from leases of the Property was available to pay same, (x) liability as landlord under any lease(s) relating to the Property which liability accrued prior to Administrative Agent's or Lenders' succeeding to such interest of Borrower, which Administrative Agent or Lenders is or becomes obligated for by virtue of Administrative Agent or Lenders succeeding to the interests of Borrower, (xi) any Insolvency Event (as hereinafter defined), (xii) any state of facts or circumstances which are contrary to the representations and warranties set forth in Section 32 or (xiii) Lenders being required by any agreement entered into with a tenant of the Property to release any insurance and/or condemnation award proceeds as to which Borrower is not entitled to have applied to restoration of the Property pursuant to Sections 2.1(d), 2.1(e) and/or 2.1(g), as applicable of the Mortgage (the indebtedness described above in this Section 1 is herein collectively called the "Indebtedness"). Notwithstanding the foregoing, (A) Guarantor's aggregate liability in respect of the principal amount of the Loan (the "Principal Liability") shall be limited to the PL Amount as defined below (the limitation in this proviso being herein referred to as the "Principal Liability Limitation") and (B) Guarantor's liability in respect of interest, fees, penalties and late charges and in respect of clause (b) above shall be equal to the aggregate amount of all such amounts accrued and unpaid as of the Determination Date (as hereinafter defined), provided that (x) in no event shall the Principal Liability Limitation in the foregoing proviso affect Guarantor's liability hereunder as to all interest, fees, penalties, late charges and any other amounts (other than principal) due under the Loan Documents and any amounts due and owing pursuant to clauses (b), (c), (d), (e) and (f) above (collectively, "Guarantor's

Non-Principal Liability") and (y) the effectiveness or continuing effectiveness of the Principal Liability Limitation shall be conditioned on the absence of any Insolvency Event, it being understood and agreed that if said condition is not continuously satisfied Guarantor's liability hereunder in respect of the entire principal amount of the Loan and all other amounts due under the Loan Documents shall be in full force and effect and the Principal Liability Limitation shall be void and of no force or effect. As used herein, the term "PL Amount" shall mean an amount equal to zero dollars (\$0).

As used herein, the term "Determination Date" shall mean the date which is the last to occur of:

(A) the date of payment in full of Guarantor's Principal Liability and all other amounts due hereunder at the time of such payment, or

(B) the date which is the earliest to occur of (1) the acceptance by Administrative Agent or Administrative Agent's designee of the conveyance of the premises encumbered by the Mortgage by deed or assignment in lieu of foreclosure, or (2) the date upon which a sale (whether made under a power of sale, by virtue of a judicial proceeding or judgment or decree of foreclosure or sale or otherwise) of such mortgaged premises occurs as a result of enforcement of the Mortgage or (3) payment in full of Borrower's obligations under the Note, Mortgage and Loan Agreement.

As used herein, the term "Insolvency Event" shall mean any voluntary or collusive involuntary filing of any bankruptcy, insolvency or similar proceeding by or against Borrower or Guarantor.

In the event of a foreclosure sale, Guarantor agrees that Guarantor's Non-Principal Liability obligation hereunder shall not be reduced out of the proceeds of such sale except to the extent that such proceeds exceed the sum of (x) the unpaid principal amount of the Loan, (y) costs and expenses of such sale and (z) the amount of any taxes or assessments or any similar charges paid out of the proceeds of such sale or subject to which the Property has been sold. Nothing herein is intended to require Administrative Agent to proceed against Borrower or any security for the Loan before proceeding against Guarantor at any time or limit Administrative Agent's right to proceed against Guarantor at any time or from time to time for principal, interest, default interest and late charges guaranteed hereby which are not paid as and when the same become due in accordance with the terms of the Note, Loan Agreement and Mortgage whether or not Administrative Agent shall have declared the principal of the Note and accrued and unpaid interest, default interest and late charges payable thereunder or under the Mortgage or the Loan Agreement to be immediately due and payable.

This Guaranty covers the Indebtedness, whether presently outstanding or arising subsequent to the date hereof, including all amounts advanced by Lenders in stages or installments. The guaranty of Guarantor as set forth in this Section 1 is a continuing guaranty of payment and not a guaranty of collection.

2. Guaranty of Performance. Guarantor additionally hereby unconditionally and irrevocably guarantees to Administrative Agent and Lenders the timely performance of all other obligations of Borrower under all of the Loan Documents, including, without limiting the generality of the foregoing:

(a) that the tenant improvement work required to be performed by the landlord under any and all leases, both existing and future, of space in the Improvements (the "TI Work") will be constructed in accordance with such leases and the Loan Agreement; and

(b) that the TI Work will be completed, lien free, and ready for occupancy, including delivery of any permits, certificates or governmental approvals required by law or the applicable

lease, on or before the date required in such lease.

If any of such obligations of Borrower are not complied with, in any respect whatsoever, and without the necessity of any notice from Administrative Agent or Lenders to Guarantor, Guarantor agrees to (i) assume all responsibility for the completion of the TI Work and, at Guarantor's own cost and expense, cause the TI Work to be fully completed in accordance with the leases of the Property and the Loan Documents; (ii) pay all bills in connection with the construction of the TI Work; and (iii) indemnify and hold Administrative Agent and Lenders harmless from any and all loss, cost, liability or expense that Administrative Agent and Lenders may suffer by reason of any such non-compliance. So long as all of such obligations are being performed by Borrower or Guarantor and no Default exists, Lenders will make the Loan proceeds, if any, available under and subject to the terms of the Loan Agreement. If after the occurrence of a Default, and without limiting the rights and remedies of Administrative Agent and Lenders, Administrative Agent, in its sole and absolute discretion, is dissatisfied with the progress of construction by Borrower and/or Guarantor, Administrative Agent may, at its option, without notice to Guarantor or anyone else, complete the TI Work either before or after commencement of foreclosure proceedings or before or after exercise of any other right or remedy of Administrative Agent against Borrower or Guarantor and expend such sums as Administrative Agent, in its sole and absolute discretion, deems necessary or advisable to complete the TI Work, and Guarantor hereby waives any right to contest any such expenditures by Administrative Agent and/or Lenders. The amount of any and all expenditures made by Administrative Agent for the foregoing purposes shall bear interest from the date made until repaid to Administrative Agent, at a rate per annum equal to the interest rate provided for in the Note and, together with such interest, shall be due and payable by Guarantor to Administrative Agent upon demand. Neither Lenders nor Administrative Agent have nor shall they ever have any obligation to complete the TI Work or take any such action. The obligations and liability of Guarantor under this Section 2 shall not be limited or restricted by the existence of (or any terms of) the guaranty of payment under Section 1.

3. Primary Liability of Guarantor.

(a) This Guaranty is an absolute, irrevocable and unconditional guaranty of payment and performance. Guarantor shall be liable for the payment and performance of the Guaranteed Obligations as a primary obligor. This Guaranty shall be effective as a waiver of, and Guarantor hereby expressly waives, any and all rights to which Guarantor may otherwise have been entitled under any suretyship laws in effect from time to time, including any right or privilege, whether existing under statute, at law or in equity, to require Administrative Agent or Lenders to take prior recourse or proceedings against any collateral, security or Person (hereinafter defined) whatsoever.

(b) Guarantor hereby agrees that in the event of (i) default by Borrower in payment or performance of the Guaranteed Obligations, or any part thereof, when such indebtedness or performance becomes due, either by its terms or as the result of the exercise of any power to accelerate; (ii) the failure of Guarantor to perform completely and satisfactorily the covenants, terms and conditions of any of the Guaranteed Obligations; (iii) the death, incompetency, dissolution or insolvency of Guarantor, provided, however, that the death of a Guarantor shall not be an Event of Default if a new guarantor satisfactory to Administrative Agent in its sole discretion assumes the deceased Guarantor's obligations within sixty (60) days of the death of such Guarantor; (iv) the inability of Guarantor to pay debts as they mature; (v) an assignment by Guarantor for the benefit of creditors; (vi) the institution of any proceeding by or against Guarantor in bankruptcy or for a reorganization or an arrangement with creditors, or for the appointment of a receiver, trustee or custodian for any of them or for any of their respective properties; (vii) the breach of any of the covenants set forth in Sections 18 or 20; (viii) the entry of a judgment against Guarantor for an amount in excess of \$1,000,000 and Guarantor shall not discharge the same or cause it to be discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or

process upon which or pursuant to which said judgment was granted, based or entered, and secure a stay of execution pending such appeal; (ix) a writ or order of attachment, levy or garnishment is issued against Guarantor; (x) the falsity in any material respect of, or any material omission in, any representation made to Administrative Agent and/or Lenders by Guarantor; or (xi) any transfer of assets of any Guarantor, without Administrative Agent's prior consent (except for transfers in the ordinary course of Guarantor's business provided that any such transfer is in compliance with applicable Laws and all covenants and agreements by which Guarantor is bound, customary political and charitable contributions, and transfers for which Guarantor receives consideration substantially equivalent to the fair market value of the transferred asset) (individually and collectively an "Event of Default"); then upon the occurrence of such Event of Default, the Guaranteed Obligations, for purposes of this Guaranty, shall be deemed immediately due and payable at the election of Administrative Agent, and Guarantor shall, on demand and without presentment, protest, notice of protest, further notice of nonpayment or of dishonor, default or nonperformance, or notice of acceleration or of intent to accelerate, or any other notice whatsoever, without any notice having been given to Guarantor previous to such demand of the acceptance by Administrative Agent and/or Lenders of this Guaranty, and without any notice having been given to Guarantor previous to such demand of the creating or incurring of such indebtedness or of such obligation to perform, all such notices being hereby waived by Guarantor, pay the amount due to Administrative Agent or perform or observe the agreement, covenant, term or condition, as the case may be, and pay all damages and all costs and expenses that may arise in consequence of such Event of Default (including, without limitation, all attorneys' fees and expenses, investigation costs, court costs, and any and all other costs and expenses incurred by Administrative Agent in connection with the collection and enforcement of the Note, this Guaranty or any other Loan Document), whether or not suit is filed thereon, or whether at maturity or by acceleration, or whether before or after maturity, or whether in connection with bankruptcy, insolvency or appeal. It shall not be necessary for Administrative Agent, in order to enforce such payment or performance by Guarantor, first to institute suit or pursue or exhaust any rights or remedies against Borrower or others liable on such indebtedness or for such performance, or to enforce any rights against any security that shall ever have been given to secure such indebtedness or performance, or to join Borrower or any others liable for the payment or performance of the Guaranteed Obligations or any part thereof in any action to enforce this Guaranty, or to resort to any other means of obtaining payment or performance of the Guaranteed Obligations; provided, however, that nothing herein contained shall prevent Administrative Agent from suing on the Note or foreclosing the Mortgage or from exercising any other rights thereunder, and if such foreclosure or other remedy is availed of, only the net proceeds therefrom, after deduction of all charges and expenses of every kind and nature whatsoever, shall be applied in reduction of the amount due on the Note and Mortgage, and Administrative Agent shall not be required to institute or prosecute proceedings to recover any deficiency as a condition of payment hereunder or enforcement hereof. At any sale of the Property or other collateral given for the Indebtedness or any part thereof, whether by foreclosure or otherwise, Administrative Agent may at its discretion purchase all or any part of the Property or collateral so sold or offered for sale for its own account and may, in payment of the amount bid therefor, deduct such amount from the balance due it pursuant to the terms of the Note, Mortgage and other Loan Documents.

(c) Suit may be brought or demand may be made against Borrower or against all parties who have signed this Guaranty or any other guaranty covering all or any part of the Guaranteed Obligations, or against any one or more of them, separately or together, without impairing the rights of Administrative Agent and/or Lenders against any party hereto. Any time that Administrative Agent is entitled to exercise its rights or remedies hereunder, it may in its discretion elect to demand payment and/or performance. If Administrative Agent elects to demand performance, it shall at all times thereafter have the right to demand payment until all of the Guaranteed Obligations have been paid and performed in full. If Administrative Agent elects to demand payment, it shall at all times thereafter have the right to demand performance until all of the Guaranteed Obligations have been paid and performed in full.

4. Certain Agreements and Waivers by Guarantor.

(a) Guarantor hereby agrees that neither the rights or remedies of Administrative Agent and Lenders nor Guarantor's obligations under the terms of this Guaranty shall be released, diminished, impaired, reduced or affected by any one or more of the following events, actions, facts, or circumstances, and the liability of Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

- (1) any limitation of liability or recourse in any other Loan Document or arising under any law;
- (2) any claim or defense that this Guaranty was made without consideration or is not supported by adequate consideration;
- (3) the taking or accepting of any other security or guaranty for, or right of recourse with respect to, any or all of the Guaranteed Obligations;
- (4) any homestead exemption or any other exemption that is waivable under applicable law;
- (5) any release, surrender, abandonment, exchange, alteration, sale or other disposition, subordination, deterioration, waste, failure to protect or preserve, impairment, or loss of, or any failure to create or perfect any lien or security interest with respect to, or any other dealings with, any collateral or security at any time existing or purported, believed or expected to exist in connection with any or all of the Guaranteed Obligations, including any impairment of Guarantor's recourse against any Person or collateral;
- (6) whether express or by operation of law, any partial release of the liability of Guarantor hereunder, or if one or more other guaranties are now or hereafter obtained by Administrative Agent and/or Lenders covering all or any part of the Guaranteed Obligations, any complete or partial release of any one or more of such guarantors under any such other guaranty, or any complete or partial release of Borrower or any other party liable, directly or indirectly, for the payment or performance of any or all of the Guaranteed Obligations;
- (7) the death, insolvency, bankruptcy, disability, dissolution, liquidation, termination, receivership, reorganization, merger, consolidation, change of form, structure or ownership, sale of all assets, or lack of corporate, partnership or other power of Borrower or any other party at any time liable for the payment or performance of any or all of the Guaranteed Obligations;
- (8) either with or without notice to or consent of Guarantor: any renewal, extension, modification, supplement, subordination or rearrangement of the terms of any or all of the Guaranteed Obligations and/or any of the Loan Documents, including, without limitation, material alterations of the terms of payment (including changes in maturity date(s) and interest rate(s)) or performance or any other terms thereof, or any waiver, termination, or release of, or consent to departure from, any of the Loan Documents or any other guaranty of any or all of the Guaranteed Obligations, or any adjustment, indulgence, forbearance, or compromise that may be granted from time to time by Administrative Agent and/or Lenders to Borrower, Guarantor, and/or any other Person at any time liable for the payment or performance of any or all of the Guaranteed Obligations;
- (9) any neglect, lack of diligence, delay, omission, failure, or refusal of Administrative Agent and/or Lenders to take or prosecute (or in taking or prosecuting) any action for the collection or enforcement of any of the Guaranteed Obligations, or to foreclose or take or prosecute any action

to foreclose (or in foreclosing or taking or prosecuting any action to foreclose) upon any security therefor, or to exercise (or in exercising) any other right or power with respect to any security therefor, or to take or prosecute (or in taking or prosecuting) any action in connection with any Loan Document, or any failure to sell or otherwise dispose of in a commercially reasonable manner any collateral securing any or all of the Guaranteed Obligations;

(10) any failure of Administrative Agent and/or Lenders to notify Guarantor of any creation, renewal, extension, rearrangement, modification, supplement, subordination, or assignment of the Guaranteed Obligations or any part thereof, or of any Loan Document, or of any release of or change in any security, or of any other action taken or refrained from being taken by Administrative Agent and/or Lenders against Borrower or any security or other recourse, or of any new agreement between Administrative Agent and/or Lenders and Borrower, it being understood that Administrative Agent and/or Lenders shall not be required to give Guarantor any notice of any kind under any circumstances with respect to or in connection with the Guaranteed Obligations, any and all rights to notice Guarantor may have otherwise had being hereby waived by Guarantor, and Guarantor shall be responsible for obtaining for itself information regarding Borrower, including, but not limited to, any changes in the business or financial condition of Borrower, and Guarantor acknowledges and agrees that Administrative Agent and/or Lenders shall have no duty to notify Guarantor of any information which Administrative Agent and/or Lenders may have concerning Borrower;

(11) if for any reason Administrative Agent and/or Lenders is required to refund any payment by Borrower to any other party liable for the payment or performance of any or all of the Guaranteed Obligations or pay the amount thereof to someone else;

(12) the making of advances by Administrative Agent and/or Lenders to protect their interest in the Property, preserve the value of the Property or for the purpose of performing any term or covenant contained in any of the Loan Documents;

(13) the existence of any claim, counterclaim, set-off or other right that Guarantor may at any time have against Borrower, Administrative Agent, any Lender, or any other Person, whether or not arising in connection with this Guaranty, the Note, the Loan Agreement, or any other Loan Document;

(14) the unenforceability of all or any part of the Guaranteed Obligations against Borrower, whether because the Guaranteed Obligations exceed the amount permitted by law or violate any usury law, or because the act of creating the Guaranteed Obligations, or any part thereof, is ultra vires, or because the officers or Persons creating the Guaranteed Obligations acted in excess of their authority, or because of a lack of validity or enforceability of or defect or deficiency in any of the Loan Documents, or because Borrower has any valid defense, claim or offset with respect thereto, or because Borrower's obligation ceases to exist by operation of law, or because of any other reason or circumstance, it being agreed that Guarantor shall remain liable hereon regardless of whether Borrower or any other Person be found not liable on the Guaranteed Obligations, or any part thereof, for any reason (and regardless of any joinder of Borrower or any other party in any action to obtain payment or performance of any or all of the Guaranteed Obligations);

(15) any order, ruling or plan of reorganization emanating from proceedings under Title 11 of the United States Code with respect to Borrower or any other Person, including any extension, reduction, composition, or other alteration of the Guaranteed Obligations, whether or not consented to by Lender; or

(16) any other condition, event, omission, action or inaction that would in the absence of

this paragraph result in the release or discharge of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty or any other agreement.

(17) any early termination of any of the Guaranteed Obligations;

(18) Administrative Agent's and/or Lenders' enforcement or forbearance from enforcement of the Guaranteed Obligations on a net or gross basis; or

(19) any invalidity, irregularity or unenforceability in whole or in part (including with respect to any netting provision) of any Swap Contract or any confirmation, instrument or agreement required thereunder or related thereto, or any transaction entered into thereunder, or any limitation on the liability of Borrower thereunder or any limitation on the method or terms of payment thereunder which may now or hereafter be caused or imposed in any manner whatsoever.

(b) In the event any payment by Borrower or any other Person to Administrative Agent and/or Lenders is held to constitute a preference, fraudulent transfer or other voidable payment under any bankruptcy, insolvency or similar law, or if for any other reason Administrative Agent and/or Lenders is required to refund such payment or pay the amount thereof to any other party, such payment by Borrower or any other party to Administrative Agent and/or Lenders shall not constitute a release of Guarantor from any liability hereunder, and this Guaranty shall continue to be effective or shall be reinstated (notwithstanding any prior release, surrender or discharge by Administrative Agent and/or Lenders of this Guaranty or of Guarantor), as the case may be, with respect to, and this Guaranty shall apply to, any and all amounts so refunded by Administrative Agent and/or Lenders or paid by Administrative Agent and/or Lenders to another Person (which amounts shall constitute part of the Guaranteed Obligations), and any interest paid by Administrative Agent and/or Lenders and any attorneys' fees, costs and expenses paid or incurred by Administrative Agent and/or Lenders in connection with any such event. It is the intent of Guarantor, Administrative Agent and Lenders that the obligations and liabilities of Guarantor hereunder are absolute and unconditional under any and all circumstances and that until the Guaranteed Obligations are fully and finally paid and performed, and not subject to refund or disgorgement, the obligations and liabilities of Guarantor hereunder shall not be discharged or released, in whole or in part, by any act or occurrence that might, but for the provisions of this Guaranty, be deemed a legal or equitable discharge or release of a guarantor. Administrative Agent and/or Lenders shall be entitled to continue to hold this Guaranty in its possession for the longer of (i) the period after which any performance of obligations under the Environmental Agreement shall accrue, or (ii) a period of one year from the date the Guaranteed Obligations are paid and performed in full and for so long thereafter as may be necessary to enforce any obligation of Guarantor hereunder and/or to exercise any right or remedy of Administrative Agent and/or Lenders hereunder.

(c) If acceleration of the time for payment of any amount payable by Borrower under the Note, the Loan Agreement, any Swap Contract or any other Loan Document is stayed or delayed by any law or tribunal, all such amounts shall nonetheless be payable by Guarantor on demand by Administrative Agent and/or Lenders.

5. Subordination. If, for any reason whatsoever, Borrower is now or hereafter becomes indebted to Guarantor:

(a) such indebtedness and all interest thereon and all liens, security interests and rights now or hereafter existing with respect to property of Borrower securing such indebtedness shall, at all times, be subordinate in all respects to the Guaranteed Obligations and to all liens, security interests and rights now or hereafter existing to secure the Guaranteed Obligations;

(b) Guarantor shall not be entitled to enforce or receive payment, directly or indirectly,

of any such indebtedness of Borrower to Guarantor until the Guaranteed Obligations have been fully and finally paid and performed;

(c) Guarantor hereby assigns and grants to Administrative Agent for the benefit of Lenders a security interest in all such indebtedness and security therefor, if any, of Borrower to Guarantor now existing or hereafter arising, including any dividends and payments pursuant to debtor relief or insolvency proceedings referred to below. In the event of receivership, bankruptcy, reorganization, arrangement or other debtor relief or insolvency proceedings involving Borrower as debtor, Administrative Agent shall have the right to prove the claim of Administrative Agent and/or Lenders in any such proceeding so as to establish their rights hereunder and shall have the right to receive directly from the receiver, trustee or other custodian (whether or not a Default shall have occurred or be continuing under any of the Loan Documents), dividends and payments that are payable upon any obligation of Borrower to Guarantor now existing or hereafter arising, and to have all benefits of any security therefor, until the Guaranteed Obligations have been fully and finally paid and performed. If, notwithstanding the foregoing provisions, Guarantor should receive any payment, claim or distribution that is prohibited as provided above in this Section 5, Guarantor shall pay the same to Administrative Agent immediately, Guarantor hereby agreeing that it shall receive the payment, claim or distribution in trust for Administrative Agent and Lenders and shall have absolutely no dominion over the same except to pay it immediately to Administrative Agent; and

(d) Guarantor shall promptly upon request of Administrative Agent from time to time execute such documents and perform such acts as Administrative Agent may require to evidence and perfect its interest and to permit or facilitate exercise of its rights under this Section 5, including, but not limited to, execution and delivery of financing statements, proofs of claim, further assignments and security agreements, and delivery to Administrative Agent of any promissory notes or other instruments evidencing indebtedness of Borrower to Guarantor. All promissory notes, accounts receivable ledgers or other evidences, now or hereafter held by Guarantor, of obligations of Borrower to Guarantor shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under and is subject to the terms of this Guaranty.

6. Other Liability of Guarantor or Borrower. If Guarantor is or becomes liable, by endorsement or otherwise, for any indebtedness owing by Borrower to Administrative Agent and/or Lenders other than under this Guaranty, such liability shall not be in any manner impaired or affected hereby, and the rights of Administrative Agent and/or Lenders hereunder shall be cumulative of any and all other rights that Administrative Agent and/or Lenders may have against Guarantor. This Guaranty is independent of (and shall not be limited by) any other guaranty now existing or hereafter given. Further, Guarantor's liability under this Guaranty is in addition to any and all other liability Guarantor may have in any other capacity, including without limitation, its capacity as a general partner.

7. Lender Assigns. This Guaranty is for the benefit of Administrative Agent and Lenders and their successors and assigns, subject to the terms of the Loan Agreement, and in the event of an assignment of the Guaranteed Obligations, or any part thereof, the rights and benefits hereunder, to the extent applicable to the Guaranteed Obligations so assigned, may be transferred with such Guaranteed Obligations. Guarantor waives notice of any transfer or assignment of the Guaranteed Obligations, or any part thereof, and agrees that failure to give notice of any such transfer or assignment will not affect the liabilities of Guarantor hereunder.

8. Binding Effect. This Guaranty is binding not only on Guarantor, but also on Guarantor's heirs, personal representatives, successors and assigns. Upon the death of Guarantor, if Guarantor is a natural person, this Guaranty shall continue against Guarantor's estate as to all of the Guaranteed

Obligations, including that portion incurred or arising after the death of Guarantor and shall be provable in full against Guarantor's estate, whether or not the Guaranteed Obligations are then due and payable. If this Guaranty is signed by more than one Person, then all of the obligations of Guarantor arising hereunder shall be jointly and severally binding on each of the undersigned, and their respective heirs, personal representatives, successors and assigns, and the term "Guarantor" shall mean all of such Persons and each of them individually.

9. Governing Law; Forum; Consent to Jurisdiction. This Guaranty is an agreement executed under seal. The validity, enforcement, and interpretation of this Guaranty, shall for all purposes be governed by and construed in accordance with the laws of the State of New York and applicable United States federal law, and is intended to be performed in accordance with, and only to the extent permitted by, such laws. If any Guarantor is a corporation, the designation "(SEAL)" on this Guaranty shall be effective as the affixing of such Guarantor's corporate seal physically to this Guaranty. All obligations of Guarantor hereunder are payable and performable at the place or places where the Guaranteed Obligations are payable and performable. Guarantor hereby irrevocably submits generally and unconditionally for Guarantor and in respect of Guarantor's property to the nonexclusive jurisdiction of any state court, or any United States federal court, sitting in the state specified in the first sentence of this Section and to the jurisdiction of any state or United States federal court sitting in the state in which any of the Land is located, over any suit, action or proceeding arising out of or relating to this Guaranty or the Guaranteed Obligations. Guarantor hereby irrevocably waives, to the fullest extent permitted by law, any objection that Guarantor may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon Guarantor and may be enforced in any court in which Guarantor is subject to jurisdiction. Guarantor hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any state court, or any United States federal court, sitting in the state specified in the first sentence of this Section may be made by certified or registered mail, return receipt requested, directed to Guarantor at the address set forth at the end of this Guaranty, or at a subsequent address of which Administrative Agent receives actual notice from Guarantor in accordance with the notice provisions hereof, and service so made shall be complete five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of Administrative Agent to serve process in any manner permitted by law or limit the right of Administrative Agent to bring proceedings against Guarantor in any other court or jurisdiction. Guarantor hereby releases, to the extent permitted by applicable law, all errors and all rights of exemption, appeal, stay of execution, inquisition, and other rights to which Guarantor may otherwise be entitled under the laws of the United States of America or any State or possession of the United States of America now in force or which may hereinafter be enacted. The authority and power to appear for and enter judgment against the Guarantor shall not be exhausted by one or more exercises thereof or by any imperfect exercise thereof and shall not be extinguished by any judgment entered pursuant thereto. Such authority may be exercised on one or more occasions or from time to time in the same or different jurisdiction as often as the Administrative Agent shall deem necessary and desirable.

10. Invalidity of Certain Provisions. If any provision of this Guaranty or the application thereof to any Person or circumstance shall, for any reason and to any extent, be declared to be invalid or unenforceable, neither the remaining provisions of this Guaranty nor the application of such provision to any other Person or circumstance shall be affected thereby, and the remaining provisions of this Guaranty, or the applicability of such provision to other Persons or circumstances, as applicable, shall remain in effect and be enforceable to the maximum extent permitted by applicable law.

11. Attorneys' Fees and Costs of Collection. Guarantor shall pay on demand all attorneys' fees and all other costs and expenses incurred by Administrative Agent and/or Lenders in the enforcement

of or preservation of Administrative Agent's and/or Lenders' rights under this Guaranty including, without limitation, all attorneys' fees and expenses, investigation costs, and all court costs, whether or not suit is filed hereon, or whether at maturity or by acceleration, or whether before or after maturity, or whether in connection with bankruptcy, insolvency or appeal, or whether in connection with the collection and enforcement of this Guaranty against any other Guarantor, if there be more than one. Guarantor agrees to pay interest on any expenses or other sums due to Administrative Agent and/or Lenders under this Section 11 that are not paid when due, at a rate per annum equal to the interest rate provided for in the Note. Guarantor's obligations and liabilities under this Section 11 shall survive any payment or discharge in full of the Guaranteed Obligations.

12. Payments. All sums payable under this Guaranty shall be paid in lawful money of the United States of America that at the time of payment is legal tender for the payment of public and private debts.

13. Controlling Agreement. It is not the intention of Administrative Agent, Lenders or Guarantor to obligate Guarantor to pay interest in excess of that lawfully permitted to be paid by Guarantor under applicable law. Should it be determined that any portion of the Guaranteed Obligations or any other amount payable by Guarantor under this Guaranty constitutes interest in excess of the maximum amount of interest that Guarantor, in Guarantor's capacity as guarantor, may lawfully be required to pay under applicable law, the obligation of Guarantor to pay such interest shall automatically be limited to the payment thereof in the maximum amount so permitted under applicable law. The provisions of this Section 13 shall override and control all other provisions of this Guaranty and of any other agreement between Guarantor, Administrative Agent and Lenders.

14. Representations, Warranties, and Covenants of Guarantor. Guarantor hereby represents, warrants, and covenants that: (a) Guarantor has a financial interest in Borrower and will derive a material and substantial benefit, directly or indirectly, from the making of the Loan to Borrower and from the making of this Guaranty by Guarantor; (b) this Guaranty is duly authorized and valid, and is binding upon and enforceable against Guarantor; (c) Guarantor is not, and the execution, delivery and performance by Guarantor of this Guaranty will not cause Guarantor to be, in violation of or in default with respect to any law or in default (or at risk of acceleration of indebtedness) under any agreement or restriction by which Guarantor is bound or affected; (d) Guarantor is duly organized, validly existing, and in good standing under the laws of the state of its organization and under Delaware laws, is lawfully doing business in Connecticut, and has full power and authority to enter into and perform this Guaranty; (e) Guarantor will indemnify Administrative Agent and Lenders from any loss, cost or expense as a result of any representation or warranty of the Guarantor being false, incorrect, incomplete or misleading in any material respect; (f) there is no litigation pending or, to the knowledge of Guarantor, threatened before or by any tribunal against or affecting Guarantor other than litigation which, if adversely determined, would not have a material adverse effect on the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) of Guarantor; (g) all financial statements and information heretofore furnished to Administrative Agent and Lenders by Guarantor do, and all financial statements and information hereafter furnished to Administrative Agent and Lenders by Guarantor will, fully and accurately present the condition (financial or otherwise) of Guarantor as of their dates and the results of Guarantor's operations for the periods therein specified, and, since the date of the most recent financial statements of Guarantor heretofore furnished to Administrative Agent, no material adverse change has occurred in the financial condition of Guarantor, nor, except as heretofore disclosed in writing to Administrative Agent, has Guarantor incurred any material liability, direct or indirect, fixed or contingent; (h) after giving effect to this Guaranty, Guarantor is solvent, is not engaged or about to engage in business or a transaction for which the property of Guarantor is an unreasonably small capital, and does not intend to incur or believe that it will incur debts that will be beyond its ability to pay

as such debts mature; (i) Administrative Agent and Lenders have no duty at any time to investigate or inform Guarantor of the financial or business condition or affairs of Borrower or any change therein, and Guarantor will keep fully apprised of Borrower's financial and business condition; (j) Guarantor acknowledges and agrees that Guarantor may be required to pay and perform the Guaranteed Obligations in full without assistance or support from Borrower or any other Person; and (k) Guarantor has read and fully understands the provisions contained in the Note, the Loan Agreement, the Mortgage, the Environmental Agreement, and the other Loan Documents. Guarantor's representations, warranties and covenants are a material inducement to Administrative Agent and Lenders to enter into the other Loan Documents and shall survive the execution hereof and any bankruptcy, foreclosure, transfer of security or other event affecting Borrower, Guarantor, any other party, or any security for all or any part of the Guaranteed Obligations.

Guarantor further represents, warrants and covenants that if any Swap Contract shall at any time be in effect, (x) Guarantor has received and examined copies of each such Swap Contract, the observance and performance of which by Borrower is hereby guaranteed; (y) Guarantor will benefit from Administrative Agent's and/or any Lender's entering into each such Swap Contract and any transaction thereunder with Borrower, and Guarantor has determined that the execution and delivery by Guarantor of this Guaranty are necessary and convenient to the conduct, promotion and attainment of the business of Guarantor; and (z) Administrative Agent and Lenders have no duty to determine whether any Swap Contract, or any other transaction relating to or arising under any Swap Contract, will be or has been entered into by Borrower for purposes of hedging interest rate, currency exchange rate, or other risks arising in its businesses or affairs and not for purposes of speculation or is otherwise inappropriate for Borrower. Guarantor's representations, warranties and covenants are a material inducement to Administrative Agent to enter into the other Loan Documents and any Swap Contract shall survive the execution hereof and any bankruptcy, foreclosure, transfer of security or other event affecting Borrower, Guarantor, any other party, or any security for all or any part of the Guaranteed Obligations.

15. Notices. All notices, requests, consents, demands and other communications required or which any party desires to give hereunder or under any other Loan Document shall be in writing and, unless otherwise specifically provided in such other Loan Document, shall be deemed sufficiently given or furnished if delivered by personal delivery, by nationally recognized overnight courier service, or by registered or certified United States mail, postage prepaid, addressed to the party to whom directed at the addresses specified in this Guaranty (unless changed by similar notice in writing given by the particular party whose address is to be changed) or by telegram, telex, or facsimile. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of courier or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telegram, telex or facsimile, upon receipt; provided that, service of a notice required by any applicable statute shall be considered complete when the requirements of that statute are met. Notwithstanding the foregoing, no notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in this Guaranty or in any Loan Document or to require giving of notice or demand to or upon any Person in any situation or for any reason.

16. Cumulative Rights. The exercise by Administrative Agent and/or Lenders of any right or remedy hereunder or under any other Loan Document, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy. Administrative Agent and Lenders shall have all rights, remedies and recourses afforded to Administrative Agent and Lenders by reason of this Guaranty or any other Loan Document or by law or equity or otherwise, and the same (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Guarantor or others obligated for the Guaranteed Obligations, or any part thereof, or against any one or more of them, or against any security or otherwise, at the sole and absolute discretion of Administrative Agent, (c) may be exercised

as often as occasion therefor shall arise, it being agreed by Guarantor that the exercise of, discontinuance of the exercise of or failure to exercise any of such rights, remedies, or recourses shall in no event be construed as a waiver or release thereof or of any other right, remedy, or recourse, and (d) are intended to be, and shall be, nonexclusive. No waiver of any default on the part of Guarantor or of any breach of any of the provisions of this Guaranty or of any other document shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers granted herein or in any other document shall be construed as a waiver of such rights and powers, and no exercise or enforcement of any rights or powers hereunder or under any other document shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. The granting of any consent, approval or waiver by Administrative Agent and/or Lenders shall be limited to the specific instance and purpose therefor and shall not constitute consent or approval in any other instance or for any other purpose. No notice to or demand on Guarantor in any case shall of itself entitle Guarantor to any other or further notice or demand in similar or other circumstances. No provision of this Guaranty or any right, remedy or recourse of Administrative Agent and/or Lenders with respect hereto, or any default or breach, can be waived, nor can this Guaranty or Guarantor be released or discharged in any way or to any extent, except specifically in each case by a writing intended for that purpose (and which refers specifically to this Guaranty) executed, and delivered to Guarantor, by Administrative Agent.

17. Term of Guaranty. This Guaranty shall continue in effect until all the Guaranteed Obligations are fully and finally paid, performed and discharged, except that, and notwithstanding any return of this Guaranty to Guarantor, this Guaranty shall continue in effect (i) with respect to any of the Guaranteed Obligations that survive the full and final payment of the indebtedness evidenced by the Note, (ii) with respect to all obligations and liabilities of Guarantor under Section 11 and (iii) as provided in Section 4(b).

18. Financial Statements. As used in this Section, "Financial Statements" means (i) for each reporting party other than an individual, a balance sheet, income statement, statements of cash flow and amount and sources of contingent liabilities, a reconciliation of changes in equity and liquidity verification, and, unless Administrative Agent otherwise consents, consolidated and consolidating statements if the reporting party is a holding company or a parent of a subsidiary entity; and (ii) for each reporting party who is an individual, a balance sheet, statements of amount and sources of contingent liabilities, sources and uses of cash and liquidity verification, and, unless Administrative Agent otherwise consents, Financial Statements for each entity owned or jointly owned by the reporting party. Each party for whom Financial Statements are required is a "reporting party" and a specified period to which the required Financial Statements relate is a "reporting period". Guarantor shall provide or cause to be provided to Administrative Agent the following:

(a) Annual and quarterly Financial Statements of Guarantor, and copies of filed federal and state income tax returns of Guarantor as and when required under the Loan Agreement;

(b) As soon as available and in any event within sixty (60) days of the end of each fiscal quarter of Guarantor a certificate of the principal financial or accounting officer of Guarantor in the form attached hereto as Exhibit A setting forth the detailed calculations of compliance or non-compliance with each of the covenants set forth in Section 19; and

(c) From time to time promptly after Administrative Agent's request, such additional information, reports and statements regarding the business operations and financial condition of each reporting party as Administrative Agent may reasonably request.

All Financial Statements shall be in form and detail satisfactory to Administrative Agent and shall contain or be attached to the signed and dated written certification of the reporting party in form satisfactory to Administrative Agent to certify that the Financial Statements are furnished to Administrative Agent in

connection with the extension of credit by Lenders and constitute a true and correct statement of the reporting party's financial position. All certifications and signatures on behalf of corporations, partnerships or other entities shall be by a representative of the entity satisfactory to Administrative Agent. All Financial Statements for a reporting party who is an individual shall be on Administrative Agent's then-current personal financial statement form or in another form satisfactory to Administrative Agent. All fiscal year-end Financial Statements of Guarantor shall be audited or certified, as required by Administrative Agent, without any qualification or exception not acceptable to Administrative Agent, by independent certified public accountants acceptable to Administrative Agent, and shall contain all reports and disclosures required by generally accepted accounting principles for a fair presentation. All fiscal year-end Financial Statements of Guarantor shall be compiled or reviewed by independent certified public accountants acceptable to Administrative Agent.

All assets shown on the Financial Statements provided by Guarantor, unless clearly designated to the contrary shall, be conclusively deemed to be free and clear of any exemption or any claim of exemption of Guarantor at the date of the Financial Statements and at all times thereafter. Acceptance of any Financial Statement by Administrative Agent and/or Lenders, whether or not in the form prescribed herein, shall be relied upon by Administrative Agent and Lenders in the administration, enforcement, and extension of the Guaranteed Obligations.

19. Financial Covenants. At all times during the term of the Loan, Guarantor shall (i) maintain a minimum book value net worth determined in accordance with GAAP of \$100,000,000 and (ii) maintain a minimum Liquidity (as hereinafter defined) of not less than \$15,000,000.

20. Financial Covenant Definitions.

(a) Defined Terms. As used herein, the following terms shall have the following meanings:

"Cash Equivalents" means (a) securities with maturities of ninety (90) days or less from the date of acquisition issued or fully guaranteed or insured by the United States Government or any agency thereof, (b) certificates of deposit and eurodollar time deposits with maturities of ninety (90) days or less from the date of acquisition and overnight bank deposits of any commercial bank having capital and surplus in excess of \$500,000,000, (c) repurchase obligations of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than seven (7) days with respect to securities issued or fully guaranteed or insured by the United States Government, (d) commercial paper of a domestic issuer rated at least A-2 or the equivalent thereof by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") or P-2 or the equivalent thereof by Moody's Investor Services, Inc. ("Moody's") and in either case maturing within ninety (90) days after the date of acquisition, (e) securities with maturities of ninety (90) days or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's, (f) securities with maturities of ninety (90) days or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition or (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition

"Credit Agreement" shall mean that certain Revolving Credit Agreement dated as of October 10, 2007 (the "Loan Agreement") among Borrower, Acadia Realty Acquisition III LLC, as managing member, Acadia Realty Limited Partnership, as guarantor, Acadia Investors III, Inc., as pledgor, Bank of

America, N.A., as administrative agent, Banc of America Securities LLC, as sole lead arranger and sole book manager, YC Susi Trust, as conduit lender, Bank of America, N.A., as an administrator, alternate lender and managing agent and the other conduit lenders, administrators, alternate lenders and managing agents from time to time a party thereto, as the same may hereafter be modified from time to time.

"GAAP" means generally accepted accounting principles in the United States of America.

"Liquidity" means the sum of (x) unencumbered cash and unencumbered Cash Equivalents held and owned by Guarantor plus (y) unconditional commitments from solvent members of Guarantor to contribute capital in cash to Guarantor, which capital commitments have not been pledged to any party, other than to the lenders under the Credit Agreement (as hereinafter defined), or encumbered in any way, as security for indebtedness or otherwise.

"Person" means an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

(b) Notifications. Guarantor shall notify Administrative Agent:

(i) Notice of Litigation. Promptly after the commencement and knowledge thereof, notice of all material actions, suits and proceedings before any court or arbitrator or any governmental authorities, affecting Guarantor;

(ii) Notices of Defaults. After Guarantor becomes aware of the occurrence of a Default, providing to Administrative Agent a written notice setting forth the details of such Default; and

(iii) Contractual Obligations. Promptly of (i) any matter that has resulted or would reasonably be expected to result in a material change to Guarantors' ability to fulfill its obligations hereunder (a "Material Change"; in the event that the parties hereto are in dispute as to whether a change is a "material change" for the purposes of this definition, the materiality of such change shall be in Administrative Agent's reasonable discretion), including, to the extent so applicable, (ii) any breach or non-performance of, or any default under, a contractual obligation of Guarantor; (iii) any dispute, litigation, investigation, proceeding or suspension between Guarantor and any court, arbitrator or Governmental Authority; or (iv) the commencement of, or any material development in, any litigation, proceeding or investigation affecting Guarantor.

(c) Conduct of Business and Maintenance of Existence. Guarantor will continue (i) engage in business of the same general type as now conducted by Guarantor on the date hereof, and preserve, renew and keep in full force and effect its legal existence and (ii) to comply with all contractual obligations and Laws, except to the extent that failure to comply therewith would not in the aggregate constitute a Material Change.

(d) Compliance with Laws. Guarantor shall comply, and shall cause each of its subsidiaries, if any, to comply, with all Laws, except to the extent that failure to comply therewith would not in the aggregate constitutes a Material Change.

21. Disclosure of Information. In accordance with the Loan Agreement Lenders may sell or offer to sell the Loan or interests in the Loan to one or more assignees or participants and may disclose to any such assignee or participant or prospective assignee or participant, to Lenders' affiliates, including without limitation Banc of America Securities LLC, to any regulatory body having jurisdiction over Administrative Agent or any Lender and to any other parties as necessary or appropriate in Lenders' reasonable

judgment, any information Lenders now have or hereafter obtain pertaining to the Guaranteed Obligations, this Guaranty, or Guarantor, including, without limitation, information regarding any security for the Guaranteed Obligations or for this Guaranty, credit or other information on Guarantor, Borrower, and/or any other party liable, directly or indirectly, for any part of the Guaranteed Obligations.

22. Right of Set-Off. Upon the occurrence and during the continuance of any Default, however defined, in the payment or performance when due of any of the Guaranteed Obligations, Lenders are hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, without notice to any Person (any such notice being expressly waived by Guarantor to the fullest extent permitted by applicable law), to set off and apply any and all deposits, funds, or assets at any time held and other indebtedness at any time owing by any Lender to or for the credit or the account of Guarantor against any and all of the obligations of Guarantor now or hereafter existing under this Guaranty, whether or not any such Lender or Administrative Agent shall have made any demand under this Guaranty or exercised any other right or remedy hereunder. Lenders will promptly notify Administrative Agent, the other Lenders and Guarantor after any such set-off and application made by any such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of Lenders under this Section 22 are in addition to the other rights and remedies (including other rights of set-off) that Administrative Agent and Lenders may have and every right of setoff and lien shall continue in full force and effect until such right of setoff or lien is specifically waived or released by an instrument in writing executed by Administrative Agent.

23. Subrogation. Notwithstanding anything to the contrary contained herein, Guarantor shall not have any right of subrogation in or under any of the Loan Documents or to participate in any way therein, or in any right, title or interest in and to any security or right of recourse for the Indebtedness or any right to reimbursement, exoneration, contribution, indemnification or any similar rights, until the Indebtedness has been fully and finally paid. This waiver is given to induce Administrative Agent and Lenders to make the Loan to Borrower.

24. Further Assurances. Guarantor at Guarantor's expense will promptly execute and deliver to Administrative Agent upon Administrative Agent's request all such other and further documents, agreements, and instruments in compliance with or accomplishment of the agreements of Guarantor under this Guaranty.

25. No Fiduciary Relationship. The relationship between Administrative Agent, Lenders and Guarantor is solely that of lenders (acting through Administrative Agent) and guarantor. Administrative Agent and Lenders have no fiduciary or other special relationship with or duty to Guarantor and none is created hereby or may be inferred from any course of dealing or act or omission of Administrative Agent and/or Lenders.

26. Interpretation. If this Guaranty is signed by more than one Person as "Guarantor", then the term "Guarantor" as used in this Guaranty shall refer to all such Persons, jointly and severally, and all promises, agreements, covenants, waivers, consents, representations, warranties and other provisions in this Guaranty are made by and shall be binding upon each and every such Person, jointly and severally and Administrative Agent may pursue any Guarantor hereunder without being required (i) to pursue any other Guarantor hereunder or (ii) pursue rights and remedies under the Mortgage and/or applicable law with respect to the Property or any other Loan Documents. Whenever the context of any provisions hereof shall require it, words in the singular shall include the plural, words in the plural shall include the singular, and pronouns of any gender shall include the other gender. Captions and headings in the Loan Documents are for convenience only and shall not affect the construction of the Loan Documents. All references in this Guaranty to Schedules, Articles, Sections, Subsections, paragraphs and subparagraphs refer to the respective

subdivisions of this Guaranty, unless such reference specifically identifies another document. The terms "herein", "hereof", "hereto", "hereunder" and similar terms refer to this Guaranty and not to any particular Section or subsection of this Guaranty. The terms "include" and "including" shall be interpreted as if followed by the words "without limitation". All references in this Guaranty to sums denominated in dollars or with the symbol "\$" refer to the lawful currency of the United States of America, unless such reference specifically identifies another currency. For purposes of this Guaranty, "Person" or "Persons" shall include firms, associations, partnerships (including limited partnerships), joint ventures, trusts, corporations, limited liability companies, and other legal entities, including governmental bodies, agencies, or instrumentalities, as well as natural persons.

27. Time of Essence. Time shall be of the essence in this Guaranty with respect to all of Guarantor's obligations hereunder.

28. Counterparts. This Guaranty may be executed in multiple counterparts, each of which, for all purposes, shall be deemed an original, and all of which taken together shall constitute but one and the same agreement.

29. Entire Agreement. This Guaranty embodies the entire agreement between Administrative Agent, Lenders and Guarantor with respect to the guaranty by Guarantor of the Guaranteed Obligations. This Guaranty supersedes all prior agreements and understandings, if any, with respect to the guaranty by Guarantor of the Guaranteed Obligations. No condition or conditions precedent to the effectiveness of this Guaranty exist. This Guaranty shall be effective upon execution by Guarantor and delivery to Administrative Agent. This Guaranty may not be modified, amended or superseded except in a writing signed by Administrative Agent and Guarantor referencing this Guaranty by its date and specifically identifying the portions hereof that are to be modified, amended or superseded.

30. **WAIVER OF JURY TRIAL. WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO ARBITRATE ANY "DISPUTE" (FOR PURPOSES OF THIS SECTION, AS DEFINED BELOW) AS SET FORTH IN THIS GUARANTY, TO THE EXTENT ANY "DISPUTE" IS NOT SUBMITTED TO ARBITRATION OR IS DEEMED BY THE ARBITRATOR OR BY ANY COURT WITH JURISDICTION TO BE NOT ARBITRABLE OR NOT REQUIRED TO BE ARBITRATED, GUARANTOR, ADMINISTRATIVE AGENT AND LENDERS WAIVE TRIAL BY JURY IN RESPECT OF ANY SUCH "DISPUTE" AND ANY ACTION ON SUCH "DISPUTE." THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY GUARANTOR, ADMINISTRATIVE AGENT AND LENDERS, AND GUARANTOR, ADMINISTRATIVE AGENT AND LENDERS HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY PERSON OR ENTITY TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE LOAN DOCUMENTS. GUARANTOR, ADMINISTRATIVE AGENT AND LENDERS ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER OF JURY TRIAL. GUARANTOR FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS GUARANTY AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.**

31. Credit Verification. Each legal entity and individual obligated on this Guaranty, whether as a Guarantor, a general partner of a Guarantor or in any other capacity, hereby authorizes

Administrative Agent and Lenders to check any credit references, verify his/her employment and obtain credit reports from credit reporting agencies of Administrative Agent's and Lenders' choice in connection with any monitoring, collection or future transaction concerning the Loan, including any modification, extension or renewal of the Loan. Also in connection with any such monitoring, collection or future transaction, Administrative Agent and Lender are hereby authorized to check credit references, verify employment and obtain a third party credit report for the spouse of any married person obligated on this Guaranty, if such person lives in a community property state.

32. Special Representation and Warranty as to Leases. Guarantor hereby represents and warrants to Administrative Agent and Lenders that all of the statements contained in any and all estoppels regarding the leases from Borrower to Lenders (the "Borrower Estoppels") are true and correct as of the date hereof, including, without limitation, that all tenants are not in default in the payment of rent as of the date hereof, there is no default by landlord or tenant under any of the leases at the Property as of the date hereof and no amounts due by Borrower to any tenant at the Property (except as may be expressly set forth in the Borrower Estoppels).

THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty as an instrument *under seal* as of the date first written above.

GUARANTOR:

ACADIA STRATEGIC OPPORTUNITY FUND III LLC, a Delaware limited liability company

By /s/ Robert Masters

Robert Masters

Senior Vice President

Address of Guarantor:

c/o Acadia Realty Trust
1311 Mamaroneck Avenue, Suite 260
White Plains, New York 10605

This is to certify that this Guaranty was executed in my presence on the date hereof by the party whose signature appears above in the capacity indicated.

/s/ Debra Leibler Jones

Notary Public

My Commission Expires:

April 20, 2014

State of New York
No. 01LE6005994
Qualified in Dutchess County
Comm. Exp. 04/20/2014

Address of Lender:

Bank of America, N.A.
One Bryant Park, 35th Floor
New York, New York 10036
Attention: Mr. Gregory Egli
Telefax: 212-293-8197

EXHIBIT A

Form of Compliance Certificate

[For the Fiscal Quarter ended _____]

[For the Fiscal Year ended _____]

This Compliance Certificate is furnished pursuant to Section 18(b) of the Guaranty Agreement dated as of September 30, 2011 from Acadia Strategic Opportunity Fund III LLC ("Guarantor") to Bank of America, N.A., as Administrative Agent. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Guaranty Agreement.

The undersigned officer of Acadia Realty Trust hereby certifies as follows:

1. The financial statements referred to in Section 18(a) of the Guaranty Agreement which are delivered concurrently with the delivery of this Compliance Certificate are complete and correct in all material respects and have been prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods.

2. As of the date hereof, the book value net worth of Guarantor is \$_____ as calculated pursuant to Schedule 1 attached hereto.

3. As of the date hereof, the Liquidity of Guarantor is \$_____ calculated pursuant to Schedule 2 attached hereto.

4. To the best of such officer's knowledge, each of Guarantor and Borrower has, during the period referred to above, observed or performed all of its covenants and other agreements, and satisfied every condition contained in the Guaranty Agreement and the Loan Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and as of the date hereof such officer has obtained no knowledge of any Default or Event of Default except as follows: NONE.

IN WITNESS WHEREOF, I have hereto set my name.

Name:
Title: [Chief Financial Officer]
[Chief Account Officer]

—

SCHEDULE 1
[to Compliance Certificate]

Net Worth

SCHEDULE 2
[to Compliance Certificate]

Liquidity

Second AMENDMENT

THIS SECOND AMENDMENT dated as of September 1, 2011 (this "**Amendment**") amends the Revolving Credit Agreement dated as of October 10, 2007 (as previously amended, the "**Credit Agreement**") among ACADIA STRATEGIC OPPORTUNITY FUND III LLC (the "**Borrower**"), Acadia Realty Acquisition III LLC, as managing member (the "**Managing Member**"), Acadia Realty Limited Partnership, as guarantor (the "**Guarantor**"), Acadia Investors III, Inc., as pledgor (the "**Pledgor**"), Bank of America, N.A., a national banking association (in its individual capacity, "**Bank of America**"), as administrative agent for the Lenders (in such capacity, the "**Administrative Agent**"), as an Alternate Lender, an Administrator and a Managing Agent, and the other Lenders party hereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Credit Agreement.

WHEREAS, the Borrower, Managing Member, Guarantor, the Lenders and the Administrative Agent desire to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 Amendments to the Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in **Section 3**, the Credit Agreement is amended as follows:

1.1 **Section 1.1** of the Credit Agreement is hereby amended by inserting the following new definitions in their proper alphabetical order:

"**Existing Laws**" means (a) the final rule title "Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance; Regulatory Capital; Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues," adopted by the United States bank regulatory agencies on December 15, 2009 (the "**FAS 166/167 Capital Guidelines**"); (b) the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd Frank Act**"); (c) the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled: "International Convergence of Capital Measurements and Capital Standards: a Revised Framework" ("**Basel II**"); or (d) any rules, regulations, guidance, interpretations, directives or requests from any Official Body relating to, or implementing the FAS 166/167 Capital Guidelines, the Dodd-Frank Act or Basel II (whether or not having the force of law).

"**Governmental Rules**" means any and all laws, statutes, codes, rules, regulations, ordinances, orders, writs, decrees and injunctions, of any Governmental Authority and any and all legally binding conditions, standards, prohibitions, requirements and judgments of any Governmental Authority.

1.2 The definition of "**Alternative Rate**" in **Section 1.1** of the Credit Agreement is hereby amended by deleting the words "an interest rate *per annum* as provided in the Fee Letter above the LIBOR Rate" therein and substituting the words "an interest rate *per annum* equal to the Used Fee plus the LIBOR Rate" therefor.

1.3 The definition of "**Governmental Authority**" in **Section 1.1** of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"**Governmental Authority**" means the government of the United States of America, any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive,

legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

1.4 The definition of “**Maturity Date**” in **Section 1.1** of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“**Maturity Date**” means the earliest of: (a) the Stated Maturity Date; (b) the date upon which Administrative Agent declares the Obligations due and payable after the occurrence of an Event of Default and (c) the date upon which Borrower terminates the Commitments pursuant to **Section 3.6** hereof or otherwise.

1.5 The definition of “**Stated Maturity Date**” in **Section 1.1** of the Credit Agreement is amended by deleting the date “October 10, 2011” therein and substituting the date “October 10, 2012” therefor.

1.6 **Section 4.4** of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

4.4 Increased Cost and Capital Adequacy.

(a) **Change in Law: Increased Cost.** If any Secured Party determines that as a result of (i) the adoption of any Governmental Rule or bank regulatory guideline, or any change therein, or any clarification or change in the interpretation or administration thereof by any Governmental Authority, (ii) any request, guidance or directive of any Governmental Authority (whether or not having the force of law), or (iii) the compliance, application or implementation by any Secured Party with any of preceding **clauses (i) or (ii)** or any Existing Law therewith, there shall be any increase in the cost to such Secured Party of agreeing to make or making, funding or maintaining Loans or (as the case may be) issuing or participating in Letters of Credit (collectively, the “**Covered Matters**”), or its obligation to advance funds under a Program Support Agreement or otherwise in respect of Covered Matters, or a reduction in the amount received or receivable by such Secured Party in connection with any of the foregoing (excluding for purposes of this **clause (a)** any such increased costs or reduction in amount resulting from changes in the basis of taxation of overall net income or overall gross income by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Secured Party is organized or has its Lending Office), the Borrower Parties shall pay to such Secured Party such additional amounts as will compensate such Secured Party for such increased cost or reduction: (A) promptly on demand, to the extent that funds are available in the Collateral Account or any other account maintained by Borrower; and (B) otherwise, to the extent that it is necessary for Capital Call Notices to be issued to fund such required payment, within fifteen (15) Business Days after demand (but in any event, the Credit Parties shall issue such Capital Call Notices and shall make such payment immediately after the related Capital Contributions are received).

(b) **Change in Law: Capital Adequacy.** If any Secured Party determines that (i) the adoption of any Governmental Rule or bank regulatory guideline regarding capital adequacy, or any change therein, or any clarification or change in the interpretation or administration thereof by any Governmental Authority, (ii) any request, guidance or directive regarding capital adequacy (whether or not having the force of law) of any Governmental Authority, or (iii) the compliance, application or implementation by any Secured Party (or its Lending Office) with any of preceding **clauses (i) or (ii)** or any Existing Law has or would have the effect of reducing the rate of return on capital of such Secured Party or any corporation

controlling such Secured Party as a consequence of Covered Matters or its obligation to advance funds under a Program Support Agreement or otherwise in respect of Covered Matters or with respect hereto to a level below that which such Secured Party (or its parent) could have achieved but for any of the occurrences set forth in any of preceding **clauses (i), (ii) or (iii)** (taking into consideration its policies with respect to capital adequacy and such Secured Party's desired return on capital) by an amount deemed by such Secured Party to be material, then from time to time upon demand of such Secured Party (with a copy of such demand to Administrative Agent), the applicable Borrower Parties shall pay to such Secured Party such additional amounts as will compensate such Secured Party for such reduction: (A) promptly on demand, to the extent that funds are available in the Collateral Account or any other account maintained by such Borrower Party; and (B) otherwise, to the extent that it is necessary for Capital Call Notices to be issued to fund such required payment, within fifteen (15) Business Days after demand (but in any event, the Credit Parties shall issue such Capital Call Notices and shall make such payment after the related Capital Contributions are received); provided, however, that amounts paid to Secured Parties under this **clause (b)** shall not be duplicative of any amounts paid by such Borrower Party in the preceding **clause (a)**.

(c) In determining any amount provided for in this **Section 4.4**, a Secured Party may use any reasonable averaging and attribution methods. Any Secured Party making a claim under this Section shall submit to the applicable Borrower Party a written description as to such amounts (including reasonable detail regarding the calculation of such amounts). Failure or delay on the part of any Secured Party to demand amounts pursuant to this Section shall not constitute a waiver of such Secured Party's right to demand such amounts.

1.7 **Section 12.1** of the Credit Agreement is hereby amended by deleting the "or" at the end of clause (o), adding an "or" at the end of clause (p) and adding the following clause (q):

(q) at least two Investors (excluding any Investor to the extent it (and its Capital Commitment) has been replaced by a substitute Investor in accordance with the Operating Agreement or the Stockholder's Agreement, as applicable) having Capital Commitments aggregating fifteen percent (15%) or greater of the aggregate Capital Commitments of all Investors shall default in their obligation to fund any Capital Call within twenty (20) Business Days after such Capital Call was initially due.

1.8 **Section 8.3** of the Credit Agreement is hereby amended by (i) deleting the word "and" where it appears at the end of **clause (d)** thereof; (ii) deleting the period at the end of **clause (e)** thereof and substituting "; and" therefor; and (iii) adding the following new **clause (f)** at the end of such section in appropriate sequence:

(f) **Borrowing after the end of the Investment Period.** With respect to any Borrowing to be advanced after the Full Investment Date (as such term is defined in the Operating Agreement), the Borrower represents and warrants to the Administrative Agent that the proceeds of such Borrowing will be used solely for purposes permitted by Section 5.2(h) of the Operating Agreement.

1.9 **Section 14.12(h)** of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

Notwithstanding any other provision of this Credit Agreement, any Lender may at any time pledge or grant a security interest in all or any portion of its rights under this Credit

Agreement (including under its Note, if any) to secure obligations of such Lender to a Federal Reserve Bank, the U.S. Treasury or the Federal Deposit Insurance Corporation, without notice to or consent of the applicable Borrower Party or any other Person; *provided, however*, that no such pledge or grant of a security interest shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

1.10 **Exhibit C** (Form of Loan Notice) to the Credit Agreement is amended and restated in its entirety by substituting Exhibit C hereto therefor.

SECTION 2 **Representations and Warranties**. Each Credit Party represents and warrants to the Administrative Agent and the Lenders that:

2.1 **Authorization; No Conflict**. The execution and delivery of this Amendment by such Credit Party, and the performance by such Credit Party of its obligations hereunder and under the Credit Agreement as amended hereby (as so amended, the "Amended Credit Agreement"), (a) are within each such Person's powers, and (b) will not contravene or conflict, in any material respect, with any provision of law, statute, or regulation to which it is subject or any judgment, license, order, or permit applicable to it or any indenture, mortgage, deed of trust, or other agreement or instrument to which it is a party or by which it may be bound, or to which it may be subject.

2.2 **Enforceability**. This Amendment and the Amended Credit Agreement are legal, valid and binding obligations of each Credit Party, enforceable against each Credit Party in accordance with their respective terms, subject to Debtor Relief Laws.

2.3 **Authorizations and Approvals**. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required for the due execution and delivery by each Credit Party of this Amendment or the performance by each Credit Party of its respective obligations hereunder and under the Amended Credit Agreement except for authorizations, approvals, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect.

2.4 **No Default, etc.** After giving effect to this Amendment, (a) each representation and warranty set forth in Article IX of the Credit Agreement is true and correct in all material respects with the same effect as if made on the date hereof (except for representations and warranties set forth in Section 9.22 thereof, which have been updated and made as of the date hereof pursuant to **Section 2.6**) and (b) no Event of Default or Potential Default exists.

2.5 **Confirmation**. Each of the Credit Parties hereby confirms to the Administrative Agent for the benefit of the Secured Parties that each of the Credit Documents (as hereinafter defined) to which such Credit Party is a party continues in full force and effect on the date hereof after giving effect to this Amendment and is the legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to Debtor Relief Laws. Each of the Credit Parties agrees with the Administrative Agent for the benefit of the Secured Parties that the obligations and liabilities guaranteed under the Guaranty of Capital and secured under each other Credit Document include all obligations and liabilities of the Borrower under the Amended Credit Agreement. For purposes of this Amendment, "**Credit Documents**" means (i) the Borrower and Managing Member Security Agreement, (ii) the Capital Contributions Pledge Agreement, (iii) the Guaranty of Capital, (iv) the Account Assignment and (v) any other collateral document delivered by any Credit Party to the Administrative Agent pursuant to the Credit Agreement.

2.6 Capital Commitments and Contribution; No Default by an Investor. Attached hereto as Exhibit A is a true and correct copy of the Borrowing Base Certificate as of the date hereof. To the knowledge of each Credit Party, no Investor is in default under the Operating Agreement, Partnership Agreement or Stockholder Agreement, as applicable, other than as disclosed to the Administrative Agent in writing. Prior to the date hereof, each Credit Party has satisfied all conditions to its rights to make a Capital Call, including any and all conditions contained in its respective Partnership Agreement and its Constituent Documents.

2.7 No Amendments. There have been no amendments to the Constituent Documents of any Credit Party since the latest delivery thereof by such Credit Party, to the Administrative Agent.

SECTION 3 Effectiveness. This Amendment shall become effective on the date (the “**Amendment Effective Date**”) on which the Administrative Agent has received counterparts of this Amendment executed by each Credit Party, each Lender and the Administrative Agent.

SECTION 4 Miscellaneous.

4.1 Continuing Effectiveness, etc. As amended hereby, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to the “Credit Agreement” or similar terms shall refer to the Amended Credit Agreement.

4.2 Reimbursement of Expenses. The Borrower agrees that it shall pay all reasonable costs and expenses incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including the fees and expenses of counsel to the Administrative Agent (which counsel fees shall be paid within 30 days of delivery of an invoice therefor).

4.3 Incorporation by Reference. The provisions of **Sections 1.2, 14.6, 14.8, 14.9, 14.10, 14.12, 14.16** and **14.22** of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

Acadia Strategic Opportunity Fund III LLC,
a Delaware limited liability company

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

MANAGING MEMBER:

Acadia Realty ACQUISITION III LLC,
a Delaware limited liability company

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

PLEDGOR:

Acadia Investors III, INC.,
a Maryland corporation

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

GUARANTOR:

Acadia Realty Limited Partnership,
a Delaware limited partnership

By: **ACADIA REALTY TRUST,**
its General Partner

By: /s/ Robert Masters

Name: Robert Masters
Title: Senior Vice President

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Robert R. Wood

Name: Robert R. Wood

Title: Director

LENDER:

BANK OF AMERICA, N.A., as an Alternate Lender

By: /s/ Robert R. Wood

Name: Robert R. Wood

Title: Director

EXHIBIT 1

EXHIBIT C
to Revolving Credit Agreement
by and among
Acadia Strategic Opportunity Fund III LLC, as Borrower,
Acadia Realty Acquisition III LLC, as Managing Member,
Acadia Realty Limited Partnership, as Guarantor,
Acadia Investors III, Inc., as Pledgor,
Bank of America, N.A., as Administrative Agent, as an Administrator
Alternate Lender and Managing Agent,
and
the other parties and Lenders from time to time party thereto

FORM OF LOAN NOTICE

[DATE]

Bank of America, N.A., as Administrative Agent
NC1-027-19-01
214 North Tryon Street
Charlotte, NC 28255
Attention: Robert Wood
Telephone: (908) 388-5938
Telecopy: (704) 409-0592

Ladies and Gentlemen:

This Loan Notice is executed and delivered by Acadia Strategic Opportunity Fund III LLC, a Delaware limited liability company ("**Borrower**") [and NAME OF QUALIFIED BORROWER], to Bank of America, N.A. ("**Administrative Agent**"), pursuant to *Section 2.3* of that certain Revolving Credit Agreement (as amended, modified, supplemented or restated from time to time, the "**Credit Agreement**") dated as of October 10, 2007, entered into by and among Borrower, Acadia Realty Acquisition III LLC, a Delaware limited liability company, as Managing Member, Acadia Realty Limited Partnership, a Delaware limited partnership, as Guarantor, Acadia Investors III, Inc., a Maryland corporation, as Pledgor, Bank of America, N.A., as Administrative Agent, as an Administrator, Alternate Lender and Managing Agent, and the other parties and Lenders from time to time party thereto. Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. Pursuant to **Section 2.3(a)** of the Credit Agreement, the Borrower hereby requests a Borrowing:

- (a) In the amount of \$_____
- (b) On _____ (a Business Day)

2. In connection with the Borrowing requested herein, Borrower hereby represents, warrants, and certifies to Administrative Agent for the benefit of the Secured Parties that:

- (a) As of the date of the Borrowing requested herein, each representation and warranty made by Borrower in **Section 9** of the Credit Agreement is true and correct in all material respects both immediately before and, after giving effect to such Borrowing, after, the date of such Borrowing,

with the same force and effect as if made on and as of such date (except to the extent of changes in facts or circumstances that have been disclosed to Lenders);

(b) The conditions specified in **Sections 8.1, 8.2** (if applicable) and **8.3** have been satisfied as of the date hereof;

(c) No Event of Default or Potential Default exists and is continuing on and as of the date hereof; and

(d) Following the requested Borrowing, the Principal Obligation (the aggregate outstanding principal amount of the Loans plus the Letter of Credit Liability) will be \$_____ plus accrued, unpaid interest;

(e) After giving effect to such Borrowing the Principal Obligation on and as of such date will not exceed the Available Loan Amount on and as of such date; [and]

(f) The Borrowing Base Certificate attached hereto as **Schedule I** is true and correct as of the date hereof[;and]

[(g) The proceeds of such Borrowing will be used to [_____]. Such use is a purpose for which Capital Calls may be delivered after the end of the Investment Period pursuant to Section 5.2(h) of the Operating Agreement and the provisions of the Stockholders Agreement].

3. Following are Borrower's (or Qualified Borrower's) instructions for distribution of loan proceeds (appropriate wire instructions, etc.):

[Bank Name]
ABA No.: [ABA No.]
Account No.: [Account No.]
Reference No.: [Reference No.]

**Remainder of Page Intentionally Left Blank.
Signature Page Follows.**

This Loan Notice is executed on _____, 20___. The undersigned hereby certifies each and every matter contained herein to be true and correct.

BORROWER:

Acadia Strategic Opportunity Fund III LLC, a Delaware limited liability company

By: _____

Name: Robert Masters

Title: Senior Vice President

[QUALIFIED BORROWER:

By: _____

Name:

Title:]

Schedule I

(Calculation of Borrowing Base)

[See Attached]

THIRD AMENDMENT

THIS THIRD AMENDMENT dated as of September 23, 2011 (this "**Amendment**") amends the Revolving Credit Agreement dated as of October 10, 2007 (as previously amended, the "**Credit Agreement**") among ACADIA STRATEGIC OPPORTUNITY FUND III LLC (the "**Borrower**"), Acadia Realty Acquisition III LLC, as managing member (the "**Managing Member**"), Acadia Realty Limited Partnership, as guarantor (the "**Guarantor**"), Acadia Investors III, Inc., as pledgor (the "**Pledgor**"), Bank of America, N.A., a national banking association (in its individual capacity, "**Bank of America**"), as administrative agent for the Lenders (in such capacity, the "**Administrative Agent**"), as an Alternate Lender, an Administrator and a Managing Agent, and the other Lenders party hereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Credit Agreement.

WHEREAS, the Borrower, Managing Member, Guarantor, the Lenders and the Administrative Agent desire to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 Amendment to the Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 3 below, **Section 2.9 of the Credit Agreement titled "Unused Facility Fee"** is hereby amended by deleting the words "Liquidity Commitment," therein and substituting the words "Facility Amount" therefor.

SECTION 2 Representations and Warranties. Each Credit Party represents and warrants to the Administrative Agent and the Lenders that:

2.1 Authorization; No Conflict. The execution and delivery of this Amendment by such Credit Party, and the performance by such Credit Party of its obligations hereunder and under the Credit Agreement as amended hereby (as so amended, the "Amended Credit Agreement"), (a) are within each such Person's powers, and (b) will not contravene or conflict, in any material respect, with any provision of law, statute, or regulation to which it is subject or any judgment, license, order, or permit applicable to it or any indenture, mortgage, deed of trust, or other agreement or instrument to which it is a party or by which it may be bound, or to which it may be subject.

2.2 Enforceability. This Amendment and the Amended Credit Agreement are legal, valid and binding obligations of each Credit Party, enforceable against each Credit Party in accordance with their respective terms, subject to Debtor Relief Laws.

2.3 Authorizations and Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required for the due execution and delivery by each Credit Party of this Amendment or the performance by each Credit Party of its respective obligations hereunder and under the Amended Credit Agreement except for authorizations, approvals, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect.

2.4 No Default, etc. After giving effect to this Amendment, (a) each representation and warranty set forth in Article IX of the Credit Agreement is true and correct in all material respects with the same effect as if made on the date hereof and (b) no Event of Default or Potential Default exists.

2.5 Confirmation. Each of the Credit Parties hereby confirms to the Administrative Agent for the benefit of the Secured Parties that each of the Credit Documents to which such Credit Party is a party continues in full force and effect on the date hereof after giving effect to this Amendment and is the legal, valid and

binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to Debtor Relief Laws.

2.6 No Amendments. There have been no amendments to the Constituent Documents of any Credit Party since the latest delivery thereof by such Credit Party, to the Administrative Agent.

SECTION 3 Effectiveness. This Amendment shall become effective on the date (the "**Amendment Effective Date**") on which the Administrative Agent has received counterparts of this Amendment executed by each Credit Party, each Lender and the Administrative Agent.

SECTION 4 Miscellaneous.

4.1 Continuing Effectiveness, etc. As amended hereby, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to the "Credit Agreement" or similar terms shall refer to the Amended Credit Agreement.

4.2 Reimbursement of Expenses. The Borrower agrees that it shall pay all reasonable costs and expenses incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Amendment.

4.3 Incorporation by Reference. The provisions of **Sections 1.2, 14.6, 14.8, 14.9, 14.10, 14.12, 14.16** and **14.22** of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

Acadia Strategic Opportunity Fund III LLC,
a Delaware limited liability company

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

MANAGING MEMBER:

Acadia Realty ACQUISITION III LLC,
a Delaware limited liability company

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

PLEDGOR:

Acadia Investors III, INC.,
a Maryland corporation

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

GUARANTOR:

Acadia Realty Limited Partnership,
a Delaware limited partnership

By: **ACADIA REALTY TRUST,**
its General Partner

By: /s/ Robert Masters

Name: Robert Masters
Title: Senior Vice President

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Robert R. Wood

Name: Robert R. Wood

Title: Director

LENDER:

BANK OF AMERICA, N.A., as an Alternate Lender

By: /s/ Robert R. Wood

Name: Robert R. Wood

Title: Director

AMENDED AND RESTATED LOAN AGREEMENT

between

**Acadia Storage Post Portfolio Company LLC
as Borrower**

and

**GENERAL ELECTRIC CAPITAL CORPORATION
as Lender**

**Dated as of
August 25, 2011**

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AMENDED AND RESTATED LOAN AGREEMENT

This Amended and Restated Loan Agreement (this "**Agreement**") is entered into as of August 25, 2011 between **Acadia Storage Post Portfolio Company LLC**, a Delaware limited liability company ("**Borrower**"), and **GENERAL ELECTRIC CAPITAL CORPORATION**, a Delaware corporation ("**Lender**").

WHEREAS, Borrower and Lender are parties to that certain Loan Agreement, dated as of March 17, 2008 (the "Original Loan Agreement"), pursuant to which Lender made a loan to Borrower in the original principal amount of \$41,500,000.00, of which the principal amount of \$41,400,000.00 is now outstanding; and

WHEREAS, Borrower and Lender desire and have agreed to increase the principal amount of the loan by \$500,000.00 to \$42,000,000.00 and to modify and restate in their entirety the terms and conditions of the Original Loan Agreement.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration, the receipt and legal sufficiency whereof are hereby acknowledged, Borrower and Lender hereby modify and restate in their entirety the terms and conditions of the Original Loan Agreement as follows:

ARTICLE 1

CERTAIN DEFINITIONS

Section 1.1. **Certain Definitions.** As used herein, the following terms have the meanings indicated:

"**Acadia Permitted Transfer**" has the meaning assigned in Section 8.1.

"**Affiliate**" means, as to any Person, (a) any corporation in which such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, directly or indirectly owns or controls more than ten percent (10%) of the beneficial interest, (b) any partnership, joint venture or limited liability company in which such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, is a partner, joint venturer or member, (c) any trust in which such Person or any partner, shareholder, director, officer, member or manager of such Person, at any level, or any individual related by birth, adoption or marriage to such Person, is a trustee or beneficiary, (d) any entity of any type which is directly or indirectly owned or controlled by (or is under common control with) such Person or any partner, shareholder, director, officer, member or manager of such Person, at any level, (e) any partner, shareholder, director, officer, member, manager or employee of such Person, or (f) any individual related by birth, adoption or marriage to any partner, shareholder, director, officer, member, manager, or employee of such Person. Each Borrower Party shall be deemed to be an Affiliate of Borrower.

"**Agreement**" means this Loan Agreement, as amended from time to time.

"**Allocated Loan Basis**" means the principal amount of the Loan allocated to each Parcel as determined by Lender. As of the Closing Date, Lender has allocated the principal balance of the Loan among the Parcels as follows: \$8,331,000.00 to the Fordham Parcel; \$6,427,280.00 to the Jersey City Parcel; \$11,417,503.00 to the Lawrence Parcel; \$5,647,753.00 to the Linden Parcel; \$3,345,000.00 to the Webster Parcel; and \$6,831,464.00 to the Ridgewood Parcel.

"**Anti-Money Laundering Laws**-" means those laws, regulations and sanctions, state and

federal, criminal and civil, that (a) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (b) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (c) require identification and documentation of the parties with whom a Financial Institution conducts business; or (d) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include the Patriot Act, the Bank Secrecy Act, the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et seq., and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

“**Appraisal**” means an appraisal of each Parcel prepared by an MAI appraiser satisfactory to Lender, which appraisal must also (a) satisfy the requirements of Title XI of the Federal Institution Reform, Recovery and Enforcement Act of 1989 and the regulations promulgated thereunder (including the appraiser with respect thereto) and (b) be otherwise in form and substance satisfactory to Lender.

“**Assignment of Rents and Leases**” means each of the Assignments of Rents and Leases, executed by Borrower for the benefit of Lender, and pertaining to leases of space in each of the Parcels.

“**Bankruptcy Party**” has the meaning assigned in Section 10.7.

“**Bank Secrecy Act**” means the Bank Secrecy Act, 31 U.S.C. Sections 5311 et seq.

“**Borrower Party**” means any Joinder Party and any general partner or managing member in Borrower, at any level.

“**Budget**” means the budget attached as Exhibit B showing total costs relating to the subject transaction, use of the initial advance of the Loan, and amounts allocated for future advances (if any).

“**Business Day**” means a day other than a Saturday, a Sunday, or a legal holiday on which national banks located in the State of New York are not open for general banking business.

“**Cap Agreement**” has the meaning specified in Section 8.17.

“**Capital Improvements Reserve**” has the meaning specified in Schedule 2.4(1).

“**Cash on Cash Return**” means, as of any date, the ratio, expressed as a percentage, of (a) annualized Underwritten NOI as of such date, to (b) the outstanding principal balance of the Loan as of such date.

“**Closing Date**” means the date on which Lender makes the initial advance of Loan proceeds.

“**Collateral**” means the Project and all other “Mortgaged Property” described in the Mortgages, and any other property that at any time secures the Loan or any portion thereof.

“**Commitment Fee**” means a loan commitment fee with respect to the Loan equal to Eighty-Four Thousand and 00/100 Dollars (\$84,000.00) which is payable in accordance with Section 2.7.

“**Contract Rate**” has the meaning assigned in Section 2.2.

“**Control**” means that a Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and

policies of the other Person, whether through the ownership of voting securities, by contract or otherwise.

“**Counterparty**” has the meaning specified in Section 8.17.

“**Debt**” means, for any Person, without duplication: (a) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or any of its assets is liable, (b) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person or any of its assets would be liable or subject, if such amounts were advanced under the credit facility, (c) all amounts required to be paid by such Person as a guaranteed payment to partners, members, shareholders or other equity holders or a preferred or special dividend, including any mandatory redemption of shares or interests, (d) all indebtedness guaranteed by such Person, directly or indirectly, (e) all obligations under leases that constitute capital leases for which such Person or any of its assets is liable or subject, and (f) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person or any of its assets is liable or subject, contingently or otherwise, as obligor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

“**Debt Service**” means the aggregate interest, fixed principal, and other payments due under the Loan (and under any other permitted Debt relating to the Project expressly approved by Lender) for the period of time for which calculated. The foregoing calculation shall exclude payments applied to escrows or reserves required by Lender.

“**Debt Service Coverage Ratio**” means, for the period of time for which calculation is being made, the ratio of annualized Underwritten NOI to annualized Debt Service. The Debt Service Coverage Ratio shall be as determined by Lender based upon the most recent reports required to have been submitted by Borrower under [Section 7.1](#) (or, if no such reports have been so submitted, such other information as Lender shall determine in its sole discretion), which determination shall be conclusive in the absence of manifest error.

“**Default Rate**” means the lesser of (a) the maximum per annum rate of interest allowed by applicable law, and (b) five percent (5%) per annum in excess of the Contract Rate.

“**Dollars**” and “**\$**” means lawful money of the United States of America.

“**Environmental Laws**” means any federal, state or local law (whether imposed by statute, ordinance, rule, regulation, administrative or judicial order, or common law), now or hereafter enacted, governing health, safety, industrial hygiene, the environment or natural resources, or Hazardous Materials, including, without limitation, such laws governing or regulating (a) the use, generation, storage, removal, recovery, treatment, handling, transport, disposal, control, release, discharge of, or exposure to, Hazardous Materials, (b) the transfer of property upon a negative declaration or other approval of a governmental authority of the environmental condition of such property, or (c) requiring notification or disclosure of releases of Hazardous Materials or other environmental conditions whether or not in connection with a transfer of title to or interest in property.

“**ERISA**” has the meaning assigned in the [Section 4.8\(1\)](#).

“**Event of Default**” means the occurrence of any event or condition set forth in [Article 10](#).

“**Financial Institution**” means a United States Financial Institution as defined in 31 U.S.C. Section 5312, as periodically amended.

“**Fordham Parcel**” means that portion of the Project located at 301 West Fordham Road,

Bronx, New York and containing 1,357 self-storage units, and all related leases, rents, income, facilities, amenities, fixtures, and personal property owned by Borrower and any improvements now or hereafter located on the portion of the real property described in Exhibit A-1.

“**GECC**” means General Electric Capital Corporation.

“**Hazardous Materials**” means (a) petroleum or chemical products, whether in liquid, solid, or gaseous form, or any fraction or by-product thereof, (b) asbestos or asbestos-containing materials, (c) polychlorinated biphenyls (pcbs), (d) radon gas, (e) underground storage tanks, (f) any explosive or radioactive substances, (g) lead or lead-based paint, or (h) any other substance, material, waste or mixture which is or shall be listed, defined, or otherwise determined by any governmental authority to be hazardous, toxic, dangerous or otherwise regulated, controlled or giving rise to liability under any Environmental Laws.

“**Improvements**” has the meaning assigned in the Mortgages.

“**Indebtedness**” has the meaning assigned in the Mortgages.

“**Interest Holder**” has the meaning assigned in Section 8.1.

“**Interest Period**” means (a) for the first Interest Period, the period from the Closing Date through the last day of the month in which the Closing Date Occurs, and (b) for each Interest Period thereafter, the 1-month period commencing on the first day of the calendar month following the end of the preceding Interest Period through the last day of such 1-month period.

“**Interest Rate Protection Pledge**” shall mean a Collateral Assignment of Cap Agreement in a form and substance satisfactory to Lender, to be executed, dated and delivered by Borrower and the Counterparty in favor of Lender, which Collateral Assignment of Cap Agreement shall provide for, among other things, the assignment to Lender of all of Borrower’s right, title and interest in and to any such Cap Agreement, as the same may be modified, supplemented or amended.

“**Jersey City Parcel**” means that portion of the Project located at 191 Broadway, Jersey City, New Jersey and containing 997 self-storage units, and all related leases, rents, income, facilities, amenities, fixtures, and personal property owned by Borrower and any improvements now or hereafter located on the portion of the real property described in Exhibit A-2.

“**Joinder Party**” means the Persons, if any, executing the Joinder hereto.

“**Lawrence Parcel**” means that portion of the Project located at 640 Rockaway Turnpike, Lawrence, New Jersey and containing 1,257 self-storage units, and all related leases, rents, income, facilities, amenities, fixtures, and personal property owned by Borrower and any improvements now or hereafter located on the portion of the real property described in Exhibit A-3.

“**Libor Rate**” means, for each Interest Period, the British Bankers Association LIBOR Rate (rounded upward to the nearest one sixteenth of one percent) listed on Reuters Screen LIBOR01 Page for U.S. Dollar deposits with a designated maturity of one (1) month determined as of 11:00 a.m. London Time on the second (2nd) full Eurodollar Business Day next preceding the first day of such Interest Period (unless such date is not a Business Day in which event the next succeeding Eurodollar Business Day which is also a Business Day will be used). If Reuters (i) publishes more than one (1) such Libor Rate, the average of such rates shall apply, or (ii) ceases to publish the Libor Rate, then the Libor Rate shall be determined from such substitute financial reporting service as Lender in its discretion shall determine. The term “**Eurodollar Business Day**”, shall mean any day on which banks in the City of London are generally open for interbank

or foreign exchange transactions.

“**Licenses**” has the meaning assigned in Section 4.19.

“**Lien**” means any interest, or claim thereof, in the Collateral securing an obligation owed to, or a claim by, any Person other than the owner of the Collateral, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Collateral.

“**Linden Parcel**” means that portion of the Project located at 401 South Park Avenue, Linden, New Jersey and containing 1,012 self-storage units, and all related leases, rents, income, facilities, amenities, fixtures, and personal property owned by Borrower and any improvements now or hereafter located on the portion of the real property described in Exhibit A-4.

“**Loans**” means the loans to be made by Lender to Borrower under this Agreement and all other amounts secured by the Loan Documents.

“**Loan Documents**” means: (a) this Agreement, (b) the Notes, (c) the Mortgages, (d) the Assignment of Rents and Leases, (e) UCC financing statements, (f) such assignments of management agreements, contracts and other rights as may be required by Lender, (g) all other documents evidencing, securing, governing or otherwise pertaining to the Loans, and (h) all amendments, modifications, renewals, substitutions and replacements of any of the foregoing.

“**Loan-to-Value Ratio**” means the ratio of the outstanding balance of the Loans to the value (as determined by Lender in its discretion) of the Collateral.

“**Loan Year**” means the period between the Closing Date and August 31, 2012 for the first Loan Year and the period between each succeeding September 1 and August 31 until the Maturity Date.

“**Lockout Period**” has the meaning assigned in Section 2.3(4).

“**Maturity Date**” means the earlier of (a) August 31, 2013, or (b) any earlier date on which the Loans is required to be paid in full, by acceleration or otherwise, under this Agreement or any of the other Loan Documents.

“**Mortgages**” means each of the following, as amended from time to time, (a) that certain Mortgage, Security Agreement and Fixture Filing, dated as of March 17, 2008, executed by Borrower in favor of Lender to secure the principal sum of \$11,676,000.00 and recorded in the Office of the New York City Register, Bronx County, on March 26, 2008 under CRFN 20080000121570, and covering the Fordham Parcel and the Webster Parcel, as such Mortgage, Security Agreement and Fixture Filing may be amended to increase the principal sum secured thereby to \$12,049,297.00, the Allocated Loan Basis to the Fordham Parcel and the Webster Parcel; (b) that certain Mortgage, Security Agreement and Fixture Filing, dated as of March 17, 2008, executed by Borrower in favor of Lender to secure the principal sum of \$13,040,000.00 and recorded in the Nassau County Clerk’s Office, on March 28, 2008 in Liber 32837, page 205, and covering the Lawrence Parcel, as such Mortgage, Security Agreement and Fixture Filing may be amended in connection herewith; (c) that certain Mortgage, Security Agreement and Fixture Filing, dated as of March 17, 2008, executed by Borrower in favor of Lender to secure the principal sum of \$41,500,000.00 and recorded in the Hudson County Clerk’s Office, on March 20, 2008 in Book 12441, Page 263, and covering the Jersey City

Parcel, as such Mortgage, Security Agreement and Fixture Filing may be amended in connection herewith; (d) that certain Mortgage, Security Agreement and Fixture Filing, dated as of March 17, 2008, executed by Borrower in favor of Lender to secure the principal sum of \$41,500,000.00 and recorded in the Union County Clerk's Office, on March 20, 2008 in Book 12441, Page 263, and covering the Linden Parcel, as such Mortgage, Security Agreement and Fixture Filing may be amended in connection herewith; and (e) the Mortgage, Security Agreement and Fixture Filing, dated the date hereof, executed by Borrower in favor of Lender to secure the principal sum of \$6,831,464.00 covering the Ridgewood Parcel.

"Net Cash Flow" means, for any period, the amount by which Operating Revenues exceed the sum of (a) Operating Expenses, (b) Debt Service paid during such period, (c) capital expenditures, tenant improvement costs and leasing commissions, each approved by Lender and paid by Borrower during such period, and (d) any actual payment into impounds, escrows, or reserves required by Lender, except to the extent that any such payment is already included within the definition of Operating Expenses. No deduction for capital expenditures shall be made until such expenditure is actually paid by Borrower or the reserve amount is actually deposited with Lender. In addition, Net Cash Flow shall be increased by any proceeds withdrawn from reserves and impounds funded out of Operating Revenues to the extent such proceeds are not applied to Operating Expenses.

"Notes" means the promissory notes of even date herewith as provided for in Section 2.1(2) and all promissory notes delivered in substitution or exchange therefor, in each case as the same may be consolidated, replaced, severed, modified, amended or extended from time to time.

"OFAC" means the Office of Foreign Assets Control, Department of the Treasury.

"Operating Expenses" means, for any period, all reasonable and necessary expenses of operating the Project in the ordinary course of business which are paid in cash by Borrower during such period and which are directly associated with and fairly allocable to the Project for the applicable period, including ad valorem real estate taxes and assessments, insurance premiums, regularly scheduled tax impounds paid to Lender, maintenance costs, management fees (not to exceed 5% of Operating Revenues) and costs, wages, salaries, personnel expenses, accounting, legal and other professional fees, fees and other expenses incurred by Lender and reimbursed by Borrower under this Agreement and the other Loan Documents and deposits to any capital replacement, leasing or other reserves required by Lender. Operating Expenses shall exclude Debt Service, capital expenditures, tenant improvement costs, leasing commissions, any of the foregoing operating expenses which are paid from deposits to cash reserves and such deposits were previously included as Operating Expenses, any payment or expense for which Borrower was or is to be reimbursed from proceeds of the Loans or insurance or by any third party, and any non-cash charges such as depreciation and amortization. Any management fee or other expense payable to Borrower or to an Affiliate of Borrower shall be included as an Operating Expense only with Lender's prior approval. Operating Expenses shall not include federal, state or local income taxes.

"Operating Revenues" means, for any period, all cash receipts of Borrower during such period from operation of the Project or otherwise arising in respect of the Project after the date hereof which are properly allocable to the Project for the applicable period, including receipts from leases and parking agreements, concession fees and charges, other miscellaneous operating revenues and proceeds from rental or business interruption insurance, but excluding security deposits and earnest money deposits until they are forfeited by the depositor, advance rentals in excess of five percent (5%) of the Operating Revenues of a Parcel until they are earned, proceeds from a sale or other disposition and other non-recurring items.

"Parcel" means, individually, each of the Fordham Parcel, the Jersey City Parcel, the Lawrence Parcel, the Linden Parcel, the Webster Parcel and the Ridgewood Parcel and, collectively, all of such Parcels.

“**Patriot Act**” means the USA PATRIOT Act of 2001, Pub. L. No. 107-56.

“**Permitted Encumbrances**” has the meaning set forth in the Mortgages.

“**Person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity.

“**Potential Default**” means the occurrence of any event or condition which, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

“**Prepayment Premium Period**” has the meaning assigned in Section 2.3(4).

“**Project**” means the 6 property, 6,478 unit portfolio of self storage properties comprised of the Fordham Parcel, the Jersey City Parcel, the Lawrence Parcel, the Linden Parcel, the Webster Parcel and the Ridgewood Parcel, and all related leases, rents, income, facilities, amenities, fixtures, and personal property owned by Borrower and any improvements now or hereafter located on the real property described in Exhibit A-1, Exhibit A-2, Exhibit A-3, Exhibit A-4, Exhibit A-5 and Exhibit A-6.

“**Release Parcel**” has the meaning assigned in Section 2.6.

“**Repayment Fee**” has the meaning assigned in Section 2.3(6).

“**Restoration Threshold**” means, as of any date, the lesser of (a) five percent (5.0%) of the replacement value of the improvements located on the damaged Parcel as of such date, and (b) \$500,000.

“**Ridgewood Parcel**” means that portion of the Project located at 48-21 Metropolitan Avenue, Queens, New York and containing 1,179 self-storage units, and all related leases, rents, income facilities, amenities, fixtures, and personal property owned by Borrower and any improvements now or hereafter located on the Portion of the real property described in Exhibit A-6.

“**Secondary Market Transaction**” has the meaning assigned in Section 12.9(2).

“**Single Purpose Entity**” shall mean a Person (other than an individual, a government, or any agency or political subdivision thereof), which exists solely for the purpose of owning the Project, conducts business only in its own name, does not engage in any business or have any assets unrelated to the Project, does not have any indebtedness other than as permitted by this Agreement, has its own separate books, records, and accounts (with no commingling of assets), holds itself out as being a Person separate and apart from any other Person, and observes corporate and partnership formalities independent of any other entity, and which otherwise constitutes a single purpose, bankruptcy remote entity as determined by Lender.

“**Site Assessment**” means an environmental engineering report for each Parcel prepared by an engineer engaged by Lender at Borrower’s expense, and in a manner satisfactory to Lender, based upon an investigation relating to and making appropriate inquiries concerning the existence of Hazardous Materials on or about the Parcels, and the past or present discharge, disposal, release or escape of any such substances, all consistent with ASTM Standard E 1527-05 (or any successor thereto published by ASTM) and other good customary and commercial practice.

“**Specially Designated National and Blocked Persons**” means those Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC.

“Spread Maintenance Amount” means an amount equal to (a) the principal amount of the Loans being prepaid, multiplied by (b) 4.15%, multiplied by (c) the quotient obtained by dividing the number of days in the Prepayment Premium Period by 360.

“Standard Adjustments” means the following assumptions to be made when calculating Underwritten NOI: (a) an occupancy rate equal to the lesser of market occupancy or a Parcel’s actual (based on the trailing twelve months) occupancy rate (but in no event more than a 76% occupancy rate); (b) capital reserves equal to the greater of \$0.15 per gross square foot or such higher amount as may be determined by Lender; (c) a management fee equal to the greater of a Parcel’s actual management fee or five percent (5%) of Underwritten NOI for such Parcel; (d) increases in Operating Expenses based upon projected inflation as determined by Lender; (e) increases in real estate taxes, assessments and similar charges relating to a Parcel based on projected revisions to the assessed value of such Parcel as determined by Lender; and (f) Operating Revenues shall exclude, without limitation, revenue from tenants and other occupants of a Parcel that exceed market levels, revenues from month-to-month tenants and other occupants, and revenues from tenants and other occupants that are in free rent periods, that are in monetary default or have filed for bankruptcy protection or are not in occupancy of their space. As used above, (i) “market occupancy” means the average occupancy rate of self storage facilities projects that are similar in size and quality to the Parcel in question and that are located in such Parcel’s geographic market or sub-market area, all as determined by Lender, and (ii) “market levels” means the average revenue from tenants and other occupants of self storage facilities projects that are similar in size and quality to the Parcel in question and that are located in such Parcel’s geographic market or sub-market area, all as determined by Lender.

“State” means the State of New York.

“Subordination of Management Agreement” means that certain Manager’s Consent and Subordination of Management Agreement, dated the date hereof, by the Manager in favor of Lender.

“Transfer” has the meaning assigned in [Section 8.1](#).

“UCC” means the Uniform Commercial Code as enacted and in effect in the state where the Project is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term in this Agreement or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender’s or any Liens on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Project is located, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

“Underwritten NOI” means the amount by which Underwritten Operating Revenues exceed Underwritten Operating Expenses.

“Underwritten Operating Expenses” means Operating Expenses as determined and adjusted by Lender to reflect the Standard Adjustments and otherwise in accordance with its then current audit policies and procedures for properties similar to the Project.

“Underwritten Operating Revenues” means Operating Revenues as determined and adjusted by Lender to reflect the Standard Adjustments and otherwise in accordance with its then current audit policies and procedures for properties similar to the Project.

“**U.S. Person**” means any United States citizen, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories.

“**Webster Parcel**” means that portion of the Project located at 4077 Park Avenue, Bronx, New York and containing 676 self-storage units, and all related leases, rents, income, facilities, amenities, fixtures, and personal property owned by Borrower and any improvements now or hereafter located on the portion of the real property described in Exhibit A-5.

ARTICLE 2

LOAN TERMS

Section 2.1. The Loans and Notes.

(1) **Loans.** Lender agrees, on the terms and conditions of this Agreement, to make term loans to Borrower in Dollars in a principal amount up to but not exceeding the aggregate amount of up to Forty Two Million Dollars (\$42,000,000.00). The Loans shall be funded in one advance and repaid in accordance with this Agreement. The initial advance of the Loans, in the aggregate amount of Forty Two Million Dollars (\$42,000,000.00), shall be made upon Borrower’s satisfaction of the conditions to the initial advance described in Schedule 2.1. The Loans are not revolving credit loans, and Borrower is not entitled to any readvances of any portion of a Loan which it may (or is otherwise required to) prepay pursuant to the provisions of this Agreement.

(2) **Notes.** The Loans shall be evidenced by (i) an amended and restated promissory note of Borrower substantially in the form of Exhibit C-1, payable to Lender in the principal amount of \$35,168,536.00 and secured by the Mortgages encumbering the Fordham Parcel, the Webster Parcel, the Lawrence Parcel, the Jersey City and the Linden Parcel, and otherwise duly completed; and (ii) a promissory note of Borrower substantially in the form of Exhibit C-2, payable to Lender in the principal amount of \$6,831,464.00 and secured by the Mortgage encumbering the Ridgewood Parcel. The Notes are made by Borrower in replacement and increase, but not in novation or discharge, of its March 17, 2008 Promissory Note in the original principal amount of \$41,500,000.00 payable to the order of Lender.

Section 2.2. **Interest Rate; Late Charge.** During each Interest Period, the outstanding principal balance of the Loans (including any amounts added to principal under the Loan Documents) shall bear interest at a rate of interest (the “**Contract Rate**”) equal to the greater of (1) four and 15/100 percent (4.15%) per annum in excess of the Libor Rate in effect for such Interest Period, or (2) four and 65/100 percent (4.65%) per annum. Interest owing for each month shall be computed on the basis of a fraction, the denominator of which is three hundred sixty (360) and the numerator of which is the actual number of days elapsed from the first day of such month (or, for the initial advance, from the date of such advance). Principal and other amortization payments shall be applied to the Loan balance as and when actually received. If Borrower fails to pay any installment of interest or principal within five (5) days after the date on which the same is due, Borrower shall pay to Lender a late charge on such past-due amount, as liquidated damages and not as a penalty, equal to five percent (5%) of such amount, but not in excess of the maximum amount of interest allowed by applicable law. The foregoing late charge is intended to compensate Lender for the expenses incident to handling any such delinquent payment and for the losses incurred by Lender as a result of such delinquent payment. Borrower and Lender agree that, considering all of the circumstances existing on the date this Agreement is executed, the late charge represents a reasonable estimate of the costs and losses Lender will incur by reason of late payment. Borrower and Lender further agree that proof of actual losses would be costly, inconvenient, impracticable and extremely difficult to fix. Acceptance of the late charge

shall not constitute a waiver of the default arising from the overdue installment, and shall not prevent Lender from exercising any other rights or remedies available to Lender. While any Event of Default exists, the Loans shall bear interest at the Default Rate.

Section 2.3. **Terms of Payment.** The Loans shall be payable as follows:

(1) **Interest.** Beginning on September 1, 2011, Borrower shall pay interest in arrears on the first day of each month until all amounts due under the Loan Documents are paid in full.

(2) **Principal Amortization.** Commencing on September 1, 2012, and continuing on the first day of each month until all amounts due under the Loan Documents are paid in full, Borrower shall make monthly principal amortization payments in accordance with this **Section 2.3(2)**, which payments shall be applied to the outstanding principal balance of the Loans as and when actually received. Lender shall calculate the total amount of principal payments payable for such Loan Year based upon a 30-year amortization schedule, an amortization period which begins on September 1, 2011, a fixed interest rate equal to the Contract Rate in effect as of August 1 of such Loan Year, and the outstanding principal balance of the Loans as of August 1 of such Loan Year. The monthly amortization payment for any Loan Year shall equal the total amount of principal payments payable for such Loan Year (calculated as set forth above) divided by twelve. Lender's determination of the amount of the monthly amortization payments to be made by Borrower under this Agreement shall be conclusive absent manifest error.

(3) **Maturity.** On the Maturity Date, Borrower shall pay to Lender all outstanding principal, accrued and unpaid interest, and any other amounts due under the Loan Documents.

(4) **Lockout/Prepayment.** The Loans are closed to prepayment, in whole or in part, through February 29, 2012 (the "**Lockout Period**"). After the Lockout Period until May 31, 2012 (the "**Prepayment Premium Period**"), Borrower may prepay the Loans, in whole but not in part, upon not less than thirty (30) days' prior written notice to Lender and upon payment of a prepayment premium equal to the Spread Maintenance Amount. If any of the Loans is accelerated during the Lockout Period for any reason other than casualty or condemnation, Borrower shall pay to Lender, in addition to all other amounts outstanding under the Loan Documents, a prepayment premium equal to five percent (5%) of the outstanding balance of such Loan plus the Spread Maintenance Amount. If any of the Loans is accelerated during the Prepayment Premium Period for any reason other than casualty or condemnation, Borrower shall pay to Lender the Spread Maintenance Amount.

(5) **Application of Payments.** All payments received by Lender under the Loan Documents shall be applied to the following, in such order as Lender may elect in its sole discretion: (a) to any fees and expenses due to Lender under the Loan Documents; (b) to any Default Rate interest or late charges; (c) to accrued and unpaid interest; (d) to amounts owed under any reserves or escrows required by Lender; and (e) to the principal sum and other amounts due under the Loan Documents. Prepayments of principal, if permitted or accepted, shall be applied against amounts owing in inverse order of maturity.

(6) **Repayment Fee.** In addition to all other sums due under the Loan Documents, Borrower shall pay to Lender a repayment fee in the amount of One Hundred Eighty-Nine Thousand and 00/100 Dollars (\$189,000.00) (the "**Repayment Fee**"), due upon repayment of the Loans, the Maturity Date, or any earlier date on which the Loans are required to be paid in full, by acceleration or otherwise, under this Agreement or any of the other Loan Documents, provided, however, that payment of the Repayment Fee shall be waived by Lender if the Loans are refinanced with Lender; Borrower expressly acknowledging and agreeing that Lender has made no commitment and has no obligation, express or implied, to provide such refinancing, and that any such refinancing would be subject to Lender's approval in its sole and absolute

discretion.

Section 2.4. **Security.** The Loans shall be secured by the Mortgages creating a first lien on each of the Parcels, the Assignment of Rents and Leases and the other Loan Documents. As further security for the Loans, Borrower agrees to fund the Capital Improvements Reserve in accordance with Schedule 2.4(1).

Section 2.5. **Withdrawal of Ridgewood Property from Condominium Regime.** Provided there exists no Potential Default or Event of Default, Lender will execute and deliver such documents and instruments as shall be necessary to voluntarily terminate the condominium regime to which the Ridgewood Parcel is subject, withdraw all of the property of the Condominium from the provision of Article 9-B of the New York Real Property Law (§333-d *et seq.*) and provide for the allocation of the common elements of the condominium among the condominium unit owners; and subject to the following conditions:

(1) Lender shall have received and approved such documents and instruments;

(2) Borrower shall provide Lender with at least thirty (30) days but no more than ninety (90) days prior written notice of its request to withdraw the Ridgewood Parcel from its condominium regime of ownership, which notice shall specify the Ridgewood Parcel and the common elements of the condominium allocated to the Ridgewood Parcel and the proposed termination and withdrawal date;

(3) Lender shall have completed its due diligence with respect to the Ridgewood Parcel and the common elements of the condominium to be allocated to the Ridgewood Parcel and, based on Lender's then current underwriting criteria, determined that such collateral is acceptable to Lender;

(4) Lender shall have determined that (i) the Cash on Cash Return, Debt Service Coverage Ratio and Loan to Value Ratio after giving effect to such termination and withdrawal equals or exceeds the Cash on Cash Return, Debt Service Coverage Ratio and Loan to Value Ratio immediately prior to such termination and withdrawal, and (ii) the Cash on Cash Return equals or exceeds 8.90% during the first Loan Year and 9.6% thereafter;

(5) Such termination and withdrawal will not, in Lender's judgment, have a material adverse effect on the Ridgewood Parcel or the validity, binding effect, or enforceability of any material provisions of any of the Loan Documents;

(6) Borrower shall execute and deliver such instruments, certificates, opinions of counsel and documentation as Lender shall request in order to subject the Ridgewood Parcel and the common elements of the condominium to be allocated to the Ridgewood Parcel to the Liens and security granted by the Loan Documents and any amendments, modifications or supplements to any of the existing Loan Documents as may be required by Lender and a title insurance endorsement satisfactory to Lender confirming the continued validity and priority of the Mortgage on the Ridgewood Parcel and the common elements of the condominium to be allocated to the Ridgewood Parcel;

(7) The Ridgewood Parcel and the common elements of the condominium allocated to the Ridgewood Parcel will, after such termination and withdrawal, be in compliance with and permitted under all applicable zoning, building and land use law, rules, regulations and ordinances; and

(8) Borrower shall have paid all costs and expenses incurred by Lender in connection with such termination and withdrawal.

Section 2.6. **Partial Release.** Provided there exists no Potential Default or Event of Default,

Lender will release individual Parcels (each, a "**Release Parcel**"), in whole but not in part, from the lien of the Mortgage and the other Loan Documents in connection with a bona fide sale of the Release Parcel to a third party that is not an Affiliate of Borrower; and subject to the following conditions:

(1) No release shall be permitted during the Lockout Period, and no more than two (2) Parcels may be released before the Ridgewood Parcel is so released;

(2) No release shall be permitted for refinancing or other recapitalizations;

(3) The Release Parcel shall be conveyed to a third party unrelated to and not Affiliated with Borrower, and Borrower shall deliver to Lender such documents, certificates and assurances that Lender shall reasonably request to evidence and confirm the foregoing including a fully executed copy of the contract of sale for the Release Parcel, certified by Borrower as being true and correct;

(4) Borrower shall provide Lender with at least thirty (30) days but no more than ninety (90) days prior written notice of its request to obtain a release, which notice shall specify the proposed release date (such notice shall be revocable by Borrower prior to the date that is ten (10) days before the proposed release date, without penalty or premium, and thereafter provided that Borrower shall reimburse Lender for all losses, costs and expenses expended, advanced or incurred by Lender in connection with such proposed release including, without limitation, the sum of any Yield Maintenance Amount plus the Make Whole Breakage Amount, any Make Whole Breakage Amount, and any Extension Make Whole Breakage Amount;

(5) Lender determines that (i) the Cash on Cash Return, Debt Service Coverage and Loan to Value after giving effect to such release equals or exceeds the Cash on Cash Return, Debt Service Coverage and Loan to Value immediately prior to such release, (ii) the Cash on Cash Return equals or exceeds 8.9% during the first Loan Year and 9.6% thereafter and (iii) the Debt Service Coverage equals or exceeds 1.30 to 1:00;

(6) Simultaneously with the release of the Release Parcel from the lien of the Mortgage, Borrower shall pay to Lender, for application in accordance with Section 2.3(5), a release price equal to the sum of (a) the greater of (i) 85% of the actual gross sales price for such Release Parcel minus the usual and ordinary costs and expenses actually incurred by Borrower in connection with the sale of such Release Parcel, which costs and expenses (1) shall be subject to review and approval by Lender, (2) shall be substantiated by evidence reasonably satisfactory to Lender, (3) shall not include any costs and expenses paid to parties that are employees of or otherwise associated or affiliated with Borrower, and (4) shall in no event exceed 10% of the gross sales price of such Release Parcel, and (ii) 120% of the Release Parcel's Allocated Loan Basis, plus (b) any Spread Maintenance Amount or other prepayment premium due under Section 2.3(4), and if such allocation would result in the aggregate outstanding principal amount of the Loans being less than \$20,000,000.00, Lender may, at its option, declare the entire amount of the Loans to be due and payable, in which event, Borrower shall pay to Lender simultaneously with such release all outstanding principal, accrued and unpaid interest, and any other amounts due under the Loan Documents;

(7) Such partial release will not, in Lender's judgment, have a material adverse effect on the Project, the remaining Parcels or the validity, binding effect, or enforceability of any material provisions of any of the Loan Documents;

(8) Lender shall have received a title insurance endorsement satisfactory to Lender confirming the continued validity and priority of the Mortgage on the remaining Collateral; and

(9) Borrower shall have paid all costs and expenses incurred by Lender in connection

with such partial release.

Section 2.7. **Fees.** As partial consideration for Lender's agreement to make the Loans, Borrower shall pay to Lender (a) the Commitment Fee, and (b) the Repayment Fee. Borrower hereby agrees that by entering into this Agreement, and regardless of whether Borrower satisfies the conditions set forth in Schedule 2.1, the Commitment Fee and the Repayment Fee have been fully earned by Lender. Borrower shall pay to Lender the Commitment Fee, as offset by any good faith deposit held by and not otherwise used to pay Lender's fees, costs and expenses, on the Closing Date.

ARTICLE 3

INSURANCE, CONDEMNATION, AND IMPOUNDS

Section 3.1. **Insurance.** Borrower shall maintain insurance as follows:

(1) **Casualty; Business Interruption.** Borrower shall keep the Project insured against damage by fire and the other hazards covered by a standard extended coverage and all-risk insurance policy for the full insurable value thereof on a replacement cost claim recovery basis (without reduction for depreciation or co-insurance and without any exclusions or reduction of policy limits for acts of domestic and foreign terrorism or other specified action/inaction), and shall maintain boiler and machinery insurance, acts of domestic and foreign terrorism endorsement coverage and such other casualty insurance as reasonably required by Lender. Lender reserves the right to require from time to time the following additional insurance: flood, earthquake/sinkhole, windstorm and/or building law or ordinance. Borrower shall keep the Project insured against loss by flood if the Project is located currently or at any time in the future in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994 (as such acts may from time to time be amended) in an amount at least equal to the lesser of (a) the maximum amount of the Loans or (b) the maximum limit of coverage available under said acts. Any such flood insurance policy shall be issued in accordance with the requirements and current guidelines of the Federal Insurance Administration. Borrower shall maintain business interruption insurance, including use and occupancy, rental income loss and extra expense, against all periods covered by Borrower's property insurance for a limit equal to twelve (12) calendar months' exposure, all without any exclusions or reduction of policy limits for acts of domestic and foreign terrorism or other specified action/inaction. Borrower shall not maintain any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to Lender in all respects. The proceeds of insurance paid on account of any damage or destruction to the Project shall be paid to Lender to be applied as provided in Section 3.2.

(2) **Liability.** Borrower shall maintain (a) commercial general liability insurance with respect to the Project providing for limits of liability of not less than \$5,000,000 for both injury to or death of a person and for property damage per occurrence, and (b) other liability insurance as reasonably required by Lender.

(3) **Form and Quality.** All insurance policies shall be endorsed in form and substance acceptable to Lender to name Lender as an additional insured, loss payee or mortgagee thereunder, as its interest may appear, with loss payable to Lender, without contribution, under a standard New York (or local equivalent) mortgagee clause. All such insurance policies and endorsements shall be fully paid for, shall be issued by appropriately licensed insurance companies acceptable to Lender with a rating of "A-:IX" or better as established by A.M. Best's Rating Guide, and shall be in such form, and shall contain such provisions, deductibles (with no increased deductible for acts of domestic and foreign terrorism or other specified action/

inaction) and expiration dates, as are acceptable to Lender. Each policy shall provide that such policy may not be canceled or materially changed except upon thirty (30) days' prior written notice of intention of non-renewal, cancellation or material change to Lender and that no act or thing done by Borrower shall invalidate any policy as against Lender. Blanket policies shall be permitted only if Lender receives appropriate endorsements and/or duplicate policies containing Lender's right to continue coverage on a pro rata pass-through basis and that coverage will not be affected by any loss on other properties covered by the policies. If Borrower fails to maintain insurance in compliance with this Section 3.1, Lender may obtain such insurance and pay the premium therefor and Borrower shall, on demand, reimburse Lender for all expenses incurred in connection therewith.

(4) **Assignment.** Borrower shall assign the policies or proofs of insurance to Lender, in such manner and form that Lender and its successors and assigns shall at all times have and hold the same as security for the payment of the Loans. If requested by Lender, Borrower shall deliver copies of all original policies certified to Lender by the insurance company or authorized agent as being true copies, together with the endorsements required hereunder. If Borrower elects to obtain any insurance which is not required under this Agreement (including earthquake insurance), all related insurance policies shall be endorsed in compliance with Section 3.1(3), and such additional insurance shall not be canceled without prior notice to Lender. From time to time upon Lender's request, Borrower shall identify to Lender all insurance maintained by Borrower with respect to the Project. The proceeds of insurance policies coming into the possession of Lender shall not be deemed trust funds, and Lender shall be entitled to apply such proceeds as herein provided.

(5) **Adjustments.** Borrower shall give immediate written notice of any loss to the insurance carrier and to Lender. Borrower hereby irrevocably authorizes and empowers Lender, as attorney-in-fact for Borrower coupled with an interest, to notify any of Borrower's insurance carriers to add Lender as a loss payee, mortgagee insured or additional insured, as the case may be, to any policy maintained by Borrower (regardless of whether such policy is required under this Agreement), to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Lender's expenses incurred in the collection of such proceeds. Nothing contained in this Section 3.1(5), however, shall require Lender to incur any expense or take any action hereunder.

Section 3.2. **Use and Application of Insurance Proceeds.** Lender shall apply insurance proceeds to costs of restoring the damaged Parcel or the Loans as follows:

(1) if the loss is less than or equal to the Restoration Threshold, Lender shall apply the insurance proceeds to restoration provided (a) no Event of Default or Potential Default exists, and (b) Borrower promptly commences and is diligently pursuing restoration of the damaged Parcel;

(2) if the loss exceeds the Restoration Threshold, but is not more than ten percent (10%) of the replacement value of the improvements located on the damaged Parcel, Lender shall apply the insurance proceeds to restoration provided that at all times during such restoration (a) no Event of Default or Potential Default exists; (b) Lender determines that there are sufficient funds available to restore and repair the damaged Parcel to a condition approved by Lender; (c) Lender determines that the Underwritten NOI during restoration will be sufficient to pay Debt Service during restoration; (d) Lender determines that after restoration the Loan-to-Value Ratio, Debt Service Coverage Ratio and the Cash on Cash Return will be at least equal to the Loan-to-Value, Debt Service Coverage Ratio and Cash on Cash Return amounts set forth in Paragraph 1 of Schedule 2.1; (e) Lender determines that restoration and repair of the damaged Parcel to a condition approved by Lender will be completed within six months after the date of loss or casualty and in any event ninety (90) days prior to the Maturity Date; (f) Borrower promptly commences and is diligently pursuing restoration of the damaged Parcel; and (g) the damaged Parcel after the restoration will be in compliance with and permitted

under all applicable zoning, building and land use laws, rules, regulations and ordinances;

(3) if the conditions set forth above are not satisfied or the loss exceeds the maximum amount specified in Section 3.2(2) above, in Lender's sole discretion, Lender may apply any insurance proceeds it may receive to amounts owing under the Loan Documents in such order and manner as Lender in its sole discretion determines, or allow all or a portion of such proceeds to be used for the restoration of the damaged Parcel; and

(4) insurance proceeds applied to restoration will be disbursed on receipt of satisfactory plans and specifications, contracts and subcontracts, schedules, budgets, lien waivers and architects' certificates, and otherwise in accordance with prudent commercial construction lending practices for construction loan advances, including, as applicable, the advance conditions under Schedule 2.4(1). Any insurance proceeds remaining after payment of all restoration costs shall be applied by Lender to the outstanding principal balance of the Loans or, at Lender's sole option, remitted to Borrower.

Section 3.3. **Condemnation Awards.** Borrower shall immediately notify Lender of the institution of any proceeding for the condemnation or other taking of a Parcel or any portion thereof. Lender may participate in any such proceeding and Borrower will deliver to Lender all instruments necessary or required by Lender to permit such participation. Without Lender's prior consent, which consent shall not be unreasonably withheld or delayed, Borrower (1) shall not agree to any compensation or award, and (2) shall not take any action or fail to take any action which would cause the compensation to be determined. All awards and compensation for the taking or purchase in lieu of condemnation of a Parcel or any part thereof are hereby assigned to and shall be paid to Lender. Borrower authorizes Lender to collect and receive such awards and compensation, to give proper receipts and acquittances therefor, and in Lender's sole discretion to apply the same toward the payment of the Loans, notwithstanding that the Loans may not then be due and payable, or to the restoration of the condemned Parcel; however, if the award is less than or equal to \$50,000 and Borrower requests that such proceeds be used for non-structural site improvements (such as landscape, driveway, walkway and parking area repairs) required to be made as a result of such condemnation, Lender will apply the award to such restoration in accordance with disbursement procedures applicable to insurance proceeds provided there exists no Potential Default or Event of Default. Borrower, upon request by Lender, shall execute all instruments requested to confirm the assignment of the awards and compensation to Lender, free and clear of all liens, charges or encumbrances.

Section 3.4. **Impounds.** Borrower shall deposit into a reserve with Lender, monthly on the first day of each month, one-twelfth (1/12th) of the annual charges for real estate taxes, assessments and similar charges relating to the Project. At or before the initial advance of the Loans, Borrower shall deposit with Lender a sum of money which together with the monthly installments will be sufficient to make each of such payments thirty (30) days prior to the date any delinquency or penalty becomes due with respect to such payments. Deposits shall be made on the basis of Lender's estimate from time to time of the charges for the current year (after giving effect to any reassessment or, at Lender's election, on the basis of the charges for the prior year, with adjustments when the charges are fixed for the then current year). All funds so deposited shall be held by Lender under its sole dominion and control, without interest, and may be commingled with Lender's general funds. Borrower hereby grants to Lender a security interest in all funds so deposited with Lender for the purpose of securing the Loans. While an Event of Default exists, the funds deposited may be applied in payment of the charges for which such funds have been deposited, or to the payment of the Loans or any other charges affecting the security of Lender, as Lender may elect, but no such application shall be deemed to have been made by operation of law or otherwise until actually made by Lender. Borrower shall furnish Lender with bills for the charges for which such deposits are required at least thirty (30) days prior to the date on which the charges first become payable. If at any time the amount on deposit with Lender, together with amounts to be deposited by Borrower before such charges are payable,

is insufficient to pay such charges, Borrower shall deposit any deficiency with Lender immediately upon demand. Lender shall pay such charges when the amount on deposit with Lender is sufficient to pay such charges and Lender has received a bill for such charges.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that:

Section 4.1. **Organization and Power.** Borrower and each Borrower Party is duly organized, validly existing and in good standing under the laws of the state of its formation or existence, and is in compliance with all legal requirements applicable to doing business in the state in which the Project is located. Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code. Borrower and each Borrower Party has only one state of incorporation or organization, which is set forth in Schedule 4.1. All other information regarding Borrower and each Borrower Party contained in Schedule 4.1, including the ownership structure of Borrower and its constituent entities, is true and correct as of the Closing Date.

Section 4.2. **Validity of Loan Documents.** The execution, delivery and performance by Borrower and each Borrower Party of the Loan Documents: (1) are duly authorized and do not require the consent or approval of any other party or governmental authority which has not been obtained; and (2) will not violate any law or result in the imposition of any lien, charge or encumbrance upon the assets of any such party, except as contemplated by the Loan Documents. The Loan Documents constitute the legal, valid and binding obligations of Borrower and each Borrower Party, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, or similar laws generally affecting the enforcement of creditors’ rights.

Section 4.3. **Liabilities; Litigation; Other Secured Transactions.**

(1) The financial statements delivered by Borrower and each Borrower Party are true and correct with no significant change since the date of preparation. Except as disclosed in such financial statements, there are no liabilities (fixed or contingent) affecting the Project, Borrower or any Borrower Party. Except as disclosed in such financial statements, there is no litigation, administrative proceeding, investigation or other legal action (including any proceeding under any state or federal bankruptcy or insolvency law) pending or, to the knowledge of Borrower, threatened, against the Project, Borrower or any Borrower Party which if adversely determined could have a material adverse effect on such party, the Project or the Loans.

(2) Borrower is not, and has not been, bound (whether as a result of a merger or otherwise) as a debtor under a pledge or security agreement entered into by another Person, which has not heretofore been terminated.

Section 4.4. **Taxes and Assessments.** The Project is comprised of one or more parcels, each of which constitutes a separate tax lot and none of which constitutes a portion of any other tax lot. There are no pending or, to Borrower’s best knowledge, proposed, special or other assessments for public improvements or otherwise affecting the Project, nor are there any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.5. **Other Agreements; Defaults.** Neither Borrower nor any Borrower Party is

a party to any agreement or instrument or subject to any court order, injunction, permit, or restriction which might adversely affect the Project or the business, operations, or condition (financial or otherwise) of Borrower or any Borrower Party. Neither Borrower nor any Borrower Party is in violation of any agreement which violation would have an adverse effect on the Project, Borrower, or any Borrower Party or Borrower's or any Borrower Party's business, properties, or assets, operations or condition, financial or otherwise.

Section 4.6. Compliance with Law.

(1) Borrower and each Borrower Party have all requisite licenses, permits, franchises, qualifications, certificates of occupancy or other governmental authorizations to own, lease and operate the Project and carry on its business. The Project is in compliance with all applicable zoning, subdivision, building and other legal requirements and is free of structural defects. All of the Project's building systems are in good working order, subject to ordinary wear and tear. The Project does not constitute, in whole or in part, a legally non-conforming use under applicable legal requirements.

(2) No condemnation has been commenced or, to Borrower's knowledge, is contemplated with respect to all or any portion of the Project or for the relocation of roadways providing access to the Project.

(3) The Project has adequate rights of access to public ways and is served by adequate water, sewer, sanitary sewer and storm drain facilities. All public utilities necessary or convenient to the full use and enjoyment of the Project are located in the public right-of-way abutting the Project, and all such utilities are connected so as to serve the Project without passing over other property, except to the extent such other property is subject to a perpetual easement for such utility benefiting the Project. All roads necessary for the full utilization of the Project for its current purpose have been completed and dedicated to public use and accepted by all governmental authorities.

Section 4.7. Location of Borrower. Borrower's principal place of business and chief executive offices are located at the address stated in Section 12.1 and, except as otherwise set forth in Schedule 4.1, Borrower at all times has maintained its principal place of business and chief executive office at such location or at other locations within the same state.

Section 4.8. ERISA.

(1) As of the Closing Date and throughout the term of the Loans, (a) Borrower is not and will not be an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Title I of ERISA, and (b) the assets of Borrower do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA; and

(2) As of the Closing Date and throughout the term of the Loans (a) Borrower is not and will not be a "governmental plan" within the meaning of Section 3(3) of ERISA and (b) transactions by or with Borrower are not and will not be subject to state statutes applicable to Borrower regulating investments of and fiduciary obligations with respect to governmental plans.

(3) Borrower has no employees.

Section 4.9. Margin Stock. No part of proceeds of the Loans will be used for purchasing or acquiring any "margin stock" within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

Section 4.10. Tax Filings. Borrower and each Borrower Party have filed (or have obtained

effective extensions for filing) all federal, state and local tax returns required to be filed and have paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments payable by Borrower and each Borrower Party, respectively.

Section 4.11. **Solvency.** Giving effect to the Loans, the fair saleable value of Borrower's assets exceeds and will, immediately following the making of the Loans, exceed Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. The fair saleable value of Borrower's assets is and will, immediately following the making of the Loans, be greater than Borrower's probable liabilities, including the maximum amount of its contingent liabilities on its Debts as such Debts become absolute and matured. Borrower's assets do not and, immediately following the making of the Loans will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Borrower does not intend to, and does not believe that it will, incur Debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such Debts as they mature (taking into account the timing and amounts of cash to be received by Borrower and the amounts to be payable on or in respect of obligations of Borrower). Except as expressly disclosed to Lender in writing, no petition in bankruptcy has been filed by or against Borrower or any Borrower Party in the last seven (7) years, and neither Borrower nor any Borrower Party in the last seven (7) years has ever made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. Neither Borrower nor any Borrower Party is contemplating either the filing of a petition by it under state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of its assets or property, and neither Borrower nor any Borrower Party has knowledge of any Person contemplating the filing of any such petition against it.

Section 4.12. **Full and Accurate Disclosure.** No statement of fact made by or on behalf of Borrower or any Borrower Party in this Agreement or in any of the other Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no fact presently known to Borrower which has not been disclosed to Lender which adversely affects, nor as far as Borrower can foresee, might adversely affect, the Project or the business, operations or condition (financial or otherwise) of Borrower or any Borrower Party. All information supplied by Borrower regarding any other Collateral is accurate and complete in all material respects. All evidence of Borrower's and each Borrower Party's identity provided to Lender is genuine, and all related information is accurate.

Section 4.13. **Single Purpose Entity.** Borrower is and has at all times since its formation been a Single Purpose Entity.

Section 4.14. **No Conflicts.** The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than pursuant to the Loan Documents) upon any of the property or assets of Borrower pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, operating agreement or other agreement or instrument to which Borrower is a party or by which any of Borrower's property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Borrower or any of Borrower's properties or assets, and any consent, approval, authorization, order, registration or qualification of or with any court or any such regulatory authority or other governmental agency or body required for the execution, delivery and performance by Borrower of this Agreement or any other Loan Documents has been obtained and is in full force and effect.

Section 4.15. **Title.** Borrower has good, marketable and insurable title to each Parcel, free

and clear of all Liens whatsoever, except for the Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents and has rights and the power to transfer each item of Collateral upon which it purports to grant a Lien under the Mortgages or any of the other Loan Documents. The Mortgages create (and upon the recordation thereof and of any related financing statements there will be perfected) (1) valid Liens on the Parcels encumbered thereby, subject only to Permitted Encumbrances and (2) security interests in and to, and collateral assignments of, all personality (including the leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents. There are no claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Loan Documents. None of the Permitted Encumbrances, individually or in the aggregate, materially interfere with the benefits of the security intended to be provided by the Mortgages and this Agreement, materially and adversely affect the value of the Project, impair the use or operations of the Project or impair Borrower's ability to pay its obligations in a timely manner.

Section 4.16. **Use of Project.** The Project is being, and will continue to be, used exclusively for self storage facilities and other appurtenant and related uses.

Section 4.17. **Flood Zone.** No portion of the Improvements is located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Act of 1994, as amended, or any successor law.

Section 4.18. **Insurance.** Borrower has obtained and has delivered to Lender certified copies of all of the insurance policies for the Project reflecting the insurance coverages, amounts and other insurance requirements set forth in this Agreement. No claims have been made under any such policy, and no Person, including Borrower, has done, by act or omission, anything which would impair the coverage of any such policy.

Section 4.19. **Certificate of Occupancy; Licenses.** All certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal use, occupancy and operation of the Project as self storage facilities (collectively, the "**Licenses**") have been obtained and are in full force and effect. Borrower shall keep and maintain all Licenses in full force and effect. The use being made of the Project is in conformity with any applicable certificate of occupancy issued for the Property.

Section 4.20. **Physical Condition.** Except as disclosed in the building condition reports certified to Lender and delivered in connection with the initial advance of the Loans, the Project, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects; to Borrower's knowledge, there exists no structural or other material defects or damages in the Project, whether latent or otherwise, and Borrower has not received written notice from any insurance company or bonding company of any defects or inadequacies in the Project, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

Section 4.21. **Boundaries.** All of the Improvements on each Parcel lie wholly within the boundaries and building restriction lines of such Parcel, and no improvements on adjoining properties encroach upon such Parcel, and no Improvements encroach upon or violate any easements or other

encumbrances upon such Parcel, so as to materially adversely affect the value or marketability of such Parcel, except those which are insured against by title insurance.

Section 4.22. **Separate Lots.** Each Parcel is comprised of one (1) or more parcels which constitutes one (1) or more separate tax lots and does not constitute a portion of any other tax lot not a part of the Project.

Section 4.23. **Survey.** The survey for each Parcel delivered to Lender in connection with this Agreement does not fail to reflect any material matter affecting such Parcel or the title thereto.

Section 4.24. **Filing and Recording Taxes.** All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable legal requirements currently in effect in connection with the transfer of the Project to Borrower or any transfer of a controlling interest in Borrower have been paid. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable legal requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Mortgages, have been paid and, under current legal requirements, the Mortgages are enforceable in accordance with their respective terms by Lender or any subsequent holder thereof, subject to applicable bankruptcy, insolvency, or similar laws generally affecting the enforcement of creditors' rights.

Section 4.25. **Investment Company Act.** Borrower is not (1) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (2) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (3) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

Section 4.26. **Management Agreement.** Self Storage Management LLC is the Manager of the Project. The management agreement for the Project delivered to Lender in connection with this Agreement is the only management agreement for the Project.

ARTICLE 5

ENVIRONMENTAL MATTERS

Section 5.1. **Representations and Warranties on Environmental Matters.** Borrower represents and warrants to Lender that, to Borrower's knowledge, except as set forth in the Site Assessment, (1) no Hazardous Material is now or was formerly used, stored, generated, manufactured, installed, disposed of or otherwise present at or about the Project or any property adjacent to the Project (except for cleaning and other products currently used in connection with the routine maintenance or repair of the Project in full compliance with Environmental Laws), (2) all permits, licenses, approvals and filings required by Environmental Laws have been obtained, and the use, operation and condition of the Project do not, and did not previously, violate any Environmental Laws, and (3) no civil, criminal or administrative action, suit, claim, hearing, investigation or proceeding has been brought or been threatened, nor have any settlements been reached by or with any parties or any liens imposed in connection with the Project concerning Hazardous Materials or Environmental Laws.

Section 5.2. Covenants on Environmental Matters.

(1) Borrower shall (a) comply with applicable Environmental Laws; (b) notify Lender

immediately upon Borrower's discovery of any spill, discharge, release or presence of any Hazardous Material at, upon, under, within, contiguous to or otherwise affecting the Project; (c) promptly remove such Hazardous Materials and remediate the Project in full compliance with Environmental Laws and in accordance with the recommendations and specifications of an independent environmental consultant approved by Lender; and (d) promptly forward to Lender copies of all orders, notices, permits, applications or other communications and reports in connection with any spill, discharge, release or the presence of any Hazardous Material or any other matters relating to the Environmental Laws or any similar laws or regulations, as they may affect the Project or Borrower.

(2) Borrower shall not cause, shall prohibit any other Person within the control of Borrower from causing, and shall use prudent, commercially reasonable efforts to prohibit other Persons (including tenants and other occupants) from causing (a) any spill, discharge or release, or the use, storage, generation, manufacture, installation, or disposal, of any Hazardous Materials at, upon, under, within or about the Project or the transportation of any Hazardous Materials to or from the Project (except for cleaning and other products used in connection with routine maintenance or repair of the Project in full compliance with Environmental Laws), (b) any underground storage tanks to be installed at the Project, or (c) any activity that requires a permit or other authorization under Environmental Laws to be conducted at the Project.

(3) Borrower shall provide to Lender, at Borrower's expense promptly upon the written request of Lender from time to time, a Site Assessment or, if required by Lender, an update to any existing Site Assessment, to assess the presence or absence of any Hazardous Materials and the potential costs in connection with abatement, cleanup or removal of any Hazardous Materials found on, under, at or within the Project. Borrower shall pay the cost of no more than one such Site Assessment or update in any twelve (12)-month period, unless Lender's request for a Site Assessment is based on either information provided under Section 5.2(1), a reasonable suspicion of Hazardous Materials at or near the Project, a breach of representations under Section 5.1, or an Event of Default, in which case any such Site Assessment or update shall be at Borrower's expense.

Section 5.3. **Allocation of Risks and Indemnity.** As between Borrower and Lender, all risk of loss associated with non-compliance with Environmental Laws, or with the presence of any Hazardous Material at, upon, within, contiguous to or otherwise affecting the Project, shall lie solely with Borrower. Accordingly, Borrower shall bear all risks and costs associated with any loss (including any loss in value attributable to Hazardous Materials), damage or liability therefrom, including all costs of removal of Hazardous Materials or other remediation required by Lender or by law. Borrower shall at all times indemnify, defend and hold Lender harmless from and against any and all claims, suits, actions, debts, damages, losses, liabilities, litigations, judgments, charges, costs and expenses (including reasonable costs of defense), of any nature whatsoever proffered or incurred by Lender, whether as mortgagee or beneficiary under the Mortgages, as mortgagee in possession, or as successor-in-interest to Borrower by foreclosure deed or deed in lieu of foreclosure, and whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, including those arising from the joint, concurrent or comparative negligence of Lender, under or on account of the Environmental Laws, including the assertion of any lien thereunder, with respect to: (1) a breach of any representation, warranty or covenant of Borrower contained in this Article 5; (2) any acts performed by Lender pursuant to the provisions of this Article 5; (3) any discharge of Hazardous Materials, the threat of discharge of any Hazardous Materials or the storage or presence of any Hazardous Materials affecting the Project whether or not the same originates or emanates from the Project or any contiguous real estate, including any loss of value of the Project as a result of the foregoing; (4) any costs of removal or remedial action incurred by the United States Government or any costs incurred by any other Person or damages from injury to, destruction of, or loss of natural resources including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Environmental Laws; (5) liability for

personal injury or property damage arising under any statutory or common law tort theory, including without limitation damages assessed for the maintenance of a public or private nuisance or for the carrying on of an abnormally dangerous activity at, upon, under or within the Project; and/or (6) any other environmental matter affecting the Project within the jurisdiction of the Environmental Protection Agency, any other federal agency or any state or local environmental agency. The foregoing notwithstanding, Borrower shall not be liable under the foregoing indemnification to the extent any such loss, liability, damage, claim, cost or expense results solely from Lender's gross negligence or willful misconduct. Borrower's obligations under this Article 5 shall arise upon the discovery of the presence of any Hazardous Material, whether or not the Environmental Protection Agency, any other federal agency or any state or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Materials and whether or not the existence of any such Hazardous Material or potential liability on account thereof is disclosed in the Site Assessment, and shall continue notwithstanding the repayment of the Loans or any transfer or sale of any right, title and interest in the Project (by foreclosure, deed in lieu of foreclosure or otherwise). Notwithstanding the foregoing, subject to the conditions specified below in this Section 5.3, Borrower shall not be liable under this Section 5.3 for such indemnified matters directly created or arising from events or conditions caused or created by Lender and first existing after Lender acquires title to the Project by foreclosure or acceptance of a deed in lieu thereof, but only if (a) Borrower delivers to Lender a current site assessment evidencing the presence of no Hazardous Materials on the Project and no violation of any Environmental Laws with respect to the Project not more than ninety (90) days and not less than thirty (30) days prior thereto, and (b) such loss, liability, damage, claim, cost or expense does not directly or indirectly arise from or relate to any release of or exposure to any Hazardous Material (including personal injury or damage to property), non-compliance with any Environmental Laws, or remediation existing or occurring prior to the date Lender acquires title to the Project.

Section 5.4. **Lender's Right to Protect Collateral.** If (1) any discharge of Hazardous Materials or the threat of a discharge of Hazardous Material affecting the Project occurs, whether originating or emanating from the Project or any contiguous real estate, and/or (2) Borrower fails to comply with any Environmental Laws or related regulations, Lender may at its election, but without the obligation so to do, give such notices and/or cause such work to be performed at the Project and/or take any and all other actions as Lender shall deem necessary or advisable in order to abate the discharge of any Hazardous Material, remove the Hazardous Material or cure Borrower's noncompliance.

Section 5.5. **No Waiver.** Notwithstanding any provision in this Article 5 or elsewhere in the Loan Documents, or any rights or remedies granted by the Loan Documents, Lender does not waive and expressly reserves all rights and benefits now or hereafter accruing to Lender under any "security interest" or "secured creditor" exception under applicable Environmental Laws, as the same may be amended. No action taken by Lender pursuant to the Loan Documents shall be deemed or construed to be a waiver or relinquishment of any such rights or benefits under any "security interest exception."

ARTICLE 6

LEASING MATTERS

Section 6.1. **Representations and Warranties on Leases.** Borrower represents and warrants to Lender with respect to leases of the Project that: (1) the rent roll delivered to Lender is true and correct, and the leases are valid and in full force and effect; (2) the leases (including amendments) are in writing, and there are no oral agreements with respect thereto; (3) the copies of the leases delivered to Lender are true and complete; (4) neither the landlord nor, except as disclosed in the rent roll, any tenant is in default under any of the leases; (5) Borrower has no knowledge of any notice of termination or default with respect to any lease; (6) Borrower has not assigned or pledged any of the leases, the rents or any interests therein

except to Lender; (7) no tenant or other party has an option to purchase all or any portion of the Project; (8) no tenant has the right to terminate its lease prior to expiration of the stated term of such lease; (9) no tenant has prepaid more than three-months rent in advance (except for bona fide security deposits not in excess of an amount equal to two month's rent); and (10) all existing leases are subordinate to the Mortgages either pursuant to their terms or a recorded subordination agreement.

Section 6.2. **Standard Lease Form; Approval Rights.** All leases and other rental arrangements shall in all respects be approved by Lender and shall be on a standard lease form approved by Lender with no modifications (except as approved by Lender). Such lease form shall provide that the tenant shall attorn to Lender, and that any cancellation, surrender, or amendment of such lease without the prior written consent of Lender shall be voidable by Lender. Borrower shall hold, in trust, all tenant security deposits in a segregated account, and, to the extent required by applicable law, shall not commingle any such funds with any other funds of Borrower. Within ten (10) days after Lender's request, Borrower shall furnish to Lender a statement of all tenant security deposits, and copies of all leases not previously delivered to Lender, certified by Borrower as being true and correct. Notwithstanding anything contained in the Loan Documents, Lender's approval shall not be required for future leases or lease extensions of individual storage units if the following conditions are satisfied: (1) there exists no Potential Default or Event of Default; (2) the lease is on the standard lease form approved by Lender with no material modifications; and (3) the lease does not conflict with any restrictive covenant affecting the Project or any other lease for space in the Project.

Section 6.3. **Covenants.** Borrower (1) shall perform the obligations which Borrower is required to perform under the leases; (2) shall enforce the obligations to be performed by the tenants and other occupants; (3) shall promptly furnish to Lender any notice of default or termination received by Borrower from any tenant, and any notice of default or termination given by Borrower to any tenant; (4) shall not collect any rents for more than thirty (30) days in advance of the time when the same shall become due, except for bona fide security deposits not in excess of an amount equal to two months rent; (5) shall not enter into any ground lease or master lease of any part of the Project; (6) shall not further assign or encumber any lease; (7) shall not, except with Lender's prior written consent, cancel or accept surrender or termination of any lease; and (8) shall not, except with Lender's prior written consent, modify or amend any lease (except for minor modifications and amendments entered into in the ordinary course of business, consistent with prudent property management practices, not affecting the economic terms of the lease), and any action in violation of clauses (5), (6), (7), and (8) of this Section 6.3 shall be void at the election of Lender.

Section 6.4. **Tenant Estoppels.** At Lender's request, Borrower shall obtain and furnish to Lender, written estoppels in form and substance satisfactory to Lender, executed by tenants under leases in the Project and confirming the term, rent, and other provisions and matters relating to the leases.

ARTICLE 7

FINANCIAL REPORTING

Section 7.1. **Financial Statements.**

(1) **Monthly Reports.** Within thirty (30) days after the end of each calendar month, Borrower shall furnish to Lender a current (as of the calendar month just ended) balance sheet, a detailed operating statement (showing monthly activity and year-to-date) stating Operating Revenues, Operating Expenses and Net Cash Flow for the calendar month just ended, an updated rent roll, and, as requested by Lender, a written statement setting forth any variance from the annual budget, a general ledger, copies of bank statements and bank reconciliations and other documentation supporting the information disclosed in the most recent financial statements.

(2) **Quarterly Reports.** Within forty-five (45) days after the end of each calendar quarter, Borrower shall furnish to Lender a detailed operating statement (showing quarterly activity and year-to-date) stating Operating Revenues, Operating Expenses and Net Cash Flow for the calendar quarter just ended.

(3) **Annual Reports.** Within one hundred twenty (120) days after the end of each fiscal year of Borrower's operation of the Project, Borrower shall furnish to Lender a current (as of the end of such fiscal year) balance sheet, a detailed operating statement stating Operating Revenues, Operating Expenses and Net Cash Flow for each of Borrower and the Project, and, if required by Lender, prepared on a review basis and certified by an independent public accountant satisfactory to Lender.

(4) **Certification; Supporting Documentation.** Each such financial statement shall be in scope and detail satisfactory to Lender and certified by the chief financial representative of Borrower.

(5) **Tax Returns.** Borrower shall furnish to Lender, within thirty (30) days after filing, copies of (i) Borrower's filed federal, state and (if applicable) local income tax returns for each taxable year (with all forms and supporting schedules attached), if any, and (ii) any other filed tax return on which Borrower's income and operations is includable.

Section 7.2. **Accounting Principles.** All financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied from year to year. If the financial statements are prepared on an accrual basis, such statements shall be accompanied by a reconciliation to cash basis accounting principles.

Section 7.3. **Other Information.** Borrower shall deliver to Lender such additional information regarding Borrower, its subsidiaries, its business, any Borrower Party, and the Project within thirty (30) days after Lender's request therefor.

Section 7.4. **Annual Budget.** At least thirty (30) days prior to the commencement of each fiscal year, Borrower shall provide to Lender its proposed annual capital improvements budget for such fiscal year for Lender's review and approval, and Borrower shall provide to Lender its proposed annual operating budget for such fiscal year for Lender's review.

Section 7.5. **Audits.** Lender's employees and third party consultants shall be entitled to perform such financial investigations and audits of Borrower's books and records as Lender shall deem necessary. Borrower shall permit Lender and Lender's agents and consultants to examine such records, books and papers of Borrower which reflect upon its financial condition, the income and expenses relative to the Project and the representations set forth in Article 9. Borrower authorizes Lender to communicate directly with Borrower's independent certified public accountants, and authorizes such accountants to disclose to Lender any and all financial statements and other supporting financial documents and schedules, including copies of any management letter, with respect to the business, financial condition and other affairs of Borrower.

ARTICLE 8

COVENANTS

Borrower covenants and agrees with Lender as follows:

Section 8.1. **Due on Sale and Encumbrance; Transfers of Interests.** Without the prior written consent of Lender,

- (1) no Transfer shall occur or be permitted, nor shall Borrower enter into any easement

or other agreement granting rights in or restricting the use or development of the Project;

(2) no Transfer shall occur or be permitted which would (a) cause Acadia Strategic Opportunity Fund III to own less than ninety-two percent (92%) of the beneficial interest in Borrower and the Project, or (b) result in a new general partner, member or limited partner having the ability to control the affairs of Borrower being admitted to or created in Borrower (or result in any existing general partner or member or controlling limited partner withdrawing from Borrower); and

(3) except in connection with an Acadia Permitted Transfer (as hereinafter defined), no Transfer shall occur or be permitted which, either alone or together with all prior Transfers during the term of the Loans, would result in the Transfer of more than twenty-five percent (25%) of the direct or indirect beneficial or other ownership interest in Borrower.

As used in this Agreement, “**Transfer**” shall mean any direct or indirect sale, transfer, conveyance, installment sale, master lease, mortgage, pledge, encumbrance, grant of Lien or other interest, license, lease, alienation or assignment, whether voluntary or involuntary, of all or any portion of the direct or indirect legal or beneficial ownership of, or any interest in (a) the Project or any part thereof, or (b) Borrower, including any agreement to transfer or cede to another Person any voting, management or approval rights, or any other rights, appurtenant to any such legal or beneficial ownership or other interest. “Transfer” is specifically intended to include any pledge or assignment, directly or indirectly, of a controlling interest in Borrower or its general partner, controlling limited partner or controlling member for purposes of securing so-called “mezzanine” indebtedness. “Transfer” shall not include (i) the leasing of individual units within the Project so long as Borrower complies with the provisions of the Loan Documents relating to such leasing activity; or (ii) the transfer of limited partner or non-managing member interests in Borrower so long as the transfer does not violate the provisions of Sections 8.1(2) and 8.1(3), and does not violate the provisions of Article 9.

As used in this Agreement, “**Acadia Permitted Transfer**” shall mean (i) a transfer by Acadia Realty Trust of its interest in Borrower and/or (ii) a transfer by Acadia Strategic Opportunity Fund III LLC to a passive investor of up to forty-nine (49%) percent of its membership interest in Acadia Self Storage LLC, in each case only upon satisfaction of the following conditions:

(a) Borrower shall give Lender not less than ten (10) days prior written notice of such transfer, together with an organizational chart updating all information regarding Borrower and each Borrower Party contained in Schedule 4.1, including the ownership structure of Borrower and its constituent entities;

(b) No Potential Default or Event of Default shall have occurred and be continuing or shall result therefrom;

(c) The transferee shall be organized pursuant to organizational documents and an operating or joint venture agreement reasonably satisfactory to Lender;

(d) The transferee shall be a subsidiary of a real estate investment trust, an institutional investor, a publicly traded entity, or a high net worth individual reasonably acceptable to Lender, which (or who) has complied with all obligations of an Interest Holder set forth below;

(e) The transfer does not violate the provisions of Article 9; and

(f) Borrowers shall pay Lender’s reasonable costs and expenses associated with each transfer.

Without limiting the foregoing, Borrower further agrees that it will require each Person that proposes to become a partner, member or shareholder (each such Person, an “**Interest Holder**”) in Borrower or to acquire any direct or indirect legal or beneficial interest in of Borrower after the Closing Date to sign and deliver to Borrower, within thirty (30) days after such transfer (and Borrower shall deliver to Lender promptly after receipt), a certificate executed by a duly authorized officer of the new Interest Holder containing representations, warranties and covenants substantially the same as the representations, warranties and covenants provided by Borrower in Article 9 hereof.

Section 8.2. **Taxes; Charges.** Borrower shall pay before any fine, penalty, interest or cost may be added thereto, and shall not enter into any agreement to defer, any real estate taxes and assessments, franchise taxes and charges, and other governmental charges that may become a Lien upon the Project or become payable during the term of the Loans, and will promptly furnish Lender with evidence of such payment; however, Borrower’s compliance with Section 3.4 of this Agreement relating to impounds for taxes and assessments shall, with respect to payment of such taxes and assessments, be deemed compliance with this Section 8.2. Borrower shall not suffer or permit the joint assessment of the Project with any other real property constituting a separate tax lot or with any other real or personal property. Borrower shall pay when due all claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in a Lien on the Project; however, Borrower may contest the validity of such claims and demands so long as (1) Borrower notifies Lender that it intends to contest such claim or demand, (2) Borrower provides Lender with an indemnity, bond or other security satisfactory to Lender (including an endorsement to Lender’s title insurance policy insuring against such claim or demand) assuring the discharge of Borrower’s obligations for such claims and demands, including interest and penalties, and (3) Borrower is diligently contesting the same by appropriate legal proceedings in good faith and at its own expense and concludes such contest prior to the tenth (10th) day preceding the earlier to occur of the Maturity Date or the date on which the Project is scheduled to be sold for non-payment.

Section 8.3. **Control; Management.** Without the prior written consent of Lender, there shall be no change in the day-to-day control and management of Borrower or Borrower’s general partner or managing member, and no change in their respective organizational documents relating to control over Borrower, Borrower’s general partner or managing member and/or the Project. Borrower shall not terminate, replace or appoint any property manager or terminate or amend the property management agreement for the Project without Lender’s prior written approval. Any change in ownership or control of the property manager shall be cause for Lender to re-approve such property manager and property management agreement. Each property manager shall hold and maintain all necessary licenses, certifications and permits required by law. Borrower shall fully perform all of its covenants, agreements and obligations under the property management agreement.

Section 8.4. **Operation; Maintenance; Inspection.** Borrower shall observe and comply with all legal requirements applicable to its existence and to the ownership, use and operation of the Project. Borrower shall maintain the Project in good condition and promptly repair any damage or casualty. Borrower shall not, without the prior written consent of Lender, undertake any material alteration of the Project or permit any of the fixtures or personalty owned by Borrower to be removed at any time from the Project, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Borrower and free and clear of any Liens except those in favor of Lender. Borrower shall permit Lender and its agents, representatives and employees, upon reasonable prior notice to Borrower, to inspect the Project and conduct such environmental and engineering studies as Lender may require, provided such inspections and studies do not materially interfere with the use and operation of the Project.

Section 8.5. **Taxes on Security.** Borrower shall pay all taxes, charges, filing, registration

and recording fees, excises and levies payable with respect to the Notes or the Liens created or secured by the Loan Documents, other than income, franchise and doing business taxes imposed on Lender. If there shall be enacted any law (1) deducting the Loans from the value of the Project for the purpose of taxation, (2) affecting any Lien on the Project, or (3) changing existing laws of taxation of mortgages, deeds of trust, security deeds, or debts secured by real property, or changing the manner of collecting any such taxes, Borrower shall promptly pay to Lender, on demand, all taxes, costs and charges for which Lender is or may be liable as a result thereof; however, if such payment would be prohibited by law or would render the Loans usurious, then instead of collecting such payment, Lender may declare all amounts owing under the Loan Documents to be immediately due and payable.

Section 8.6. **Legal Existence; Name, Etc.** Borrower shall preserve and keep in full force and effect its existence as, and at all times operate as, a Single Purpose Entity, and Borrower and each general partner or managing member in Borrower shall preserve and keep in full force and effect its entity status, franchises, rights and privileges under the laws of the state of its formation, and all qualifications, licenses and permits applicable to the ownership, use and operation of the Project. Neither Borrower nor any general partner or managing member of Borrower shall wind up, liquidate, dissolve, reorganize, merge, or consolidate with or into any Person, or permit any subsidiary or Affiliate of Borrower to do so. Without limiting the foregoing, Borrower shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the Closing Date. Borrower and each general partner or managing member in Borrower shall conduct business only in its own name and shall not change its name, identity, organizational structure, state of formation or the location of its chief executive office or principal place of business unless Borrower (1) shall have obtained the prior written consent of Lender to such change, and (2) shall have taken all actions necessary or requested by Lender to file or amend any financing statement or continuation statement to assure perfection and continuation of perfection of security interests under the Loan Documents. Borrower (and each general partner or managing member in Borrower, if any) shall maintain its separateness as an entity, including maintaining separate books, records, and accounts and observing corporate and partnership formalities independent of any other entity, shall pay its obligations with its own funds and shall not commingle funds or assets with those of any other entity. If Borrower does not have an organizational identification number and later obtains one, Borrower shall promptly notify Lender of its organizational identification number.

Section 8.7. **Affiliate Transactions.** Without the prior written consent of Lender, Borrower shall not engage in any transaction affecting the Project with an Affiliate of Borrower or of any Borrower Party.

Section 8.8. **Limitation on Other Debt.** Borrower (and each general partner or managing member in Borrower, if any) shall not, without the prior written consent of Lender, incur any Debt other than the Loans and customary trade payables which are payable, and shall be paid, within sixty (60) days of when incurred.

Section 8.9. **Further Assurances.** Borrower shall promptly (1) cure any defects in the execution and delivery of the Loan Documents, (2) provide, and to cause each Borrower Party to provide, Lender such additional information and documentation on Borrower's and each Borrower Party's legal or beneficial ownership, policies, procedures and sources of funds as Lender deems necessary or prudent to enable Lender to comply with Anti-Money Laundering Laws as now in existence or hereafter amended, and (3) execute and deliver, or cause to be executed and delivered, all such other documents, agreements and instruments as Lender may reasonably request to further evidence and more fully describe the collateral for the Loans, to correct any omissions in the Loan Documents, to perfect, protect or preserve any Liens created under any of the Loan Documents, or to make any recordings, file any notices, or obtain any consents, as may be necessary or appropriate in connection therewith. From time to time upon the written request of

Lender, Borrower shall deliver to Lender a schedule of the name, legal domicile address and jurisdiction of organization, if applicable, for each Borrower Party and each holder of a legal interest in Borrower.

Section 8.10. **Estoppel Certificates.** Borrower, within ten (10) days after request, shall furnish to Lender a written statement, duly acknowledged, setting forth the amount due on the Loans, the terms of payment of the Loans, the date to which interest has been paid, whether any offsets or defenses exist against the Loans and, if any are alleged to exist, the nature thereof in detail, and such other matters as Lender reasonably may request.

Section 8.11. **Notice of Certain Events.** Borrower shall promptly notify Lender of (1) any Potential Default or Event of Default, together with a detailed statement of the steps being taken to cure such Potential Default or Event of Default; (2) any notice of default received by Borrower under other obligations relating to the Project or otherwise material to Borrower's business; and (3) any threatened or pending legal, judicial or regulatory proceedings, including any dispute between Borrower and any governmental authority, affecting Borrower or the Project.

Section 8.12. **Indemnification.** Borrower shall indemnify, defend and hold Lender harmless from and against any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs and disbursements (including the reasonable fees and actual expenses of Lender's counsel) of any kind or nature whatsoever, including those arising from the joint, concurrent, or comparative negligence of Lender, in connection with (1) any inspection, review or testing of or with respect to the Project, (2) any investigative, administrative, mediation, arbitration, or judicial proceeding, whether or not Lender is designated a party thereto, commenced or threatened at any time (including after the repayment of the Loans) in any way related to the execution, delivery or performance of any Loan Document or to the Project, (3) any proceeding instituted by any Person claiming a Lien, and (4) any brokerage commissions or finder's fees claimed by any broker or other party in connection with the Loans, the Project, or any of the transactions contemplated in the Loan Documents, except to the extent any of the foregoing is caused by Lender's gross negligence or willful misconduct.

Section 8.13. **Application of Operating Revenues.** Borrower shall apply all Operating Revenues to the payment of Debt Service and other payments due under the Loan Documents, taxes, assessments, water charges, sewer rents and other governmental charges levied, assessed or imposed against the Project, insurance premiums, operations and maintenance charges relating to the Project, and other obligations of the lessor under leases of space at the Project, before using Operating Revenues for any other purpose.

Section 8.14. **Payment for Labor and Materials.** Borrower will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Project and never permit to exist beyond the due date thereof in respect of the Project or any part thereof any Lien, even though inferior to the Liens of the Loan Documents, and in any event never permit to be created or exist in respect of the Project or any part thereof any other or additional Lien other than the Liens or security of the Loan Documents, except for the Permitted Encumbrances.

Section 8.15. **Alterations.** Borrower shall obtain Lender's prior written consent, which consent shall not be unreasonably withheld or delayed, to any alterations to any improvements that may have a material adverse effect on Borrower's financial condition, the use, operation or value of the Project or the Actual Net Operating Income with respect to the Project, other than alterations performed in connection with the restoration of the Project after the occurrence of a casualty in accordance with the terms and provisions of this Agreement.

Section 8.16. **Handicapped Access.**

(1) Borrower (a) agrees that it shall use commercially reasonable efforts to ensure that the Project shall at all times comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively, "**Access Laws**") and (b) has no actual knowledge as to the Project's non-compliance with any Access Laws where the failure to so comply could have a material adverse effect on the Project or on Borrower's ability to repay the Loans in accordance with the terms hereof.

(2) Notwithstanding any provisions set forth herein or in any other document regarding Lender's approval of alterations of the Project, Borrower shall not alter the Project in any manner which would materially increase Borrower's responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender. Lender may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person reasonably acceptable to Lender.

(3) Borrower agrees to give prompt notice to Lender of the receipt by Borrower of any written complaints related to violation of any Access Laws with respect to the Project and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

Section 8.17. **Cap Agreement.** On or before the Closing Date, but in any event as a condition precedent to the initial advance, Borrower shall enter into and at all times thereafter maintain an interest rate cap agreement or other hedging device ("**Cap Agreement**") in connection with the Loans, which Cap Agreement shall have a notional amount not less than the aggregate outstanding balance of the Loans and shall cap Borrower's Libor Rate exposure at three and one-half percent (3.5%) during the first and second Loan Years. The form of the Cap Agreement required pursuant to this Section, and the counterparty to the Cap Agreement (the "**Counterparty**"), shall be reasonably satisfactory to Lender (and shall otherwise satisfy the ratings criteria set forth below). Borrower also shall have delivered to Lender an Interest Rate Protection Pledge, duly executed and delivered by Borrower in favor of Lender, together with the consent of the Counterparty to such collateral assignment. The Counterparty must have long-term debt obligations rated not lower than "A+" by Standard & Poor's and "A1" by Moody's; or a Counterparty Rating not lower than "A-" by Standard & Poor's and "A3" by Moody's. In the event of any downgrade or withdrawal of the Counterparty rating below "A-" from Standard & Poor's or below "A3" from Moody's, Borrower shall replace the Cap Agreement with a replacement Cap Agreement with an acceptable Counterparty not later than ten (10) Business Days following receipt of notice from Counterparty or Lender of such downgrade or withdrawal, which substitute Cap Agreement shall otherwise comply with the foregoing provisions of this Section. The Cap Agreement shall at all times cover the outstanding balance of the Loans.

Section 8.18. **Representations and Warranties.** Borrower will cause all representations and warranties to remain true and correct all times while any portion of the Loans remain outstanding.

Section 8.19. **Post-Closing Work.** Within sixty (60) days following the Closing Date, Borrower shall repair the electric entrance gate to the Ridgewood Parcel.

ARTICLE 9

ANTI-MONEY LAUNDERING AND INTERNATIONAL TRADE CONTROLS

Section 9.1. **Compliance with International Trade Control Laws and OFAC**

Regulations. Borrower represents, warrants and covenants to Lender that:

(1) It is not now nor shall it be at any time until after the Loans are fully repaid a Person with whom a U.S. Person, including a Financial Institution, is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under U.S. law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

(2) No Borrower Party and no Person who owns a direct interest in Borrower is now nor shall be at any time until after the Loans are fully repaid a Person with whom a U.S. Person, including a Financial Institution, is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under U.S. law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

Section 9.2. **Borrower's Funds.** Borrower represents, warrants and covenants to Lender that:

(1) It has taken, and shall continue to take until after the Loans are fully repaid, such measures as are required by law to verify that the funds invested in the Borrower are derived (a) from transactions that do not violate U.S. law nor, to the extent such funds originate outside the United States, do not violate the laws of the jurisdiction in which they originated; and (b) from permissible sources under U.S. law and to the extent such funds originate outside the United States, under the laws of the jurisdiction in which they originated.

(2) To the best of its knowledge, neither Borrower, nor any Borrower Party, nor any holder of a direct interest in Borrower, nor any Person providing funds to Borrower (a) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Laws; (b) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; and (c) has had any of its/his/her funds seized or forfeited in any action under any Anti-Money Laundering Laws.

(3) Borrower shall make payments on the Loans using funds invested in Borrower, Operating Revenues or insurance proceeds unless otherwise agreed to by Lender.

(4) To the best of Borrower's knowledge, as of the Closing Date and at all times during the term of the Loans, all Operating Revenues are and will be derived from lawful business activities of Project tenants and other occupants or other permissible sources under U.S. law.

(5) On the Maturity Date, Borrower will take reasonable steps to verify that funds used to repay the Loans in full (whether in connection with a refinancing, asset sale or otherwise) are from sources permissible under U.S. law and to the extent such funds originate outside the United States, permissible under the laws of the jurisdiction in which they originated.

ARTICLE 10

EVENTS OF DEFAULT

Each of the following shall constitute an Event of Default under the Loans:

Section 10.1. **Payments.** Borrower's failure to pay any regularly scheduled installment of

principal, interest or other amount due under the Loan Documents within five (5) days after the date when due, or Borrower's failure to pay the Loans at the Maturity Date, whether by acceleration or otherwise.

Section 10.2. **Insurance.** Borrower's failure to maintain insurance as required under Section 3.1 of this Agreement.

Section 10.3. **Transfer.** Any Transfer occurs in violation of Section 8.1 of this Agreement.

Section 10.4. **Covenants.** Borrower's failure to perform, observe or comply with any of the agreements, covenants or provisions contained in this Agreement or in any of the other Loan Documents (other than those agreements, covenants and provisions referred to elsewhere in this Article 10), and the continuance of such failure for ten (10) days after notice by Lender to Borrower; however, subject to any shorter period for curing any failure by Borrower as specified in any of the other Loan Documents, Borrower shall have an additional sixty (60) days to cure such failure if (1) such failure does not involve the failure to make payments on a monetary obligation; (2) such failure cannot reasonably be cured within ten (10) days but, using reasonable diligence, is curable within such 60-day period; (3) Borrower is diligently undertaking to cure such default, and (4) Borrower has provided Lender with security reasonably satisfactory to Lender against any interruption of payment or impairment of collateral as a result of such continuing failure. The notice and cure provisions of this Section 10.4 do not apply to the other Events of Default described in this Article 10 or to Borrower's failure to perform, observe or comply with any of the agreements, covenants or provisions contained in Article 9 (for which no notice and cure period shall apply).

Section 10.5. **Representations and Warranties.** Any representation or warranty made in any Loan Document proves to be untrue in any material respect when made or deemed made.

Section 10.6. **Other Encumbrances.** Any default under any document or instrument, other than the Loan Documents, evidencing or creating a Lien on the Project or any part thereof.

Section 10.7. **Involuntary Bankruptcy or Other Proceeding.** Commencement of an involuntary case or other proceeding against Borrower, any Borrower Party or any other Person having an ownership or security interest in the Project (each, a "**Bankruptcy Party**") which seeks liquidation, reorganization or other relief with respect to it or its Debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeks the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any of its property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of ninety (90) days; or an order for relief against a Bankruptcy Party shall be entered in any such case under the Federal Bankruptcy Code.

Section 10.8. **Voluntary Petitions, Etc.** Commencement by a Bankruptcy Party of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its Debts or other liabilities under any bankruptcy, insolvency or other similar law or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any of its property, or consent by a Bankruptcy Party to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or the making by a Bankruptcy Party of a general assignment for the benefit of creditors, or the failure by a Bankruptcy Party, or the admission by a Bankruptcy Party in writing of its inability, to pay its debts generally as they become due, or any action by a Bankruptcy Party to authorize or effect any of the foregoing.

ARTICLE 11

REMEDIES

Section 11.1. **Remedies - Insolvency Events.** Upon the occurrence of any Event of Default described in Section 10.7 or 10.8, all amounts due under the Loan Documents immediately shall become due and payable, all without written notice and without presentment, demand, protest, notice of protest or dishonor, notice of intent to accelerate the maturity thereof, notice of acceleration of the maturity thereof, or any other notice of default of any kind, all of which are hereby expressly waived by Borrower; however, if the Bankruptcy Party under Section 10.7 or 10.8 is other than Borrower, then all amounts due under the Loan Documents shall become immediately due and payable at Lender's election, in Lender's sole discretion.

Section 11.2. **Remedies - Other Events.** Except as set forth in Section 11.1 above, while any Event of Default exists, Lender may (1) by written notice to Borrower, declare the entire amount of the Loans to be immediately due and payable without presentment, demand, protest, notice of protest or dishonor, notice of intent to accelerate the maturity thereof, notice of acceleration of the maturity thereof, or other notice of default of any kind, all of which are hereby expressly waived by Borrower, and (2) exercise all rights and remedies therefor under the Loan Documents and at law or in equity.

Section 11.3. **Lender's Right to Perform the Obligations.** If Borrower shall fail, refuse or neglect to make any payment or perform any act required by the Loan Documents, then while any Event of Default exists, and without notice to or demand upon Borrower and without waiving or releasing any other right, remedy or recourse Lender may have because of such Event of Default, Lender may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Borrower, and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate. If Lender shall elect to pay any sum due with reference to the Project, Lender may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Loan Documents, Lender shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. Borrower shall indemnify, defend and hold Lender harmless from and against any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever, including reasonable attorneys' fees, incurred or accruing by reason of any acts performed by Lender pursuant to the provisions of this Section 11.3, including those arising from the joint, concurrent, or comparative negligence of Lender, except as a result of Lender's gross negligence or willful misconduct. All sums paid by Lender pursuant to this Section 11.3 and all other sums expended by Lender to which it shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to the Loans, shall be secured by the Loan Documents and shall be paid by Borrower to Lender upon demand.

ARTICLE 12

MISCELLANEOUS

Section 12.1. **Notices.** Any notice required or permitted to be given under this Agreement shall be in writing and either shall be mailed by certified mail, postage prepaid, return receipt requested, or sent by overnight air courier service, or personally delivered to a representative of the receiving party, or sent by telecopy or electronic mail (provided that for both telecopy and electronic mail delivery, an identical notice is also sent simultaneously by mail, overnight courier or personal delivery as otherwise provided in this Section 12.1). All such notices shall be mailed, sent or delivered, addressed to the party for whom it is intended at its address set forth below.

If to Borrower: Acadia Storage Post Portfolio Company LLC
c/o Acadia Realty Trust
1311 Mamaroneck Ave., Suite 260
White Plains, NY 10605
Attention: Robert Masters, Esq.
Telecopy: (914) 288-2139
E-Mail: rmasters@acadiarealty.com

If to Lender: General Electric Capital Corporation
GE Real Estate
280 Park Ave., 8th Floor
New York, NY 10017-1216
Attention: Asset Manager/AKR Self Storage Portfolio
Liz Madzula
Telecopy: 212-850-5828
E-Mail: lizmadzula@gecapital.com

Any notice so addressed and sent by United States mail or overnight courier shall be deemed to be given on the earliest of (1) when actually delivered, (2) on the first Business Day after deposit with an overnight air courier service, or (3) on the third Business Day after deposit in the United States mail, postage prepaid, in each case to the address of the intended addressee (except as otherwise provided in the Mortgages). Any notice so delivered in person shall be deemed to be given when receipted for by, or actually received by Lender or Borrower, as the case may be. If given by telecopy, a notice shall be deemed given and received when the telecopy is transmitted to the party's telecopy number specified above and confirmation of complete receipt is received by the transmitting party during normal business hours or on the next Business Day if not confirmed during normal business hours, and an identical notice is also sent simultaneously by mail, overnight courier, or personal delivery as otherwise provided in this Section 12.1. If given by electronic mail, a notice shall be deemed given and received when the electronic mail is transmitted to the recipient's electronic mail address specified above and electronic confirmation of receipt (either by reply from the recipient or by automated response to a request for delivery receipt) is received by the sending party during normal business hours or on the next Business Day if not confirmed during normal business hours, and an identical notice is also sent simultaneously by mail, overnight courier or personal delivery as otherwise provided in this Section 12.1. Except for telecopy and electronic mail notices sent as expressly described above, no notice hereunder shall be effective if sent or delivered by electronic means. Either party may designate a change of address by written notice to the other by giving at least ten (10) days prior written notice of such change of address.

Section 12.2. **Amendments and Waivers; References.** No amendment or waiver of any provision of the Loan Documents shall be effective unless in writing and signed by the party against whom enforcement is sought. This Agreement and the other Loan Documents shall not be executed, entered into, altered, amended, or modified by electronic means. Without limiting the generality of the foregoing, the Borrower and Lender hereby agree that the transactions contemplated by this Agreement shall not be conducted by electronic means, except as specifically set forth in Section 12.1 regarding notices. Any reference to a Loan Document, whether in this Agreement or in any other Loan Document, shall be deemed to be a reference to such Loan Document as it may hereafter from time to time be amended, modified, supplemented and restated in accordance with the terms hereof.

Section 12.3. **Limitation on Interest.** It is the intention of the parties hereto to conform strictly to applicable usury laws. Accordingly, all agreements between Borrower, Lender with respect to the Loans are hereby expressly limited so that in no event, whether by reason of acceleration of maturity or otherwise, shall the amount paid or agreed to be paid to Lender or charged by Lender for the use, forbearance or detention of the money to be lent hereunder or otherwise, exceed the maximum amount allowed by law. If any of the Loans would be usurious under applicable law, then, notwithstanding anything to the contrary in the Loan Documents: (1) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under the Loan Documents shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be credited on the Notes by the holders thereof (or, if the Notes have been paid in full, refunded to Borrower); and (2) if maturity is accelerated by reason of an election by Lender, or in the event of any prepayment, then any consideration which constitutes interest may never include more than the maximum amount allowed by applicable law. In such case, excess interest, if any, provided for in the Loan Documents or otherwise, to the extent permitted by applicable law, shall be amortized, prorated, allocated and spread from the date of advance until payment in full so that the actual rate of interest is uniform through the term hereof. If such

amortization, proration, allocation and spreading is not permitted under applicable law, then such excess interest shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on the Notes (or, if the Notes have been paid in full, refunded to Borrower). The terms and provisions of this Section 12.3 shall control and supersede every other provision of the Loan Documents. If at any time the laws of the United States of America permit Lender to contract for, take, reserve, charge or receive a higher rate of interest than is allowed by applicable state law (whether such federal laws directly so provide or refer to the law of any state), then such federal laws shall to such extent govern as to the rate of interest which Lender may contract for, take, reserve, charge or receive under the Loan Documents.

Section 12.4. **Invalid Provisions.** If any provision of any Loan Document is held to be illegal, invalid or unenforceable, such provision shall be fully severable; the Loan Documents shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof; the remaining provisions thereof shall remain in full effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance therefrom; and in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as a part of such Loan Document a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible to be legal, valid and enforceable.

Section 12.5. **Reimbursement of Expenses.** Borrower shall pay all costs and expenses incurred by Lender in connection with the negotiation, documentation, closing, disbursement and administration of the Loans, including fees and expenses of Lender's attorneys and Lender's environmental, engineering, accounting and other consultants; fees, charges and taxes for the recording or filing of Loan Documents; financial investigation, audit and inspection fees and costs; settlement of condemnation and casualty awards; title search costs, premiums for title insurance and endorsements thereto; and fees and costs for UCC and litigation searches and background checks. Borrower shall, upon request, promptly reimburse Lender for all amounts expended, advanced or incurred by Lender to collect the Notes, or to enforce the rights of Lender under this Agreement or any other Loan Document, or to defend or assert the rights and claims of Lender under the Loan Documents or with respect to the Project (by litigation or other proceedings), which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be incurred by Lender in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to Lender, all of which shall constitute part of the Loans and shall be secured by the Loan Documents.

Section 12.6. **Approvals; Third Parties; Conditions.** All rights retained or exercised by Lender to review or approve leases, contracts, plans, studies and other matters, including Borrower's and any other Person's compliance with the provisions of Article 9 and compliance with laws applicable to Borrower, the Project or any other Person, are solely to facilitate the Lender's credit underwriting, and shall not be deemed or construed as a determination that Lender has passed on the adequacy thereof for any other purpose and may not be relied upon by Borrower or any other Person. This Agreement is for the sole and exclusive use of Lender and Borrower and may not be enforced, nor relied upon, by any Person other than Lender and Borrower. All conditions of the obligations of Lender hereunder, including the obligation to make advances, are imposed solely and exclusively for the benefit of Lender, its successors and assigns, and no other Person shall have standing to require satisfaction of such conditions or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all of such conditions, and no other Person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by Lender at any time in their sole discretion.

Section 12.7. **Lender Not in Control; No Partnership.** None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Lender the right or power to exercise

control over the affairs or management of Borrower, the power of Lender being limited to the rights to exercise the remedies referred to in the Loan Documents. The relationship between Borrower and Lender is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between Lender and Borrower or to create an equity in the Project in Lender. Lender neither undertakes nor assumes any responsibility or duty to Borrower or to any other person with respect to the Project or the Loans, except as expressly provided in the Loan Documents; and notwithstanding any other provision of the Loan Documents: (1) Lender is not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of Borrower or its stockholders, members, or partners and Lender does not intend to ever assume such status; (2) Lender shall not in any event be liable for any Debts, expenses or losses incurred or sustained by Borrower; and (3) Lender shall not be deemed responsible for or a participant in any acts, omissions or decisions of Borrower or its stockholders, members, or partners. Lender and Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between Lender and Borrower, or to create an equity in the Project in Lender, or any sharing of liabilities, losses, costs or expenses.

Section 12.8. **Time of the Essence**. Time is of the essence with respect to this Agreement.

Section 12.9. Successors and Assigns; Secondary Market Transactions.

(1) This Agreement shall be binding upon and inure to the benefit of Lender and Borrower and their respective successors and assigns of Lender and Borrower, provided that neither Borrower nor any other Borrower Party shall, without the prior written consent of Lender, assign any rights, duties or obligations hereunder.

(2) Borrower acknowledges that Lender and its successors and assigns may without notice to or consent from Borrower (a) sell this Agreement, the Mortgages, the Notes, the other Loan Documents, and any and all servicing rights thereto, or any portions thereof, to one or more investors, (b) participate and/or syndicate the Loans to one or more investors, (c) deposit this Agreement, the Notes and the other Loan Documents, or any portions thereof, with a trust, which trust may sell certificates to investors evidencing an ownership interest in the trust assets, or (d) otherwise sell, transfer or assign the Loans or interests therein in one or more transactions to investors (the transactions referred to in clauses (a) through (d) are hereinafter each referred to as a "**Secondary Market Transaction**"). Borrower shall reasonably cooperate with Lender in effecting any such Secondary Market Transaction and shall reasonably cooperate and use all reasonable efforts to satisfy the market standards to which Lender customarily adheres or which may be reasonably required by any participant, investor or purchaser involved in any Secondary Market Transaction (including, without limitation, delivery of opinions of counsel in form and substance similar to the opinions of counsel delivered to Lender on the date hereof). Borrower shall provide such information and documents relating to Borrower and the Project as Lender may reasonably request in connection with such Secondary Market Transaction. In addition, Borrower shall make available to Lender all information concerning the Project, its business and operations that Lender may reasonably request. Lender shall be permitted to share all information with the participants, investors, purchasers, investment banking firms, accounting firms, law firms and third-party advisory firms involved with the Loans and Loan Documents or the applicable Secondary Market Transaction. Lender and all of the aforesaid participants, investors, purchasers, advisors and professional firms shall be entitled to rely on the information supplied by or on behalf of Borrower. Borrower also agrees to execute any amendment of or supplement to this Agreement and the other Loan Documents as Lender may reasonably request in connection with any Secondary Market Transaction, provided that such amendment or supplement does not change the economic terms of the Loans or materially increase Borrower's duties, responsibilities or liabilities under the Loan Documents.

(3) Lender shall have the right, at any time (whether prior to, in connection with, or after

any Secondary Market Transaction), with respect to all or any portion of the Loans, to modify, split and/or sever all or any portion of the Loans as hereinafter provided. Without limiting the foregoing, Lender may (i) cause the Notes and Mortgages to be split into first and second mortgage loans, (ii) create one more senior and subordinate notes, (iii) create multiple components of the Notes (and allocate or reallocate the principal balance of the Loans among such components) or (iv) otherwise sever membership interests (directly or indirectly) in Borrower (*i.e.*, a senior loan/mezzanine loan structure), in each such case, in whatever proportion and whatever priority Lender determines; provided, however, in each such instance the outstanding principal balance of all the Notes evidencing the Loans (or components of such Notes) immediately after the effective date of such modification equals the outstanding principal balance of the Loans immediately prior to such modification and the weighted average of the interest rates for all such Notes (or components of such Notes) immediately after the effective date of such modification equals the interest rate of the original Note immediately prior to such modification. If requested by Lender, Borrower (and Borrower's constituent members, if applicable) shall execute within two (2) Business Days after such request, such documentation as Lender may reasonably request to evidence and/or effectuate any such modification or severance.

Section 12.10. **Renewal, Extension or Rearrangement.** All provisions of the Loan Documents shall apply with equal effect to each and all promissory notes and amendments thereof hereinafter executed which in whole or in part represent a renewal, extension, increase or rearrangement of the Loans. For portfolio management purposes, Lender may elect to divide the Loans into two or more separate loans evidenced by separate promissory notes so long as the payment and other obligations of Borrower are not effectively increased or otherwise modified. Borrower agrees to cooperate with Lender and to execute such documents as Lender reasonably may request to effect such division of the Loans.

Section 12.11. **Waivers.** No course of dealing on the part of Lender, its officers, employees, consultants or agents, nor any failure or delay by Lender with respect to exercising any right, power or privilege of Lender under any of the Loan Documents, shall operate as a waiver thereof.

Section 12.12. **Cumulative Rights.** Rights and remedies of Lender under the Loan Documents shall be cumulative, and the exercise or partial exercise of any such right or remedy shall not preclude the exercise of any other right or remedy.

Section 12.13. **Singular and Plural.** Words used in this Agreement and the other Loan Documents in the singular, where the context so permits, shall be deemed to include the plural and vice versa. The definitions of words in the singular in this Agreement and the other Loan Documents shall apply to such words when used in the plural where the context so permits and vice versa.

Section 12.14. **Phrases.** When used in this Agreement and the other Loan Documents, the phrase "including" shall mean "including, but not limited to," the phrase "satisfactory to Lender" shall mean in form and substance satisfactory to Lender in all respects, the phrases "with Lender's consent", or "with Lender's approval" shall mean such consent or approval at Lender's discretion, and the phrase "acceptable to Lender" shall mean acceptable to Lender at Lender's sole discretion."

Section 12.15. **Exhibits and Schedules.** The exhibits and schedules attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein.

Section 12.16. **Titles of Articles, Sections and Subsections.** All titles or headings to articles, sections, subsections or other divisions of this Agreement and the other Loan Documents or the exhibits hereto and thereto are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such articles, sections, subsections or other divisions, such

other content being controlling as to the agreement between the parties hereto.

Section 12.17. **Promotional Material.** Borrower authorizes Lender to issue press releases, advertisements and other promotional materials in connection with Lender's own promotional and marketing activities, and describing the Loans in general terms or in detail and Lender's participation in the Loans; provided that all references to Borrower contained in any such press releases, advertisements or promotional materials shall be approved in writing by Borrower in advance of issuance. All references to Lender contained in any press release, advertisement or promotional material issued by Borrower shall be approved in writing by Lender in advance of issuance.

Section 12.18. **Survival.** All of the representations, warranties, covenants, and indemnities of Borrower hereunder (including environmental matters under Article 4, and under the indemnification provisions of the other Loan Documents shall survive (a) the repayment in full of the Loans and the release of the Liens evidencing or securing the Loans, and (b) the transfer (by sale, foreclosure, conveyance in lieu of foreclosure or otherwise) of any or all right, title and interest in and to the Project to any party, whether or not an Affiliate of Borrower.

Section 12.19. **WAIVER OF JURY TRIAL.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF EITHER PARTY OR ANY EXERCISE BY ANY PARTY OF THEIR RESPECTIVE RIGHTS UNDER THE LOAN DOCUMENTS OR IN ANY WAY RELATING TO THE LOANS OR THE PROJECT (INCLUDING, WITHOUT LIMITATION, ANY ACTION TO RESCIND OR CANCEL THIS AGREEMENT, AND ANY CLAIM OR DEFENSE ASSERTING THAT THIS AGREEMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER THIS AGREEMENT.

Section 12.20. **Waiver of Punitive or Consequential Damages.** Neither Lender nor Borrower shall be responsible or liable to the other or to any other Person for any punitive, exemplary or consequential damages which may be alleged as a result of the Loans or the transaction contemplated hereby, including any breach or other default by any party hereto. Borrower represents and warrants to Lender that as of the Closing Date neither Borrower nor any Borrower Party has any claims against Lender in connection with the Loans.

Section 12.21. **GOVERNING LAW.**

(1) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTES DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE

CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE PROJECT IS LOCATED, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK SHALL GOVERN THE CONSTRUCTION, VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF BORROWER AND LENDER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTES, AND THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(2) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND BORROWER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER DOES HEREBY DESIGNATE AND APPOINT ROBERT MASTERS, ESQ. AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER, IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (A) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (B) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (C) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

Section 12.22. **Entire Agreement.** This Agreement and the other Loan Documents embody the entire agreement and understanding between Lender and Borrower and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof, including any commitment letter (if any) issued by Lender with respect to the Loans. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. If any conflict or inconsistency exists between this Agreement and any of the other Loan Documents, the terms of this Agreement shall control.

Section 12.23. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

Section 12.24. **Brokers.** Borrower hereby represents to Lender that Borrower has not dealt

with any broker, underwriters, placement agent, or finder in connection with the transactions contemplated by this Agreement and the other Loan Documents. Borrower hereby agrees to pay all fees and commissions due and payable to Broker and to indemnify and hold Lender harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person (including Broker) that such Person acted on behalf of Borrower in connection with the transactions contemplated herein.

ARTICLE 13

LIMITATIONS ON LIABILITY

Section 13.1. Limitation on Liability.

(1) Except as provided below in this Section 13.1, Borrower shall not be personally liable for amounts due under the Loan Documents.

(2) Borrower shall be personally liable to Lender for any deficiency, loss or damage suffered by Lender because of: (a) Borrower's commission of a criminal act, (b) the failure by Borrower or any Borrower Party to apply any funds derived from the Project, including Operating Revenues, security deposits, insurance proceeds and condemnation awards, as required by the Loan Documents; (c) the fraud or misrepresentation by Borrower or any Borrower Party made in or in connection with the Loan Documents or the Loans; (d) Borrower's collection of rents more than one month in advance or entering into, modifying or canceling leases, or receipt of monies by Borrower or any Borrower Party in connection with the modification or cancellation of any leases, in violation of this Agreement or any of the other Loan Documents; (e) Borrower's interference with Lender's exercise of rights under the Assignment of Rents and Leases; (f) Borrower's failure to turn over to Lender all tenant security deposits upon Lender's demand following an Event of Default; (g) Borrower's failure to timely renew any letter of credit issued in connection with the Loans; (h) Borrower's failure to maintain insurance as required by this Agreement or to pay any taxes or assessments affecting the Project; (i) damage or destruction to the Project caused by the negligent or intentional acts or omissions of Borrower, its agents, employees, or contractors; (j) Borrower's failure to perform its obligations with respect to environmental matters under Article 5; (k) Borrower's failure to pay for any loss, liability or expense incurred by Lender arising out of any claim or allegation made by Borrower, its successors or assigns, or any creditor of Borrower, that this Agreement or the transactions contemplated by the Loan Documents establish a joint venture, partnership or other similar arrangement between Borrower and Lender; (l) any brokerage commission or finder's fees claimed in connection with the transactions contemplated by the Loan Documents; or (m) Borrower's failure to obtain and keep in full force and effect at all times a permanent certificate of occupancy for the improvements located on each Parcel or, if applicable, a letter or certificate of compliance or completion stating that the construction of the improvements located on each Parcel with all requirements and restrictions of all governmental ordinances, rules and regulations, and all other certificates, licenses, permits and approvals necessary for the use, occupancy and operation of the improvements as self storage facilities. Borrower also shall be personally liable to Lender for any and all attorneys' fees and expenses and court costs incurred by Lender in enforcing this Section 13.1(2) or otherwise incurred by Lender in connection with any of the foregoing matters, regardless of whether such matters are legal or equitable in nature or arise under tort or contract law.

(3) Notwithstanding anything to the contrary contained in the Loan Documents, the limitation on Borrower's liability contained in Section 13.1(1) SHALL BECOME NULL AND VOID and shall be of no further force and effect if:

- (a) any Transfer in violation of the Loan Documents occurs;

(b) Borrower or any of its members, partners or shareholders (other than its or their limited partners or non managing members) files a petition under the United States Bankruptcy Code or similar state insolvency laws; or

(c) Borrower becomes the subject of an involuntary proceeding under the United States Bankruptcy Code or similar state insolvency laws, and either (i) Borrower or any Affiliate of Borrower conspired or cooperated with one or more creditors of Borrower to commence such involuntary proceeding, or (ii) Borrower fails to use commercially reasonable efforts to obtain a dismissal of such involuntary proceeding.

(4) The limitation on Borrower's personal liability in Section 13.1(1) shall not modify, diminish or discharge the personal liability of any Joinder Party.

(5) Nothing in this Section 13.1 shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, or corresponding or superseding sections of the Bankruptcy Amendments and Federal Judgeship Act of 1984, to file a claim for the full amount due to Lender under the Loan Documents or to require that all Collateral shall continue to secure the amounts due under the Loan Documents.

Section 13.2. **Limitation on Liability of Lender's Officers, Employees, Etc.** Any obligation or liability whatsoever of Lender which may arise at any time under this Agreement or any other Loan Document shall be satisfied, if at all, out of Lender's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the property of any of Lender shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

EXECUTED as of the date first written above.

LENDER:

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation

By: /s/ David R. Martindale
Name:
Title:

BORROWER:

Acadia Storage Post Portfolio Company LLC

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

JOINDER

By executing this Joinder (the “**Joinder**”), the undersigned (“**Joinder Parties**”) jointly and severally guarantee the payment and performance by Borrower of Borrower’s obligations with respect to environmental matters under Article 5 of this Agreement, and all obligations and liabilities for which Borrower is personally liable under Section 13.1 of the Agreement to which this Joinder is attached. Without limiting the foregoing, upon the occurrence of any of the events described in Section 13.1(3), Borrower shall be personally liable for, and the Joinder Parties shall jointly and severally guaranty the payment and performance by Borrower of, the Loans and all principal, interest and other sums owing under the Loan Documents. This Joinder is a guaranty of full and complete payment and performance and not of collectibility.

1. **Waivers.** To the fullest extent permitted by applicable law, each Joinder Party waives all rights and defenses of sureties, accommodation parties and/or co-makers and agrees that its obligations under this Joinder shall be primary, absolute and unconditional, and that its obligations under this Joinder shall be unaffected by any of such rights or defenses, including:

(a) the unenforceability of any Loan Document against Borrower and/or any other Joinder Party;

(b) any release or other action or inaction taken by Lender with respect to the Collateral, the Loans, Borrower, any other Joinder Party, whether or not the same may impair or destroy any subrogation rights of any Joinder Party, or constitute a legal or equitable discharge of any surety or indemnitor;

(c) the existence of any collateral or other security for the Loans, and any requirement that Lender pursue any of such collateral or other security, or pursue any remedies it may have against Borrower, any other Joinder Party;

(d) any requirement that Lender provide notice to or obtain a Joinder Party’s consent to any modification, increase, extension or other amendment of the Loans, including the guaranteed obligations;

(e) any right of subrogation (until payment in full of the Loans, including the guaranteed obligations, and the expiration of any applicable preference period and statute of limitations for fraudulent conveyance claims);

(f) any defense based on any statute of limitations;

(g) any payment by Borrower to Lender if such payment is held to be a preference or fraudulent conveyance under bankruptcy laws or Lender is otherwise required to refund such payment to Borrower or any other party; and

(h) any voluntary or involuntary bankruptcy, receivership, insolvency, reorganization or similar proceeding affecting Borrower or any of its assets.

2. **Agreements.** Each Joinder Party further represents, warrants and agrees that:

(a) The obligations under this Joinder are enforceable against each such party and are not subject to any defenses, offsets or counterclaims;

(b) The provisions of this Joinder are for the benefit of Lender and its successors and assigns;

(c) Lender shall have the right to (i) renew, modify, extend or accelerate the Loans, (ii) pursue some or all of its remedies against Borrower, any Joinder Party, (iii) add, release or substitute any collateral for the Loans or party obligated thereunder, and (iv) release Borrower, any Joinder Party from liability, all without notice to or consent of any Joinder Party (or other Joinder Party) and without affecting the obligations of any Joinder Party (or other Joinder Party) hereunder;

(d) Each Joinder Party covenants and agrees to furnish to Lender, within ninety (90) days after the end of each fiscal year of such Joinder Party, a current (as of the end of such fiscal year) balance sheet of such Joinder Party, in scope and detail satisfactory to Lender, certified by the chief financial representative of such Joinder Party and, if required by Lender, prepared on a review basis and certified by an independent public accountant satisfactory to Lender;

(e) Each Joinder Party has reviewed the provisions of Article 9 of the Agreement, and hereby makes, for itself, himself, or herself (as applicable), in the place and stead of Borrower, all representations, warranties, covenants and agreements contained in Article 9;

(f) To the maximum extent permitted by law, each Joinder Party hereby knowingly, voluntarily and intentionally waives the right to a trial by jury in respect of any litigation based hereon. This waiver is a material inducement to Lender to enter into the Agreement.

(g) THE PROVISIONS OF SECTION 12.21 OF THE LOAN AGREEMENT ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND SHALL BE APPLICABLE TO THIS JOINDER.

(h) The obligations of Joinder Party under this Joinder shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Borrower in respect of any of the obligations Joinder Party hereunder is rescinded or must be otherwise restored by any holder of the Notes or other obligations under this Agreement, whether as a result of any proceedings in bankruptcy or reorganization or otherwise; and Joinder Party agrees that it will indemnify Lender on demand for all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

(i) TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH JOINDER PARTY AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON. THIS WAIVER IS A MATERIAL INDUCEMENT TO LENDER TO ENTER INTO THIS AGREEMENT.

(j) Each Joinder Party covenants and agrees to cooperate with Lender upon the sale, assignment or transfer of the Loans, or any portion thereof, in accordance with the provisions of Section 12.9 of this Agreement.

(k) THE PROVISIONS OF SECTION 12.21 OF THE LOAN AGREEMENT ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND SHALL BE APPLICABLE TO THIS JOINDER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS JOINDER AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND

PERFORMED IN SUCH STATE AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH JOINDER PARTY AND LENDER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS JOINDER, AND THIS JOINDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR ANY JOINDER ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND EACH JOINDER PARTY WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. EACH JOINDER PARTY DOES HEREBY DESIGNATE AND APPOINT ROBERT MASTERS AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO SUCH JOINDER PARTY IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON SUCH JOINDER PARTY, IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. EACH JOINDER PARTY (A) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (B) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (C) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

Executed as of August 25, 2011.

JOINDER PARTIES:

Acadia StRATEGIC OPPORTUNITY FUND III LLC

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

EXHIBIT A-1

LEGAL DESCRIPTION OF THE FORDHAM PARCEL

All that certain lot, piece or parcel of land, situate, lying and being in the Borough and County of the Bronx, City and State of New York bounded and described as follows:

Commencing from the intersection of the northerly line of Landing Road as shown on the Final Map of the Borough of the Bronx as being a 100' wide R.O.W and the westerly line of a 30 foot wide easement of right of way as set forth in a deed from Despatch Shops, Inc. and J.M.B. Holding Corporation dated April 29, 1965 and recorded May 3, 1695 in the Bronx County Register's Office in Liber 2655 Cp. 239, thence;

- a) Along the westerly line of said right of way, North 13 degrees 42 minutes 14 seconds East, 105.81 feet to a point of curvature, thence;
- b) Northerly along an arc concave to the west having a radius of 1835.00 feet, 68.589 feet to the herein described POINT or PLACE of BEGINNING, running thence;
 1. N 79 degrees 50 minutes 04 seconds W, 90.00 feet; thence,
 2. N 78 degrees 20 minutes 17 seconds W, 241.035 feet to the United States Pier and Bulkhead Line, which point is also distant 200.47 feet north of the intersection of the northerly side of Landing Road as measured along the said United States Pier and Bulkhead Line; thence,
 3. Along said United States Pier and Bulkhead Line, N 06 degrees 42 minutes 41 seconds E, 102.45 feet; thence,
 4. Along the same on a curve concave to the west having a radius of 4900.00 feet, an arc length of 182.15 feet, and a chord bearing N 05 degrees 38 minutes 52 seconds E; thence,
 5. Along the same on a curve concave to the west having a radius of 4900.00 feet, an arc length of 270.58 feet, and a chord bearing N 03 degrees 00 minutes 03 seconds E to a point on the dividing line between Lots 130 and 125 in Block 3244; thence,
 6. Along the dividing line between the aforementioned lots, S 83 degrees 20 minutes 59 seconds E, 280.11 feet to a point; thence,
 7. Continuing along the dividing line between the aforementioned lots, N 51 degrees 39 minutes 01 seconds E, 12.67 feet to a point along the westerly line of the aforementioned 30 foot wide easement of right of way; thence,
 8. Along said westerly line of the aforementioned 30 foot wide easement right of way, S 08 degrees 34 minutes 49 seconds E, 197.15 feet; thence
 9. Along the same westerly line, on a curve concave to the west having a radius of 1835.00 feet, an arc length of 89.26 feet, subtended by a chord bearing of S 00 degrees 26 minutes 37 seconds W; thence
 10. Along the same westerly line, on a curve concave to the west having a radius of 1825.00 feet,

an arc length of 311.53 feet, subtended by a chord bearing of S 06 degrees 42 minutes 02 seconds W to the herein described POINT OR PLACE OF BEGINNING.

TOGETHER with the benefits and subject to the burdens of a permanent and perpetual right and easement of ingress and egress over, upon and along a strip of land 30 feet in width adjoining the easterly line of the hereinabove described premises from and to Landing Road.

EXHIBIT A-2

LEGAL DESCRIPTION OF THE JERSEY CITY PARCEL

ALL that certain tract or parcel of land and premises, situate, lying and being in the City of Jersey City, in the County of Hudson, and State of New Jersey, more particularly described as follows:

BEGINNING at the intersection of the southwesterly line of Broadway (N.J. State Highway Route No. 1 and 9) with the northwesterly line of Mead Avenue and running thence:

- (1) South 45 degrees 00 minutes 00 seconds West, along the said line of Mead Avenue, 293.04 feet to a point; thence
- (2) North 46 degrees 59 minutes 31 seconds West, along the lands of the Jersey City Housing Authority known as the "Marion Gardens," adjoining on the southwest, 358.80 feet to the southerly line of N.J. State Highway Route 1 and 9; thence
- (3) On a curve to the right with a radius of 1552.63 feet, along the said southerly line of N.J. State Highway Route 1 and 9 and also along the former line of Freeman Avenue, vacated March 20, 1973, an arc distance of 344.91 feet, to the aforesaid line of Broadway; thence
- (4) South 45 degrees 00 minutes 00 seconds East, partly along the former line of Freeman Avenue, and along the aforesaid southwesterly line of Broadway, 200.06 feet to the point or place of BEGINNING.

BEING further described in accordance with a survey drawn by Mountain View Layout, dated November 22, 2007 and last revised January 28, 2008 as follows:

BEGINNING at the intersection of the southwesterly line of Broadway (N.J. State Highway Route No. 1 and 9) with the southerly line of Lincoln Highway (N.J. State Highway Route No. 1 and 9) and running thence:

- (1) South 45 degrees 00 minutes 00 seconds East, along the aforesaid southwesterly line of Broadway, 200.06 feet to the point of intersection of the said line of Broadway and the northwesterly line of Mead Avenue: thence
- (2) South 45 degrees 00 minutes 00 seconds West, along the said line of Mead Avenue, 293.04 feet to a point; thence
- (3) North 46 degrees 59 minutes 31 seconds West, 358.80 feet to the southerly line of Lincoln Highway (N.J. State Highway Route 1 and 9); thence
- (4) On a curve to the right with a radius of 1552.63 feet, along the said southerly line of Lincoln Highway (N.J. State Highway Route 1 and 9), an arc distance of 344.91 feet to the point and place of BEGINNING.

EXHIBIT A-3

LEGAL DESCRIPTION OF THE LAWRENCE PARCEL

ALL that certain plot, piece or parcel of land, situate, lying and being at Cedarhurst, Town of Hempstead, County of Nassau and State of New York, known and designated as and by Lots 10 through 21 inclusive in Block B, Lots 17 through 20 inclusive in Block E, Lots 1 through 9 inclusive in Block F, the entire roadbed of Isabel Street and the southerly portion of Benjamin Avenue as shown on Corrected Sales Map of 301 Bungalow Lots at Cedarhurst, Nassau County, New York, filed August 18, 1926 in the Office of the Clerk of the County of Nassau as Map No. 612, Case No. 676, all being more particularly bounded and described as follows:

BEGINNING at the point on the easterly side of Rockaway Turnpike distant 180.00 feet southerly from the corner formed by the intersection of the southerly side of Valentine Avenue with the easterly side of Rockaway Turnpike; said point also being where the division line between Lots 9 and 10 in Block "B" on the aforementioned map intersect the easterly on Rockaway Turnpike;

RUNNING THENCE North 72 degrees 45 minutes 10 seconds East along side dividing line between Lots 9 and 10 in block B, 89.87 feet;

THENCE South 17 degrees 14 minutes 50 seconds East, 60 feet;

THENCE North 72 degrees 45 minutes 10 seconds East, 157.96 feet to the westerly bank of Motts Creek Canal;

THENCE along said westerly bank of Motts Creek Canal, in a general southeasterly direction, the following five courses and distances:

1. South 29 degrees 23 minutes 04 seconds East, 30.69 feet;
2. South 15 degrees 48 minutes 42 seconds East, 30.01 feet;
3. South 25 degrees 15 minutes 45 seconds East, 33.33 feet;
4. South 35 degrees 35 minutes 12 seconds East, 47.23 feet
5. South 21 degrees 43 minutes 54 seconds East, 40.69 feet;

THENCE along the northerly banks of Mott Creek, a.k.a. Cedarhurst Lake, in a general westerly direction, the following four courses and distances:

1. South 70 degrees 01 minutes 21 seconds West, 63.07 feet;
2. South 78 degrees 34 minutes 09 seconds West, 130.76 feet;
3. South 88 degrees 15 minutes 28 seconds West, 38.67 feet;
4. South 72 degrees 45 minutes 10 seconds West 29.51 feet;

THENCE along the easterly side of Rockaway Turnpike in a general northerly direction, the following five courses and distances:

1. North 17 degrees, 14 minutes 50 seconds West, 37.83 feet;
2. North 21 degrees 24 minutes 37 seconds West 29.98 feet;
3. South 68 degrees 35 minutes 21 seconds West, 12.99 feet;
4. North 19 degrees 30 minutes 00 seconds West, 31.98 feet;
5. North 17 degrees 14 minutes 00 seconds West, 119.06 feet to the point or place of BEGINNING, subject to erosion and accretion along the southerly and easterly boundaries.

EXHIBIT A-4

LEGAL DESCRIPTION OF LINDEN PARCEL

ALL that certain tract or parcel of land and premises, situate, lying and being in the City of Linden, in the County of Union, and State of New Jersey, more particularly described as follows:

BEGINNING at a point in the northeasterly sideline of Park Avenue (60.00 feet wide), said point being North 49 degrees 37 minutes 30 seconds West, 295.00 feet as measured along said line from the intersection of the same with the northwesterly right of way of Edgar Road, (U.S. Route 1 & 9), (100.00 feet wide) and running thence:

- (1) Along the aforesaid line of Park Avenue, North 49 degrees 37 minutes 30 seconds West, 330.03 feet; thence
- (2) Along the southeasterly line of lands now or formerly of Bell-Atlantic-New Jersey, Inc., North 40 degrees 22 minutes 30 seconds East, 380.44 feet; thence
- (3) Along the southeasterly line of lands now or formerly of Jon Jay Corp., North 43 degrees 25 minutes 00 seconds East, 194.86 feet; thence
- (4) Along the southwesterly line of lands now or formerly of Jeanette Blitz and Mark S. Blitz, South 46 degrees 35 minutes 00 seconds East, 244.93 feet; thence
- (5) Along the northwesterly line of lands now or formerly of Howard H. Gelb and Eunice Gelb, South 32 degrees 45 minutes 45 seconds West, 566.92 feet to the point of BEGINNING.

EXHIBIT A-5

LEGAL DESCRIPTION OF WEBSTER PARCEL

ALL that certain plot, piece or parcel of land situate, lying and being in the Borough and County of Bronx, City and State of New York, being bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of Ittner Place and the westerly side of Park Avenue;

RUNNING THENCE westerly along the northerly side of Ittner Place, 90 feet;

THENCE northerly and parallel with the westerly side of Park Avenue, 102 feet;

THENCE easterly and parallel with the northerly side of Ittner Place, 90 feet to the westerly side of Park Avenue;

THENCE southerly along the westerly side of Park Avenue, 102 feet to the northerly side of Ittner Place to the point or place of BEGINNING.

EXHIBIT A-6

LEGAL DESCRIPTION OF RIDGEWOOD PARCEL

The condominium unit (the "Unit") in the building (the "Building") known as The 48-05 Metropolitan Avenue Condominium located at 48-05 Metropolitan Avenue, in the Borough and County of Queens, City and State of New York, said unit being designated and described as Unit No. 2 in that certain declaration dated November 1, 1979, made pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") establishing a plan for condominium ownership of the Building and the land (hereinafter referred to as the "Land") upon which the Building is situate (which Land is more particularly described below), which declaration was recorded in the Office of the New York City Register, County of Queens, on December 26, 2001, in Reel 6143, page 2230 (the "Declaration"). This Unit is also designated as Tax Lot 1002 in Block 2611 of the Borough of Queens on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of the Building, certified by George Schwarz, Architect, on December 26, 2001 and filed in the in the Queens County Office of the Register of the City of New York on December 26, 2001, as Condominium Plan No. 408;

TOGETHER WITH an undivided 50.00% interest in the Common Elements (as such term is defined in the Declaration); and

TOGETHER WITH AND SUBJECT TO all easements favor of the Unit and in favor of the other units in the Building and the Common Elements.

The Premises within which the Unit is located are more particularly described as follows:

All that certain piece or parcel of land, lying and being in the Borough of Queens, City and State of New York more particularly described as follows:

PARCEL A

COMMENCING at the intersection of the westerly boundary of Flushing Avenue and the northerly boundary of Metropolitan Avenue as laid down on the Final City Map.

THENCE westerly along said northerly boundary North 76 degrees 40 minutes 42 seconds West a distance of 490.42 feet to the point BEGINNING.

THENCE RUNNING northerly and along the center line of the right-of-way North 36 degrees 16 minutes 47 seconds East a distance of 375.05 feet to a point;

THENCE still northerly and along said center-line the following three courses:

1. North 3 degrees 30 minutes 45 seconds West 39.00 feet;
2. North 16 degrees 18 minutes 52 seconds West 39.00 feet;
3. North 45 degrees 15 minutes 27 seconds West 179.28 feet (176.28 per survey) to the division line between the land belonging to the Long Island Railroad Company- Bushwick Branch and the premises herein described.

THENCE along the said division line on a curve to the left having a radius of 1881.08 feet and an arc length of 349.08 feet to a point;

THENCE still along said division line South 51 degrees 09 minutes 50 seconds West a distance of 144.86 feet to a point;

THENCE easterly along a one story brick building, the following three courses and distance;

1. South 38 degrees 54 minutes 10 seconds East 24.50 feet;
2. North 51 degrees 05 minutes 50 seconds East 120.50 feet;
3. South 76 degrees 40 minutes 42 seconds East 25.08 feet to the centerline of a foot common wall.

THENCE along said center-line of common wall, the following five courses and distances:

1. South 13 degrees 19 minutes 18 seconds West 15.50 feet;
2. South 76 degrees 40 minutes 42 seconds East 9.55 feet;
3. South 13 degrees 13 minutes 01 seconds West 189.20 feet;
4. North 76 degrees 40 minutes 42 seconds West 9.30 feet;
5. South 13 degrees 19 minutes 18 seconds West 15.44 feet to the northerly boundary of Metropolitan Avenue.

THENCE along said boundary line easterly South 76 degrees 40 minutes 42 seconds East a distance of 243.32 feet to the point or place of BEGINNING.

SUBJECT TO the burdens of right of way for ingress and egress for others over the following:

PARCEL B

COMMENCING at the intersection of the westerly boundary of Flushing Avenue and the northerly boundary of Metropolitan Avenue as laid down on the Final City Map.

THENCE westerly along said northerly boundary North 76 degrees 40 minutes 42 seconds West a distance of 490.42 feet to the point of BEGINNING.

THENCE still along said boundary line, North 76 degrees 40 minutes 42 seconds West a distance of 15.25 feet to the westerly line of right-of-way.

THENCE along said westerly line of right-of-way, North 36 degrees 16 minutes 47 seconds East a distance of 340.34 feet to a point;

THENCE northerly the following four courses and distances

1. on a curve to the left, having a radius of 30.00 feet and an arc length of 46.18 feet;
2. on a curve to the right having a radius of 39.00 feet and an arc length of 73.10 feet;
3. South 16 degrees 18 minutes 52 seconds East 39.00 feet;
4. South 3 degrees 30 minutes 45 seconds East 39.00 feet to a point;

THENCE along the centerline of right-of-way South 36 degrees 16 minutes 47 seconds West a distance of 375.05 feet to a point or place of BEGINNING.

SUBJECT TO the burdens of a right of way for ingress and egress for others over the following:

PARCEL C

COMMENCING at the intersection of the northerly boundary of Metropolitan Avenue and the easterly

boundary of Long Island Railroad Bushwick Branch:

RUNNING THENCE along said Long Island Railroad line the following courses and distances;

1. North 51 degrees 09 minutes 50 seconds East 323.60 feet;
2. on a curve to the right, having a radius of 1881.08 feet and an arc length of 349.08 feet to a point;

THENCE in a southeasterly direction south 48 degrees 00 minutes 22 seconds (45 degrees 15 minutes 27 seconds per survey) East a distance of 69.74 feet to the point or place of BEGINNING.

THENCE still along the prolongation of the last mentioned course, the following courses and distances

1. South 48 degrees 00 minutes 22 seconds (45 degrees 15 minutes 27 seconds per survey) east 109.54 feet (106.54 per survey) to a curve of an existing right-of-way;
2. thence on a curve to the left, having a radius of 39.00 feet and an arc length of 20.98 feet to a point
3. thence parallel 30.00 feet (20 feet per survey) there from of the first mentioned course North 48 degrees 00 minutes 22 seconds (45 degrees 15 minutes 27 seconds per survey) West 101.73 feet;
4. North 41 degrees 59 minutes 38 seconds East 20.00 feet to a point or place of BEGINNING.

SUBJECT TO the burdens of a right of way for ingress or egress for others over the following:

PARCEL D

COMMENCING at the intersection of the northerly boundary of Metropolitan Avenue and the easterly boundary of Long Island Railroad Bushwick Branch;

RUNNING THENCE along said Long Island Railroad line north 51 degrees 09 minutes 50 seconds East a distance of 178.74 feet to the point or place of BEGINNING.

THENCE still northeasterly along the railroad line, North 51 degrees 09 minutes 50 seconds East a distance of 118.66 feet to a point;

THENCE in a southeasterly direction South 43 degrees 12 minutes 50 seconds East a distance of 24.43 feet to the corner of a one story brick building.

THENCE along said one story brick building the following two courses and distances;

1. South 51 degrees 05 minutes 50 seconds West 120.50 feet;
2. North 38 degrees 54 minutes 10 seconds West 24.50 feet to the point or place of BEGINNING;

TOGETHER WITH a right to ingress and egress over the following;

PARCEL E

COMMENCING at the intersection of the westerly boundary of Flushing Avenue and the northerly boundary of Metropolitan Avenue as laid down on the Final City Map;

THENCE westerly along said northerly boundary North 76 degrees 40 minutes 42 seconds West a distance of 490.42 feet, to a point of BEGINNING.

THENCE along center line of existing right-of-way, North 36 degrees 16 minutes 47 seconds East 375.05 feet to a point:

THENCE North 3 degrees 30 minutes 45 seconds West 39.00 feet:

THENCE North 16 degrees 18 minutes 52 seconds West 39.00 feet;

THENCE on a curve to the right having a radius of 39.00 feet and an arc length of 97.07 feet to a point;

THENCE along the easterly line of said right-of-way South 36 degrees 16 minutes 47 seconds West 399.06 feet to a point on the northerly boundary of the here and before mentioned boundary of Metropolitan Avenue.

THENCE along said boundary North 76 degrees 40 minutes 42 seconds West 15.25 feet to the point or place of BEGINNING.

EXHIBIT B

BUDGET

SOURCES AND USES OF FUNDS

Sources		Uses	
GECC Existing Loan	\$41,500,000	GECC Existing Loan	\$41,500,000
GECC Increased Funding	\$500,000	GECC Exit Fee	\$415,000
GECC Expense Deposit Received	\$45,000	GECC Commitment Fee	\$84,000
Borrower Funds	\$383,300.65	GECC Out-of-Pocket & Expenses	\$28,961.02
		Real Estate Tax Escrow	\$64,532.42
		New York Land Title Charges	\$282,642.31
		Interest Rate Cap	\$12,390
		Bingham McCutchen Legal Fees	\$40,774.9
Total Sources	\$42,428,300.65	Total Uses	\$42,428,300.65

EXHIBIT C-1

AMENDED AND RESTATED PROMISSORY NOTE

\$35,168,536.00 August 25, 2011

New York, New York

FOR VALUE RECEIVED, Acadia Storage Post Portfolio Company LLC, a Delaware limited liability company ("**Borrower**"), promises and agrees to pay to the order of General Electric Capital Corporation, a Delaware corporation ("**Lender**"), in lawful money of the United States of America, the principal sum of \$35,168,536.00 or so much thereof as may be outstanding under the Amended and Restated Loan Agreement of even date herewith between Borrower and Lender (the "Loan Agreement"), with interest on the unpaid principal sum owing thereunder at the rate or rates or in the amounts computed in accordance with the Loan Agreement, together with all other amounts due Lender under the Loan Agreement, all payable in the manner and at the time or times provided in the Loan Agreement. Capitalized terms used herein, but not defined, shall have the meanings assigned to them in the Loan Agreement.

If not sooner due and payable in accordance with the Loan Agreement, Borrower shall pay to Lender all amounts due and unpaid under the Loan Agreement on August 31, 2013, or on any earlier Maturity Date as set forth in the Loan Agreement. Unless otherwise specified in writing by Lender, all payments hereunder shall be paid to Lender at GEMSA Loan Services LP, File #55307, Los Angeles, CA 90074-5307. Lender reserves the right to require any payment on this Note, whether such payment is a regular installment, prepayment or final payment, to be by wired federal funds or other immediately available funds. All payments to Lender shall be drawn on an account owned by Borrower or another Person approved in writing in advance by Lender and maintained at a banking institution organized under the laws of the United States or one of its constituent States, or at a federally-regulated securities broker-dealer.

Borrower, co-makers, sureties, endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; such parties are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

This Note is one of the Notes referred to in the Loan Agreement. This Note and the other Notes evidence all advances made, interest due and all amounts otherwise owed to Lender under the Loan Agreement. This Note is executed in conjunction with the Loan Agreement and is secured by the liens and security interests created under the Loan Documents (including those arising under the Mortgages encumbering the Fordham Parcel, the Webster Parcel, the Lawrence Parcel, the Jersey City and the Linden Parcel, but excluding those arising under the Mortgage encumbering the Ridgewood Parcel). Reference is made to the Loan Agreement for provisions relating to repayment of the indebtedness evidenced by this Note, including mandatory repayment, acceleration following default, late charges, default rate of interest, limitations on interest, restrictions on prepayment, and participation interest (if any).

Borrower's liability hereunder is subject to the limitation on liability provisions of Article 13 of the Loan Agreement. This Note has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of New York without regard to conflicts of laws principles other

than Section 5-1401 of the General Obligations Law of the State of New York, and of the United States of America.

This Note is made by Borrower in partial replacement and in amendment and restatement, but not in novation or discharge, of its March 17, 2008 Promissory Note in the original principal amount of \$41,500,000.00 payable to the order of Lender.

Acadia Storage Post Portfolio Company LLC

By: _____
Name: _____
Title: _____

EXHIBIT C-2

PROMISSORY NOTE

\$6,831,464.00 August 25, 2011

New York, New York

FOR VALUE RECEIVED, Acadia Storage Post Portfolio Company LLC, a Delaware limited liability company ("**Borrower**"), promises and agrees to pay to the order of General Electric Capital Corporation, a Delaware corporation ("**Lender**"), in lawful money of the United States of America, the principal sum of \$6,831,464.00 or so much thereof as may be outstanding under the Amended and Restated Loan Agreement of even date herewith between Borrower and Lender (the "Loan Agreement"), with interest on the unpaid principal sum owing thereunder at the rate or rates or in the amounts computed in accordance with the Loan Agreement, together with all other amounts due Lender under the Loan Agreement, all payable in the manner and at the time or times provided in the Loan Agreement. Capitalized terms used herein, but not defined, shall have the meanings assigned to them in the Loan Agreement.

If not sooner due and payable in accordance with the Loan Agreement, Borrower shall pay to Lender all amounts due and unpaid under the Loan Agreement on August 31, 2013, or on any earlier Maturity Date as set forth in the Loan Agreement. Unless otherwise specified in writing by Lender, all payments hereunder shall be paid to Lender at GEMSA Loan Services LP, File #55307, Los Angeles, CA 90074-5307. Lender reserves the right to require any payment on this Note, whether such payment is a regular installment, prepayment or final payment, to be by wired federal funds or other immediately available funds. All payments to Lender shall be drawn on an account owned by Borrower or another Person approved in writing in advance by Lender and maintained at a banking institution organized under the laws of the United States or one of its constituent States, or at a federally-regulated securities broker-dealer.

Borrower, co-makers, sureties, endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; such parties are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

This Note is one of the Notes referred to in the Loan Agreement. This Note and the other Notes evidence all advances made, interest due and all amounts otherwise owed to Lender under the Loan Agreement. This Note is executed in conjunction with the Loan Agreement and is secured by the liens and security interests created under the Loan Documents (including those arising under the Mortgage encumbering the Ridgewood Parcel, but excluding those arising under the Mortgages encumbering the Fordham Parcel, the Webster Parcel, the Lawrence Parcel, the Jersey City and the Linden Parcel). Reference is made to the Loan Agreement for provisions relating to repayment of the indebtedness evidenced by this Note, including mandatory repayment, acceleration following default, late charges, default rate of interest, limitations on interest, restrictions on prepayment, and participation interest (if any).

Borrower's liability hereunder is subject to the limitation on liability provisions of Article 13 of the Loan Agreement. This Note has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of New York without regard to conflicts of laws principles other

than Section 5-1401 of the General Obligations Law of the State of New York, and of the United States of America.

This Note is made by Borrower in partial replacement and in increase, but not in novation or discharge, of its March 17, 2008 Promissory Note in the original principal amount of \$41,500,000.00 payable to the order of Lender.

Acadia Storage Post Portfolio Company LLC

By: _____
Name: _____
Title: _____

SCHEDULE 2.1

ADVANCE CONDITIONS

The initial advance of the Loans shall be subject to the terms of any commitment letter (if any) issued with respect to the Loans, and Lender's receipt, review, approval and/or confirmation of the following, at Borrower's cost and expense, each in form and content satisfactory to Lender in its sole discretion:

1. The Cash on Cash Return equals at least 8.9%, the Debt Service Coverage equals at least 1.36 to 1.00 and the Loan-to-Value Ratio does not exceed 74.5%.
2. The Commitment Fee of \$84,000 in cash.
4. The Loan Documents, executed by Borrower and, as applicable, each Borrower Party and each other party thereto.
5. (i) An ALTA (or equivalent) mortgagee policy of title insurance in an amount equal to the aggregate Allocated Loan Basis of the Fordham Parcel and the Webster Parcel, with reinsurance and endorsements as Lender may require, insuring that the Mortgage encumbering the Fordham Parcel and the Webster Parcel is a first-priority Lien on such Parcels and related collateral, (ii) an ALTA (or equivalent) mortgagee policy of title insurance in an amount equal to the Allocated Loan Basis of the Ridgewood Parcel, with reinsurance and endorsements as Lender may require, insuring that the Mortgage encumbering the Ridgewood Parcel is a first-priority Lien on such Parcel and related collateral, and (iii) date down endorsements to the existing policies of title insurance insuring the Mortgages encumbering the Lawrence Parcel, the Jersey City and the Linden Parcel, in each case containing no exceptions to title (printed or otherwise) which are unacceptable to Lender.
6. All documents evidencing the formation, organization, valid existence, good standing, and due authorization of and for Borrower and each Borrower Party and the authorization for the execution, delivery, and performance of the Loan Documents by Borrower and each Borrower Party.
7. Legal opinions issued by counsel for Borrower and each Borrower Party, opining as to the due organization, valid existence and good standing of Borrower and each Borrower Party, and the due authorization, execution, delivery, enforceability and validity of the Loan Documents with respect to, Borrower and each Borrower Party; that the Loans, as reflected in the Loan Documents, are not usurious; to the extent that Lender is not otherwise satisfied, that the Project and its use is in full compliance with all legal requirements; and as to such other matters as Lender and Lender's counsel reasonably may specify.
8. Current UCC searches and litigation, bankruptcy and judgment reports as requested by Lender, with respect to Borrower and Borrower's partners and members.
9. Evidence of insurance as required by this Agreement, and conforming in all respects to the requirements of Lender.
10. A current ALTA/ACSM land title survey of the Ridgewood Parcel, dated or updated to a date not earlier than thirty (30) days prior to the date hereof, certified to Lender and the issuer of the mortgagee policy of title insurance covering the Ridgewood Parcel, prepared by a licensed surveyor acceptable to Lender and such title insurer, and conforming to Lender's current standard survey requirements.
11. A current engineering report or architect's certificate with respect to the Project,

covering, among other matters, inspection of heating and cooling systems, roof and structural details and showing no failure of compliance with building plans and specifications, applicable legal requirements (including requirements of the Americans with Disabilities Act) and fire, safety and health standards. As requested by Lender, such report shall also include an assessment of the Project's tolerance for earthquake and seismic activity.

12. A current Site Assessment.

13. A current rent roll of the Project, which Borrower or the current owner of the Project shall represent and warrant is true and correct. Such rent roll shall include the following information: (a) tenant names; (b) unit/suite numbers; (c) area of each demised premises and total area of the Project (stated in net rentable square feet); (d) rental rate (including escalations) (stated in gross amount and in amount per net rentable square foot per year); (e) lease term (commencement, expiration and renewal options); (f) expense pass-throughs; (g) cancellation/termination provisions; (h) security deposit; and (i) material operating covenants and co-tenancy clauses. In addition, Borrower shall provide Lender with a copy of the standard lease form to be used by Borrower in leasing space in the Project, and, at Lender's request, true and correct copies of all leases of the Project.

14. A copy of the management agreement for the Project, certified by Borrower as being true, correct and complete.

15. Borrower's deposit with Lender of the amount required by Lender to impound for taxes and assessments under Article 3 and to fund any other required escrows or reserves.

16. Evidence that the Project and the operation thereof comply with all legal requirements, including that all requisite certificates of occupancy, building permits, and other licenses, certificates, approvals or consents required of any governmental authority have been issued without variance or condition and that there is no litigation, action, citation, injunctive proceedings, or like matter pending or threatened with respect to the validity of such matters. At Lender's request, Borrower shall furnish Lender with a zoning endorsement to Lender's title insurance policy, zoning letters from applicable municipal agencies, and utility letters from applicable service providers.

17. No change shall have occurred in the financial condition of Borrower or any Borrower Party or in the Underwritten NOI of the Project, or in the financial condition of any major or anchor tenant, which would have, in Lender's sole judgment, a material adverse effect on the Project or on Borrower's or any Borrower Party's ability to repay the Loans or otherwise perform its obligations under the Loan Documents.

18. No condemnation or adverse zoning or usage change proceeding shall have occurred or shall have been threatened against the Project; the Project shall not have suffered any significant damage by fire or other casualty which has not been repaired; no law, regulation, ordinance, moratorium, injunctive proceeding, restriction, litigation, action, citation or similar proceeding or matter shall have been enacted, adopted, or threatened by any governmental authority, which would have, in Lender's judgment, a material adverse effect on Borrower, any Borrower Party or the Project.

19. All fees and commissions payable to real estate brokers, mortgage brokers, or any other brokers or agents in connection with the Loans or the acquisition of the Project have been paid, such evidence to be accompanied by any waivers or indemnifications deemed necessary by Lender.

20. The Budget showing all sources of funds and total costs relating to closing of the

proposed transaction, all uses of the initial advance, and amounts allocated for future advances (if any).

21. Payment of Lender's costs and expenses in underwriting, documenting, and closing the transaction, including fees and expenses of Lender's inspecting engineers, consultants, and outside counsel.

22. Estoppel certificates and subordination, non-disturbance and attornment agreements from tenants and other occupants, as requested by Lender.

23. Such credit checks, background investigations and other information required by Lender regarding Borrower, each Borrower Party and any other Person holding a direct or indirect interest in Borrower, including such additional information as Lender may request regarding compliance by Borrower, and by direct and indirect interest holders in Borrower, with the provisions of Article 9.

24. Such other documents or items as Lender or its counsel may require.

25. The representations and warranties contained in this Loan Agreement and in all other Loan Documents are true and correct.

26. No Potential Default or Event of Default shall have occurred or exist.

SCHEDULE 2.4(1)

CAPITAL IMPROVEMENTS RESERVE

Capital Improvements Reserve. On January 15, 2012, and by the fifteenth (15th) day of each January thereafter, Borrower shall deposit into a reserve with Lender (the "**Capital Improvements Reserve**") an amount equal to the positive difference between (1) the greater of (a) the product obtained by multiplying the greater of \$0.15 by the existing number of rentable square feet in the Project and (b) the annual capital reserve amount determined by Lender from time to time, and (2) the sum of all expenditures by Borrower for capital improvements and replacements to the Project during the preceding calendar year which were approved in advance by Lender and not paid with disbursements from the Capital Improvements Reserve (provided that for the calendar year in which the Closing Date occurs, such amount shall be pro-rated to reflect the portion of the calendar year during which the Loans are outstanding). The Capital Improvements Reserve will be held by Lender without interest and may be commingled with Lender's own funds. The Capital Improvement Reserve shall be advanced by Lender to Borrower for capital improvements and capital repairs to the Project, as approved by Lender; however, funds in the Capital Improvements Reserve shall not be available for financing any of the improvements for which capital improvements advances are contemplated by the Budget. Borrower grants to Lender a security interest in the Capital Improvements Reserve. While an Event of Default or a Potential Default exists, Lender shall not be obligated to advance to Borrower any portion of the Capital Improvements Reserve, and while an Event of Default exists, Lender shall be entitled, without notice to Borrower, to apply any funds in the Capital Improvements Reserve to satisfy Borrower's obligations under the Loan Documents. Borrower and Lender shall meet annually on a date selected by Lender to establish monthly, quarterly, and annual budgets for capital expenditures for the Project for the succeeding calendar year (the "**Capital Expenditures Budget**"). The Capital Expenditures Budget shall be based on the previous year's experience and an assessment of anticipated future needs, and shall be subject to Lender's approval.

Each advance of the Capital Improvements Reserve shall be subject to Lender's receipt, review, approval and/or confirmation of the following, each in form and content satisfactory to Lender in its sole discretion:

1. There shall exist no Potential Default or Event of Default (currently and after giving effect to the requested advance).
2. The representations and warranties contained in this Loan Agreement and in all other Loan Documents are true and correct as of the date of the requested advance.
3. No change shall have occurred in the financial condition of Borrower or any Borrower Party, or in the Underwritten NOI of the Project, or in the financial condition of any major or anchor tenant, which would have, in Lender's sole judgment, a material adverse effect on the Loans, the Project, or Borrower's or any Borrower Party's ability to perform its obligations under the Loan Documents.
4. No condemnation or adverse, as determined by Lender, zoning or usage change proceeding shall have occurred or shall have been threatened against the Project; the Project shall not have suffered any damage by fire or other casualty which has not been repaired or is not being restored in accordance with this Agreement; no law, regulation, ordinance, moratorium, injunctive proceeding, restriction, litigation, action, citation or similar proceeding or matter shall have been enacted, adopted, or threatened by any governmental authority, which would have, in Lender's judgment, a material adverse effect on the Project or Borrower's or any Borrower Party's ability to perform its obligations under the Loan Documents.

5. Lender shall have no obligation to make any advance for less than \$25,000.00, or to make advances more often than once in any one-month period.

6. At the option of Lender (i) each advance request shall be submitted to Lender at least ten (10) Business Days prior to the date of the requested advance, and (ii) all advances shall be made at the address of Lender set forth in Section 12.1 or at such other place as Lender may designate unless Lender exercises its option to make an advance directly to the Person to whom payment is due.

7. Each request for such an advance shall specify the amount requested, shall be on forms satisfactory to Lender, and shall be accompanied by appropriate invoices, bills paid affidavits, lien waivers, title updates, endorsements to the title insurance, and other documents as may be required by Lender. Such advances may be made, at Lender's election, either: (a) in reimbursement for expenses paid by Borrower, or (b) for payment of expenses incurred and invoiced but not yet paid by Borrower. Lender, at its option and without further direction from Borrower, may disburse any advance to the Person to whom payment is due or through an escrow satisfactory to Lender. Borrower hereby irrevocably directs and authorizes Lender to so advance the Capital Improvements Reserve. Lender may, at Borrower's expense, conduct an audit, inspection, or review of the Project to confirm the amount of the requested Capital Improvements Reserve advance.

8. Borrower shall have submitted and Lender shall have approved (a) the improvements to be constructed, (b) the plans and specifications for such improvements, which plans and specifications may not be changed without Lender's prior written consent, and (c) if requested by Lender, each contract or subcontract for an amount in excess of \$25,000.00 for the performance of labor or the furnishing of materials for such improvements.

9. Borrower shall have submitted and Lender shall have approved the time schedule for completing the capital improvements. After Lender's approval of a detailed budget, such budget may not be changed without Lender's prior written consent. If the estimated cost of such improvements exceeds the unadvanced portion of the Capital Improvements Reserve allocated for such improvements in the approved budget, then Borrower shall provide such security as Lender may require to assure the lien-free completion of improvements before the scheduled completion date.

10. All improvements constructed by Borrower prior to the date a Capital Improvements Reserve advance is requested shall be completed to the satisfaction of Lender and Lender's engineer and in accordance with the plans and budget for such improvements, as approved by Lender, and all legal requirements.

11. Borrower shall not use any portion of any Capital Improvements Reserve advance for payment of any other cost except as specifically set forth in a request for advance approved by Lender in writing.

12. Borrower shall have submitted to Lender evidence (including canceled checks, invoices and receipts) satisfactory to Lender that the proceeds of all prior advances have been used for the purposes for which such advances were requested.

Each request for and acceptance of an advance of the Loans shall be deemed to constitute, as of the date of such request or acceptance, a representation and warranty by Borrower that the statements contained in paragraphs 1 and 2 above are true and correct.

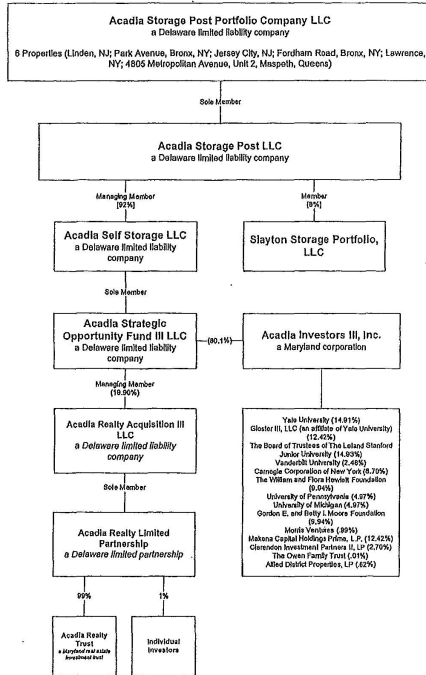
SCHEDULE 4.1

ORGANIZATIONAL MATTERS

A. Borrower's Organizational Structure.

SCHEDULE 4.1
ORGANIZATIONAL MATTERS

A. Borrower's Organizational Structure.



B. Organizational Information: (Borrower and each Borrower Party).

Legal Name *	State of Incorporation or Organization	Type of Entity	State Organizational ID No.	Federal Tax ID No.
1. Acadia Storage Post Portfolio Company LLC	Delaware	LLC	4477511	26-1637779
1. Acadia Storage Post LLC *	Delaware	LLC	4477520	26-1635701
2. Acadia Self Storage LLC *	Delaware	LLC	4477515	26-1635662
3. Acadia Strategic Opportunity Fund III LLC *	Delaware	LLC	4327939	20-8949312
4. Acadia Realty Acquisition III LLC*	Delaware	LLC	4327926	20-8949427
5. Acadia Realty Limited Partnership *	Delaware	Limited Partnership	2336203	23-2715194
6. Acadia Realty Trust*	Maryland	Real Estate Investment Trust		23-2715194

C. Location Information.

1. Borrower:

a. Chief Executive Office: 1311 Mamaroneck Ave., Suite 260
White Plains, NY 10605
Telephone No.: 914-288-8113

b. Location of any prior Chief Executive Office (during last 5 years):

—
—
—

c. Other Office Location:

—
—
—

d. Location of Collateral:

At the Project and __

—
—

2. Borrower Parties (Chief Executive Office):

a. Kenneth F. Bernstein :

b. Robert Masters :

	\$	4		
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Affiliate			1	
Agreement		1, 2		
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Appraisal			2	
Assignment of Rents and Leases				2
Bank Secrecy Act				2
Bankruptcy Party		2, 38		
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Capital Improvements Reserve				3
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Control			3	
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Lawrence Parcel				5
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Linden Parcel				6
Loan			6	

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OFAC		8		
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Underwritten Operating Expenses				11
Underwritten Operating Revenues				11
Webster Parcel			11	

MORTGAGE MODIFICATION AGREEMENT

401 South Park Avenue, Linden, NJ

THIS MORTGAGE MODIFICATION AGREEMENT (this "**Agreement**") is executed as of August 25, 2011, by ACADIA STORAGE POST PORTFOLIO COMPANY LLC, a Delaware limited liability company ("**Mortgagor**"), whose address for notice hereunder is c/o Acadia Realty Trust, 1311 Mamaroneck Ave., Suite 260, White Plains, NY 10605, for the benefit of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation ("**Mortgagee**"), whose address for notice is 280 Park Ave., 8th Floor, New York, NY 10017.

WITNESSETH:

WHEREAS, Mortgagor and Mortgagee are parties to that certain Loan Agreement, dated as of March 17, 2008 (the "**Original Loan Agreement**"), pursuant to which Mortgagee made a loan to Mortgagor in the original principal amount of \$41,500,000.00 (the "**Original Loan**");

WHEREAS, the Original Loan is evidenced by that certain Promissory Note, dated as of March 17, 2008, in the stated principal amount of \$41,500,000, executed by Mortgagor, and payable to the order of Mortgagee (the "**Existing Note**");

WHEREAS, Mortgagor is the owner of those certain premises more particularly described in Schedule A annexed hereto and made a part hereof (the "**Premises**");

WHEREAS, in order to secure the full and timely payment of, among other things, the sum of all principal, interest and other amounts due under, and the full and timely performance of all obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in, the Original Loan Agreement, Mortgagor executed and delivered to Mortgagee (i) that certain Mortgage, Security Agreement and Fixture Filing dated as of March 17, 2008 and recorded in the Union County Clerk's Office on March 20, 2008 in Book 12441, Page 263 (the "**Existing Mortgage**"), and (ii) that certain Assignment of Rents and Leases dated as of March 17, 2008 and recorded in the Union County Clerk's Office on March 20, 2008 in Book 12441, Page 282 (the "**Existing Collateral Assignment**");

WHEREAS, there is now due under and owing on the Original Loan Agreement and the Existing Note the principal amount of \$41,500,000.00;

WHEREAS, Mortgagor and Mortgagee desire and have agreed (i) to increase the principal amount of the Original Loan to \$42,000,000.00 (the "**Increased Loan**"), and (ii) to modify and restate in their entirety the terms and conditions of the Original Loan Agreement and the Existing Note.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration, the receipt and legal sufficiency whereof are hereby acknowledged, Mortgagor and Mortgagee hereby agree as follows:

1. All capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed thereto in the Existing Mortgage.

2. From and after the date hereof, the following terms used in the Existing Mortgage and the Existing Collateral Assignment shall have the following meanings:

All references to the "**Indebtedness**" shall be deemed to mean and refer to the sum of all

(1) principal, interest and other amounts due under or secured by the Loan Documents, (2) principal, interest and other amounts which may hereafter be loaned by Mortgagee, its successors or assigns, to or for the benefit of the owner of the Mortgaged Property, when evidenced by a promissory note or other instrument which, by its terms, is secured hereby, and (3) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by this Mortgage; provided, however, that for purposes of this Mortgage the Indebtedness shall not include (X) the principal, interest and other amounts evidenced by the Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$6,831,464.00, and evidencing a portion of the Increased Loan (the "**Ridgewood Promissory Note**"), (Y) the principal, interest and other amounts due under or secured by the Mortgage, Security Agreement and Fixture Filing securing the Ridgewood Promissory Note executed and delivered by Mortgagor to Mortgagee and encumbering the Ridgewood Parcel (as defined in the Amended and Restated Loan Agreement) (the "**Ridgewood Mortgage**"), and (Z) any other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by the Ridgewood Mortgage.

All references to the "**Loan Agreement**" shall be deemed to mean and refer to the Amended and Restated Loan Agreement.

All references to the "**Loan Documents**" shall be deemed to mean and refer to the (1) Amended and Restated Loan Agreement of even date between Mortgagor and Mortgagee (the "**Amended and Restated Loan Agreement**"), (2) Amended and Restated Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$35,168,536.00 (the "**Amended and Restated Note**"), which matures on August 24, 2013, (3) the Mortgage, (4) all other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the Indebtedness or the performance of the Obligations and (5) all modifications, restatements, extensions, renewals and replacements of the foregoing; provided, however, that for purposes of this Mortgage, the Loan Documents shall not include the Ridgewood Promissory Note, the Ridgewood Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

All references to the "**Mortgage**" shall be deemed to mean and refer to the Existing Mortgage as modified by this Agreement.

All references to the "**Note**" shall be deemed to mean and refer to the Amended and Restated Note.

All references to the "**Obligations**" shall be deemed to mean and refer to all of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Loan Documents; provided, however, that for purposes of this Mortgage, the Obligations shall not include the agreements, covenants, conditions, warranties, representations and other obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Ridgewood Promissory Note, the Ridgewood Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

3. Except as expressly amended hereby, all of the representations, warranties, provisions, covenants, terms and conditions of the Existing Mortgage and the Existing Collateral Assignment shall remain in full force and effect, and are hereby ratified and confirmed in all respects by Mortgagor.

4. This Agreement may not be modified, amended, waived, changed or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of any modification, amendment, waiver, change or termination is sought.

5. This Agreement shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns.

6. This Agreement may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

7. This Agreement shall be governed, construed and interpreted in accordance with the internal laws of the State of New Jersey, without giving effect to the principles of conflicts of laws.

8. Mortgagor represents and warrants (i) that as of the date hereof there is secured by the Existing Mortgage, as modified hereby, the principal amount of \$35,168,536.00, plus interest, (ii) that as of the date hereof it has no counterclaims, defenses or offsets to the indebtedness evidenced by or to the enforcement of the Existing Mortgages as hereby modified, (iii) that Mortgagor has the full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on Mortgagor's part to be performed and observed without the consent or approval of any other person or entity and (iv) the undersigned representative of Mortgagor has the full power, authority and legal right to execute this Agreement without the consent or approval of any other person or entity.

9. Mortgagor and Mortgagee each hereby irrevocably waive their respective rights to a jury trial in any action, proceeding or counterclaim arising out of or relating to this Agreement and Mortgagor also waives the right, in such action, proceeding or counterclaim, to interpose any counterclaims (except to the extent that such counterclaims are compulsory and may not be brought in a separate action) of any kind or description.

[Signature Pages Follow.]

IN WITNESS WHEREOF, Mortgagor and Mortgagee have executed this Mortgage Modification Agreement as of the day and year first set forth above.

MORTGAGOR:

Acadia Storage Post Portfolio Company LLC

By: /s/ Robert Masters

Name: Robert Masters

Title: Senior Vice President

STATE OF NEW YORK)
) ss.
COUNTY OF WESTCHESTER)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared Robert Masters, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

/s/ Debra Leibler-Jones
(Signature and Office of individual taking acknowledgement)

Debra Leibler-Jones
Notary Public, State of New York
No. 01LE6005994
Qualified in Dutchess County
Commission Expires April 20, 2014

MORTGAGEE:

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation

By: /s/ David R. Martindale
Name: David R. Martindale
Title: Managing Director

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared David R. Martindale, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the City of Addison, County of Dallas and State of Texas.

/s/ Marsha Chandler
(Signature and Office of individual taking acknowledgement)

Marsha Chandler
Notary Public, State of Texas
My Commission Expires March 24, 2013

EXHIBIT A

ALL that certain tract or parcel of land and premises, situate, lying and being in the City of Linden, in the County of Union, and State of New Jersey, more particularly described as follows:

BEGINNING at a point in the northeasterly sideline of Park Avenue (60.00 feet wide), said point being North 49 degrees 37 minutes 30 seconds West, 295.00 feet as measured along said line from the intersection of the same with the northwesterly right of way of Edgar Road, (U.S. Route 1 & 9), (100.00 feet wide) and running thence:

- (1) Along the aforesaid line of Park Avenue, North 49 degrees 37 minutes 30 seconds West, 330.03 feet; thence
- (2) Along the southeasterly line of lands now or formerly of Bell-Atlantic-New Jersey, Inc., North 40 degrees 22 minutes 30 seconds East, 380.44 feet; thence
- (3) Along the southeasterly line of lands now or formerly of Jon Jay Corp., North 43 degrees 25 minutes 00 seconds East, 194.86 feet; thence
- (4) Along the southwesterly line of lands now or formerly of Jeanette Blitz and Mark S. Blitz, South 46 degrees 35 minutes 00 seconds East, 244.93 feet; thence
- (5) Along the northwesterly line of lands now or formerly of Howard H. Gelb and Eunice Gelb, South 32 degrees 45 minutes 45 seconds West, 566.92 feet to the point of BEGINNING.

MORTGAGE MODIFICATION AGREEMENT

640 Rockaway Turnpike, Lawrence, NY

THIS MORTGAGE MODIFICATION AGREEMENT (this "**Agreement**") is executed as of August 25, 2011, by ACADIA STORAGE POST PORTFOLIO COMPANY LLC, a Delaware limited liability company ("**Mortgagor**"), whose address for notice hereunder is c/o Acadia Realty Trust, 1311 Mamaroneck Ave., Suite 260, White Plains, NY 10605, for the benefit of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation ("**Mortgagee**"), whose address for notice is 280 Park Ave., 8th Floor, New York, NY 10017.

WITNESSETH:

WHEREAS, Mortgagor and Mortgagee are parties to that certain Loan Agreement, dated as of March 17, 2008 (the "**Original Loan Agreement**"), pursuant to which Mortgagee made a loan to Mortgagor in the original principal amount of \$41,500,000.00 (the "**Original Loan**");

WHEREAS, the Original Loan is evidenced by that certain Promissory Note, dated as of March 17, 2008, in the stated principal amount of \$41,500,000, executed by Mortgagor, and payable to the order of Mortgagee (the "**Existing Note**");

WHEREAS, Mortgagor is the owner of those certain premises more particularly described in Schedule A annexed hereto and made a part hereof (the "**Premises**");

WHEREAS, in order to secure the full and timely payment of, among other things, the sum of all principal, interest and other amounts due under, and the full and timely performance of all obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in, the Original Loan Agreement, Mortgagor executed and delivered to Mortgagee (i) that certain Mortgage, Security Agreement and Fixture Filing dated as of March 17, 2008 and recorded in the Nassau County Clerk's Office on March 28, 2008 in Liber 32837, page 205 (the "**Existing Mortgage**"), and (ii) that certain Assignment of Rents and Leases dated as of March 17, 2008 and recorded in the Nassau County Clerk's Office on March 28, 2008 in Liber 32837, page 233 (the "**Existing Collateral Assignment**");

WHEREAS, there is now due under and owing on the Original Loan Agreement and the Existing Note the principal amount of \$41,500,000.00;

WHEREAS, the maximum aggregate principal amount of indebtedness that is, or under any contingency may be, secured by the Existing Mortgage and the Existing Collateral Assignment is \$13,040,000.00;

WHEREAS, Mortgagor and Mortgagee desire and have agreed (i) to increase the principal amount of the Original Loan to \$42,000,000.00 (the "**Increased Loan**"), and (ii) to modify and restate in their entirety the terms and conditions of the Original Loan Agreement and the Existing Note

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration, the receipt and legal sufficiency whereof are hereby acknowledged, Mortgagor and Mortgagee hereby agree as follows:

1. All capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed thereto in the Existing Mortgage.
2. From and after the date hereof, the following terms used in the Existing Mortgage

and the Existing Collateral Assignment shall have the following meanings:

All references to the "**Indebtedness**" shall be deemed to mean and refer to the sum of all (1) principal, interest and other amounts due under or secured by the Loan Documents, (2) principal, interest and other amounts which may hereafter be loaned by Mortgagee, its successors or assigns, to or for the benefit of the owner of the Mortgaged Property, when evidenced by a promissory note or other instrument which, by its terms, is secured hereby, and (3) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by this Mortgage; provided, however, that for purposes of this Mortgage the Indebtedness shall not include (X) the principal, interest and other amounts evidenced by the Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$6,831,464.00, and evidencing a portion of the Increased Loan (the "**Ridgewood Promissory Note**"), (Y) the principal, interest and other amounts due under or secured by the Mortgage, Security Agreement and Fixture Filing securing the Ridgewood Promissory Note executed and delivered by Mortgagor to Mortgagee and encumbering the Ridgewood Parcel (as defined in the Amended and Restated Loan Agreement) (the "**Ridgewood Mortgage**"), and (Z) any other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by the Ridgewood Mortgage.

All references to the "**Loan Agreement**" shall be deemed to mean and refer to the Amended and Restated Loan Agreement.

All references to the "**Loan Documents**" shall be deemed to mean and refer to the (1) Amended and Restated Loan Agreement of even date between Mortgagor and Mortgagee (the "**Amended and Restated Loan Agreement**"), (2) Amended and Restated Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$35,168,536.00 (the "**Amended and Restated Note**"), which matures on August 31, 2013, (3) the Mortgage, (4) all other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the Indebtedness or the performance of the Obligations and (5) all modifications, restatements, extensions, renewals and replacements of the foregoing; provided, however, that for purposes of this Mortgage, the Loan Documents shall not include the Ridgewood Promissory Note, the Ridgewood Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

All references to the "**Mortgage**" shall be deemed to mean and refer to the Existing Mortgage as modified by this Agreement.

All references to the "**Note**" shall be deemed to mean and refer to the Amended and Restated Note.

All references to the "**Obligations**" shall be deemed to mean and refer to all of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Loan Documents; provided, however, that for purposes of this Mortgage, the Obligations shall not include the agreements, covenants, conditions, warranties, representations and other obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Ridgewood Promissory Note, the Ridgewood

Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

3. Notwithstanding anything to the contrary contained in the Mortgage, as modified hereby, or the Existing Collateral Assignment, the maximum aggregate principal amount of Indebtedness that is, or under any contingency may be, secured by the Mortgage, as modified hereby, and by the Existing Collateral Assignment either at execution of this Agreement or at any time thereafter (the "**Secured Amount**"), is \$13,040,000.00, plus interest thereon and any amounts that Mortgagee expends upon and following the occurrence of any Event of Default (as defined in the Mortgage) to the extent that any such amounts shall constitute payment of (i) taxes that may be imposed by law upon the Premises; (ii) premiums on insurance policies covering the Premises; (iii) expenses incurred in upholding the lien of the Mortgage, as modified hereby, including the expenses of any litigation to prosecute or defend the rights and lien created by the Mortgage, as modified hereby; or (iv) any amount, cost or change to which Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, and in each such event, such amounts or costs, together with interest thereon at the Default Rate (as defined in the Amended and Restated Loan Agreement), shall be added to the indebtedness secured hereby and shall be secured by the Mortgage, as modified hereby.

4. Except as expressly amended hereby, all of the representations, warranties, provisions, covenants, terms and conditions of the Existing Mortgage and the Existing Collateral Assignment shall remain in full force and effect, and are hereby ratified and confirmed in all respects by Mortgagor.

5. This Agreement may not be modified, amended, waived, changed or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of any modification, amendment, waiver, change or termination is sought.

6. This Agreement shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns.

7. This Agreement may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

8. This Agreement shall be governed, construed and interpreted in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws.

9. Mortgagor represents and warrants (i) that as of the date hereof there is secured by the Existing Mortgage, as modified hereby, the principal amount of \$11,676,000.00, plus interest, (ii) that as of the date hereof it has no counterclaims, defenses or offsets to the indebtedness evidenced by or to the enforcement of the Existing Mortgages as hereby consolidated, coordinated, modified, amended and restated in their entirety, (iii) that Mortgagor has the full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on Mortgagor's part to be performed and observed without the consent or approval of any other person or entity and (iv) the undersigned representative of Mortgagor has the full power, authority and legal right to execute this Agreement without the consent or approval of any other person or entity.

10. Mortgagor and Mortgagee each hereby irrevocably waive their respective rights to a jury trial in any action, proceeding or counterclaim arising out of or relating to this Agreement and Mortgagor also waives the right, in such action, proceeding or counterclaim, to interpose any

counterclaims (except to the extent that such counterclaims are compulsory and may not be brought in a separate action) of any kind or description.

[Signature Pages Follow.]

IN WITNESS WHEREOF, Mortgagor and Mortgagee have executed this Mortgage Modification Agreement as of the day and year first set forth above.

MORTGAGOR:

Acadia Storage Post Portfolio Company LLC

By: /s/ Robert Masters

Name: Robert Masters

Title: Senior Vice President

STATE OF NEW YORK)
) ss.
COUNTY OF WESTCHESTER)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared Robert Masters, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

/s/ Debra Leibler-Jones
(Signature and Office of individual taking acknowledgement)

Debra Leibler-Jones
Notary Public, State of New York
No. 01LE6005994
Qualified in Dutchess County
Commission Expires April 20, 2014

MORTGAGEE:

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation

By: /s/ David R. Martindale
Name: David R. Martindale
Title: Managing Director

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared David R. Martindale , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the City of Addison, County of Dallas and State of Texas.

 /s/ Marsha Chandler
(Signature and Office of individual taking acknowledgement)

Marsha Chandler
Notary Public, State of Texas My Commission Expires March 24, 2013

EXHIBIT A

ALL that certain plot, piece or parcel of land, situate, lying and being at Cedarhurst, Town of Hempstead, County of Nassau and State of New York, known and designated as and by Lots 10 through 21 inclusive in Block B, Lots 17 through 20 inclusive in Block E, Lots 1 through 9 inclusive in Block F, the entire roadbed of Isabel Street and the southerly portion of Benjamin Avenue as shown on Corrected Sales Map of 301 Bungalow Lots at Cedarhurst, Nassau County, New York, filed August 18, 1926 in the Office of the Clerk of the County of Nassau as Map No. 612, Case No. 676, all being more particularly bounded and described as follows:

BEGINNING at the point on the easterly side of Rockaway Turnpike distant 180.00 feet southerly from the corner formed by the intersection of the southerly side of Valentine Avenue with the easterly side of Rockaway Turnpike; said point also being where the division line between Lots 9 and 10 in Block "B" on the aforementioned map intersect the easterly on Rockaway Turnpike;

RUNNING THENCE North 72 degrees 45 minutes 10 seconds East along side dividing line between Lots 9 and 10 in block B, 89.87 feet;

THENCE South 17 degrees 14 minutes 50 seconds East, 60 feet;

THENCE North 72 degrees 45 minutes 10 seconds East, 157.96 feet to the westerly bank of Motts Creek Canal;

THENCE along said westerly bank of Motts Creek Canal, in a general southeasterly direction, the following five courses and distances:

1. South 29 degrees 23 minutes 04 seconds East, 30.69 feet;
2. South 15 degrees 48 minutes 42 seconds East, 30.01 feet;
3. South 25 degrees 15 minutes 45 seconds East, 33.33 feet;
4. South 35 degrees 35 minutes 12 seconds East, 47.23 feet
5. South 21 degrees 43 minutes 54 seconds East, 40.69 feet;

THENCE along the northerly banks of Mott Creek, a.k.a. Cedarhurst Lake, in a general westerly direction, the following four courses and distances:

1. South 70 degrees 01 minutes 21 seconds West, 63.07 feet;
2. South 78 degrees 34 minutes 09 seconds West, 130.76 feet;
3. South 88 degrees 15 minutes 28 seconds West, 38.67 feet;
4. South 72 degrees 45 minutes 10 seconds West 29.51 feet;

THENCE along the easterly side of Rockaway Turnpike in a general northerly direction, the following five courses and distances:

1. North 17 degrees, 14 minutes 50 seconds West, 37.83 feet;
2. North 21 degrees 24 minutes 37 seconds West 29.98 feet;

3. South 68 degrees 35 minutes 21 seconds West, 12.99 feet;
4. North 19 degrees 30 minutes 00 seconds West, 31.98 feet;
5. North 17 degrees 14 minutes 00 seconds West, 119.06 feet to the point or place of BEGINNING, subject to erosion and accretion along the southerly and easterly boundaries.

MORTGAGE MODIFICATION AGREEMENT

191 Broadway, Jersey City, NJ

THIS MORTGAGE MODIFICATION AGREEMENT (this "**Agreement**") is executed as of August 25, 2011, by ACADIA STORAGE POST PORTFOLIO COMPANY LLC, a Delaware limited liability company ("**Mortgagor**"), whose address for notice hereunder is c/o Acadia Realty Trust, 1311 Mamaroneck Ave., Suite 260, White Plains, NY 10605, for the benefit of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation ("**Mortgagee**"), whose address for notice is 280 Park Ave., 8th Floor, New York, NY 10017.

W I T N E S S E T H:

WHEREAS, Mortgagor and Mortgagee are parties to that certain Loan Agreement, dated as of March 17, 2008 (the "**Original Loan Agreement**"), pursuant to which Mortgagee made a loan to Mortgagor in the original principal amount of \$41,500,000.00 (the "**Original Loan**");

WHEREAS, the Original Loan is evidenced by that certain Promissory Note, dated as of March 17, 2008, in the stated principal amount of \$41,500,000, executed by Mortgagor, and payable to the order of Mortgagee (the "**Existing Note**");

WHEREAS, Mortgagor is the owner of those certain premises more particularly described in Schedule A annexed hereto and made a part hereof (the "**Premises**");

WHEREAS, in order to secure the full and timely payment of, among other things, the sum of all principal, interest and other amounts due under, and the full and timely performance of all obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in, the Original Loan Agreement, Mortgagor executed and delivered to Mortgagee (i) that certain Mortgage, Security Agreement and Fixture Filing dated as of March 17, 2008 and recorded in the Hudson County Clerk's Office on April 3, 2008 in Book 12441, Page 232 (the "**Existing Mortgage**"), and (ii) that certain Assignment of Rents and Leases dated as of March 17, 2008 and recorded in the Hudson County Clerk's Office on April 3, 2008 in Book 16788, Page 251 (the "**Existing Collateral Assignment**");

WHEREAS, there is now due under and owing on the Original Loan Agreement and the Existing Note the principal amount of \$41,500,000.00;

WHEREAS, Mortgagor and Mortgagee desire and have agreed (i) to increase the principal amount of the Original Loan to \$42,000,000.00 (the "**Increased Loan**"), and (ii) to modify and restate in their entirety the terms and conditions of the Original Loan Agreement and the Existing Note.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration, the receipt and legal sufficiency whereof are hereby acknowledged, Mortgagor and Mortgagee hereby agree as follows:

1. All capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed thereto in the Existing Mortgage.
2. From and after the date hereof, the following terms used in the Existing Mortgage and the Existing Collateral Assignment shall have the following meanings:

All references to the "**Indebtedness**" shall be deemed to mean and refer to the sum of all (1) principal, interest and other amounts due under or secured by the Loan Documents, (2)

principal, interest and other amounts which may hereafter be loaned by Mortgagee, its successors or assigns, to or for the benefit of the owner of the Mortgaged Property, when evidenced by a promissory note or other instrument which, by its terms, is secured hereby, and (3) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by this Mortgage; provided, however, that for purposes of this Mortgage the Indebtedness shall not include (X) the principal, interest and other amounts evidenced by the Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$6,831,464.00, and evidencing a portion of the Increased Loan (the "**Ridgewood Promissory Note**"), (Y) the principal, interest and other amounts due under or secured by the Mortgage, Security Agreement and Fixture Filing securing the Ridgewood Promissory Note executed and delivered by Mortgagor to Mortgagee and encumbering the Ridgewood Parcel (as defined in the Amended and Restated Loan Agreement) (the "**Ridgewood Mortgage**"), and (Z) any other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by the Ridgewood Mortgage.

All references to the "**Loan Agreement**" shall be deemed to mean and refer to the Amended and Restated Loan Agreement.

All references to the "**Loan Documents**" shall be deemed to mean and refer to the (1) Amended and Restated Loan Agreement of even date between Mortgagor and Mortgagee (the "**Amended and Restated Loan Agreement**"), (2) Amended and Restated Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$35,168,536.00 (the "**Amended and Restated Note**"), which matures on August 24, 2013, (3) the Mortgage, (4) all other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the Indebtedness or the performance of the Obligations and (5) all modifications, restatements, extensions, renewals and replacements of the foregoing; provided, however, that for purposes of this Mortgage, the Loan Documents shall not include the Ridgewood Promissory Note, the Ridgewood Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

All references to the "**Mortgage**" shall be deemed to mean and refer to the Existing Mortgage as modified by this Agreement.

All references to the "**Note**" shall be deemed to mean and refer to the Amended and Restated Note.

All references to the "**Obligations**" shall be deemed to mean and refer to all of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Loan Documents; provided, however, that for purposes of this Mortgage, the Obligations shall not include the agreements, covenants, conditions, warranties, representations and other obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Ridgewood Promissory Note, the Ridgewood Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

3. Except as expressly amended hereby, all of the representations, warranties,

provisions, covenants, terms and conditions of the Existing Mortgage and the Existing Collateral Assignment shall remain in full force and effect, and are hereby ratified and confirmed in all respects by Mortgagor.

4. This Agreement may not be modified, amended, waived, changed or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of any modification, amendment, waiver, change or termination is sought.

5. This Agreement shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns.

6. This Agreement may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

7. This Agreement shall be governed, construed and interpreted in accordance with the internal laws of the State of New Jersey, without giving effect to the principles of conflicts of laws.

8. Mortgagor represents and warrants (i) that as of the date hereof there is secured by the Existing Mortgage, as modified hereby, the principal amount of \$35,168,536.00, plus interest, (ii) that as of the date hereof it has no counterclaims, defenses or offsets to the indebtedness evidenced by or to the enforcement of the Existing Mortgages as hereby modified, (iii) that Mortgagor has the full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on Mortgagor's part to be performed and observed without the consent or approval of any other person or entity and (iv) the undersigned representative of Mortgagor has the full power, authority and legal right to execute this Agreement without the consent or approval of any other person or entity.

9. Mortgagor and Mortgagee each hereby irrevocably waive their respective rights to a jury trial in any action, proceeding or counterclaim arising out of or relating to this Agreement and Mortgagor also waives the right, in such action, proceeding or counterclaim, to interpose any counterclaims (except to the extent that such counterclaims are compulsory and may not be brought in a separate action) of any kind or description.

[Signature Pages Follow.]

IN WITNESS WHEREOF, Mortgagor and Mortgagee have executed this Mortgage Modification Agreement as of the day and year first set forth above.

MORTGAGOR:

Acadia Storage Post Portfolio Company LLC

By: /s/ Robert Masters

Name: Robert Masters

Title: Senior Vice President

STATE OF NEW YORK)

) ss.

COUNTY OF WESTCHESTER)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared Robert Masters, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

/s/ Debra Leibler-Jones
(Signature and Office of individual taking acknowledgement)

Debra Leibler-Jones
Notary Public, State of New York
No. 01LE6005994
Qualified in Dutchess County
Commission Expires April 20, 2014

MORTGAGEE:

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation

By: /s/ David R. Martindale
Name: David R. Martindale
Title: Managing Director

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared David R. Martindale, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the City of Addison, County of Dallas and State of Texas.

/s/ Marsha Chandler
(Signature and Office of individual taking acknowledgement)

Marsha Chandler
Notary Public, State of Texas
My Commission Expires March 24, 2013

EXHIBIT A

ALL that certain tract or parcel of land and premises, situate, lying and being in the City of Jersey City, in the County of Hudson, and State of New Jersey, more particularly described as follows:

BEGINNING at the intersection of the southwesterly line of Broadway (N.J. State Highway Route No. 1 and 9) with the northwesterly line of Mead Avenue and running thence:

- (1) South 45 degrees 00 minutes 00 seconds West, along the said line of Mead Avenue, 293.04 feet to a point; thence
- (2) North 46 degrees 59 minutes 31 seconds West, along the lands of the Jersey City Housing Authority known as the "Marion Gardens," adjoining on the southwest, 358.80 feet to the southerly line of N.J. State Highway Route 1 and 9; thence
- (3) On a curve to the right with a radius of 1552.63 feet, along the said southerly line of N.J. State Highway Route 1 and 9 and also along the former line of Freeman Avenue, vacated March 20, 1973, an arc distance of 344.91 feet, to the aforesaid line of Broadway; thence
- (4) South 45 degrees 00 minutes 00 seconds East, partly along the former line of Freeman Avenue, and along the aforesaid southwesterly line of Broadway, 200.06 feet to the point or place of BEGINNING.

BEING further described in accordance with a survey drawn by Mountain View Layout, dated November 22, 2007 and last revised January 28, 2008 as follows:

BEGINNING at the intersection of the southwesterly line of Broadway (N.J. State Highway Route No. 1 and 9) with the southerly line of Lincoln Highway (N.J. State Highway Route No. 1 and 9) and running thence:

- (1) South 45 degrees 00 minutes 00 seconds East, along the aforesaid southwesterly line of Broadway, 200.06 feet to the point of intersection of the said line of Broadway and the northwesterly line of Mead Avenue; thence
- (2) South 45 degrees 00 minutes 00 seconds West, along the said line of Mead Avenue, 293.04 feet to a point; thence
- (3) North 46 degrees 59 minutes 31 seconds West, 358.80 feet to the southerly line of Lincoln Highway (N.J. State Highway Route 1 and 9); thence
- (4) On a curve to the right with a radius of 1552.63 feet, along the said southerly line of Lincoln Highway (N.J. State Highway Route 1 and 9), an arc distance of 344.91 feet to the point and place of BEGINNING.

MORTGAGE MODIFICATION AGREEMENT

301 West Fordham Road, Bronx, NY and 4077 Park Avenue, Bronx, NY

THIS MORTGAGE MODIFICATION AGREEMENT (this "**Agreement**") is executed as of August 25, 2011, by ACADIA STORAGE POST PORTFOLIO COMPANY LLC, a Delaware limited liability company ("**Mortgagor**"), whose address for notice hereunder is c/o Acadia Realty Trust, 1311 Mamaroneck Ave., Suite 260, White Plains, NY 10605, for the benefit of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation ("**Mortgagee**"), whose address for notice is 280 Park Ave., 8th Floor, New York, NY 10017.

WITNESSETH:

WHEREAS, Mortgagor and Mortgagee are parties to that certain Loan Agreement, dated as of March 17, 2008 (the "**Original Loan Agreement**"), pursuant to which Mortgagee made a loan to Mortgagor in the original principal amount of \$41,500,000.00 (the "**Original Loan**");

WHEREAS, the Original Loan is evidenced by that certain Promissory Note, dated as of March 17, 2008, in the stated principal amount of \$41,500,000, executed by Mortgagor, and payable to the order of Mortgagee (the "**Existing Note**");

WHEREAS, Mortgagor is the owner of those certain premises more particularly described in Schedule A annexed hereto and made a part hereof (the "**Premises**");

WHEREAS, in order to secure the full and timely payment of, among other things, the sum of all principal, interest and other amounts due under, and the full and timely performance of all obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in, the Original Loan Agreement, Mortgagor executed and delivered to Mortgagee (i) that certain Mortgage, Security Agreement and Fixture Filing dated as of March 17, 2008 and recorded in the Office of the New York City Register, Bronx County, on March 26, 2008 under CRFN 2008000121570 (the "**Existing Mortgage**"), and (ii) that certain Assignment of Rents and Leases dated as of March 17, 2008 and recorded in the Office of the New York City Register, Bronx County, on March 26, 2008 under CRFN 2008000121570 (the "**Existing Collateral Assignment**");

WHEREAS, there is now due under and owing on the Original Loan Agreement and the Existing Note the principal amount of \$41,500,000.00;

WHEREAS, the maximum aggregate principal amount of indebtedness that is, or under any contingency may be, secured by the Existing Mortgage and the Existing Collateral Assignment is \$11,676,000.00;

WHEREAS, Mortgagor and Mortgagee desire and have agreed (i) to increase the principal amount of the Original Loan to \$42,000,000.00 (the "**Increased Loan**"), and (ii) to modify and restate in their entirety the terms and conditions of the Original Loan Agreement and the Existing Note.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration, the receipt and legal sufficiency whereof are hereby acknowledged, Mortgagor and Mortgagee hereby agree as follows:

1. All capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed thereto in the Existing Mortgage.
2. From and after the date hereof, the following terms used in the Existing Mortgage

and the Existing Collateral Assignment shall have the following meanings:

All references to the "**Indebtedness**" shall be deemed to mean and refer to the sum of all (1) principal, interest and other amounts due under or secured by the Loan Documents, (2) principal, interest and other amounts which may hereafter be loaned by Mortgagee, its successors or assigns, to or for the benefit of the owner of the Mortgaged Property, when evidenced by a promissory note or other instrument which, by its terms, is secured hereby, and (3) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by this Mortgage; provided, however, that for purposes of this Mortgage the Indebtedness shall not include (X) the principal, interest and other amounts evidenced by the Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$6,831,464.00, and evidencing a portion of the Increased Loan (the "**Ridgewood Promissory Note**"), (Y) the principal, interest and other amounts due under or secured by the Mortgage, Security Agreement and Fixture Filing securing the Ridgewood Promissory Note executed and delivered by Mortgagor to Mortgagee and encumbering the Ridgewood Parcel (as defined in the Amended and Restated Loan Agreement) (the "**Ridgewood Mortgage**"), and (Z) any other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by the Ridgewood Mortgage.

All references to the "**Loan Agreement**" shall be deemed to mean and refer to the Amended and Restated Loan Agreement.

All references to the "**Loan Documents**" shall be deemed to mean and refer to the (1) Amended and Restated Loan Agreement of even date between Mortgagor and Mortgagee (the "**Amended and Restated Loan Agreement**"), (2) Amended and Restated Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$35,168,536.00 (the "**Amended and Restated Note**"), which matures on August 31, 2013, (3) the Mortgage, (4) all other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the Indebtedness or the performance of the Obligations and (5) all modifications, restatements, extensions, renewals and replacements of the foregoing; provided, however, that for purposes of this Mortgage, the Loan Documents shall not include the Ridgewood Promissory Note, the Ridgewood Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

All references to the "**Mortgage**" shall be deemed to mean and refer to the Existing Mortgage as modified by this Agreement.

All references to the "**Note**" shall be deemed to mean and refer to the Amended and Restated Note.

All references to the "**Obligations**" shall be deemed to mean and refer to all of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Loan Documents; provided, however, that for purposes of this Mortgage, the Obligations shall not include the agreements, covenants, conditions, warranties, representations and other obligations made or undertaken by Mortgagor or any other person or entity to Mortgagee or others as set forth in the Ridgewood Promissory Note, the Ridgewood

Mortgage and any other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the indebtedness or the performance of the obligations under the Ridgewood Note and the Ridgewood Mortgage.

3. Notwithstanding anything to the contrary contained in the Mortgage, as modified hereby, or the Existing Collateral Assignment, the maximum aggregate principal amount of Indebtedness that is, or under any contingency may be, secured by the Mortgage, as modified hereby, and by the Existing Collateral Assignment either at execution of this Agreement or at any time thereafter (the “**Secured Amount**”), is \$11,676,000.00, plus interest thereon and any amounts that Mortgagee expends upon and following the occurrence of any Event of Default (as defined in the Mortgage) to the extent that any such amounts shall constitute payment of (i) taxes that may be imposed by law upon the Premises; (ii) premiums on insurance policies covering the Premises; (iii) expenses incurred in upholding the lien of the Mortgage, as modified hereby, including the expenses of any litigation to prosecute or defend the rights and lien created by the Mortgage, as modified hereby; or (iv) any amount, cost or change to which Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, and in each such event, such amounts or costs, together with interest thereon at the Default Rate (as defined in the Amended and Restated Loan Agreement), shall be added to the indebtedness secured hereby and shall be secured by the Mortgage, as modified hereby.

4. Except as expressly amended hereby, all of the representations, warranties, provisions, covenants, terms and conditions of the Existing Mortgage and the Existing Collateral Assignment shall remain in full force and effect, and are hereby ratified and confirmed in all respects by Mortgagor.

5. This Agreement may not be modified, amended, waived, changed or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of any modification, amendment, waiver, change or termination is sought.

6. This Agreement shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns.

7. This Agreement may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

8. This Agreement shall be governed, construed and interpreted in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws.

9. Mortgagor represents and warrants (i) that as of the date hereof there is secured by the Existing Mortgage, as modified hereby, the principal amount of \$11,676,000.00, plus interest, (ii) that as of the date hereof it has no counterclaims, defenses or offsets to the indebtedness evidenced by or to the enforcement of the Existing Mortgages as hereby consolidated, coordinated, modified, amended and restated in their entirety, (iii) that Mortgagor has the full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on Mortgagor’s part to be performed and observed without the consent or approval of any other person or entity and (iv) the undersigned representative of Mortgagor has the full power, authority and legal right to execute this Agreement without the consent or approval of any other person or entity.

10. Mortgagor and Mortgagee each hereby irrevocably waive their respective rights to a jury trial in any action, proceeding or counterclaim arising out of or relating to this Agreement and Mortgagor also waives the right, in such action, proceeding or counterclaim, to interpose any

counterclaims (except to the extent that such counterclaims are compulsory and may not be brought in a separate action) of any kind or description.

[Signature Pages Follow.]

IN WITNESS WHEREOF, Mortgagor and Mortgagee have executed this Mortgage Modification Agreement as of the day and year first set forth above.

MORTGAGOR:

Acadia Storage Post Portfolio Company LLC

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

STATE OF NEW YORK)
) ss.
COUNTY OF WESTCHESTER)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared Robert Masters, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

/s/ Debra Leibler-Jones
(Signature and Office of individual taking acknowledgement)

Debra Leibler-Jones
Notary Public, State of New York
No. 01LE6005994
Qualified in Dutchess County
Commission Expires April 20, 2014

MORTGAGEE:

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation

By: /s/ David R. Martindale
Name: David R. Martindale
Title: Managing Director

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

On the 24th day of August in the year 2011 before me, the undersigned, personally appeared David R. Martindale, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the City of Addison, County of Dallas and State of Texas.

/s/ Marsha Chandler
(Signature and Office of individual taking acknowledgement)

Marsha Chandler
Notary Public, State of Texas
My Commission Expires March 24, 2013

EXHIBIT A

WEBSTER PARCEL

ALL that certain plot, piece or parcel of land situate, lying and being in the Borough and County of Bronx, City and State of New York, being bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of Ittner Place and the westerly side of Park Avenue;

RUNNING THENCE westerly along the northerly side of Ittner Place, 90 feet;

THENCE northerly and parallel with the westerly side of Park Avenue, 102 feet;

THENCE easterly and parallel with the northerly side of Ittner Place, 90 feet to the westerly side of Park Avenue;

THENCE southerly along the westerly side of Park Avenue, 102 feet to the northerly side of Ittner Place to the point or place of BEGINNING.

FORDHAM PARCEL

All that certain lot, piece or parcel of land, situate, lying and being in the Borough and County of the Bronx, City and State of New York bounded and described as follows:

Commencing from the intersection of the northerly line of Landing Road as shown on the Final Map of the Borough of the Bronx as being a 100' wide R.O.W and the westerly line of a 30 foot wide easement of right of way as set forth in a deed from Despatch Shops, Inc. and J.M.B. Holding Corporation dated April 29, 1965 and recorded May 3, 1965 in the Bronx County Register's Office in Liber 2655 Cp. 239, thence;

- a) Along the westerly line of said right of way, North 13 degrees 42 minutes 14 seconds East, 105.81 feet to a point of curvature, thence;
- b) Northerly along an arc concave to the west having a radius of 1835.00 feet, 68.589 feet to the herein described POINT or PLACE of BEGINNING, running thence;
 1. N 79 degrees 50 minutes 04 seconds W, 90.00 feet; thence,
 2. N 78 degrees 20 minutes 17 seconds W, 241.035 feet to the United States Pier and Bulkhead Line, which point is also distant 200.47 feet north of the intersection of the northerly side of Landing Road as measured along the said United States Pier and Bulkhead Line; thence,
 3. Along said United States Pier and Bulkhead Line, N 06 degrees 42 minutes 41 seconds E, 102.45 feet; thence,
 4. Along the same on a curve concave to the west having a radius of 4900.00 feet, an arc length of 182.15 feet, and a chord bearing N 05 degrees 38 minutes 52 seconds E; thence,
 5. Along the same on a curve concave to the west having a radius of 4900.00 feet, an arc length of 270.58 feet, and a chord bearing N 03 degrees 00 minutes 03 seconds E to a point on the dividing line between Lots 130 and 125 in Block 3244; thence,
 6. Along the dividing line between the aforementioned lots, S 83 degrees 20 minutes 59

seconds E, 280.11 feet to a point; thence,

7. Continuing along the dividing line between the aforementioned lots, N 51 degrees 39 minutes 01 seconds E, 12.67 feet to a point along the westerly line of the aforementioned 30 foot wide easement of right of way; thence,
8. Along said westerly line of the aforementioned 30 foot wide easement right of way, S 08 degrees 34 minutes 49 seconds E, 197.15 feet; thence
9. Along the same westerly line, on a curve concave to the west having a radius of 1835.00 feet, an arc length of 89.26 feet, subtended by a chord bearing of S 00 degrees 26 minutes 37 seconds W; thence
10. Along the same westerly line, on a curve concave to the west having a radius of 1825.00 feet, an arc length of 311.53 feet, subtended by a chord bearing of S 06 degrees 42 minutes 02 seconds W to the herein described POINT OR PLACE OF BEGINNING.

TOGETHER with the benefits and subject to the burdens of a permanent and perpetual right and easement of ingress and egress over, upon and along a strip of land 30 feet in width adjoining the easterly line of the hereinabove described premises from and to Landing Road.

MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

Ridgewood: 48-21 Metropolitan Avenue, Queens, New

This Mortgage, Security Agreement and Fixture Filing (this "**Mortgage**") is executed as of August 25, 2011, by ACADIA STORAGE POST PORTFOLIO COMPANY LLC, a Delaware limited liability company ("**Mortgagor**"), whose address for notice hereunder is c/o Acadia Realty Trust, 1311 Mamaroneck Ave., Suite 260, White Plains, NY 10605, for the benefit of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation ("**Mortgagee**"), whose address for notice is 280 Park Ave., 8th Floor, New York, NY 10017.

ARTICLE 1

DEFINITIONS

Section 1.1 **Definitions**. As used herein, the following terms shall have the following meanings:

"**Indebtedness**": The sum of all (1) principal, interest and other amounts due under or secured by the Loan Documents, (2) principal, interest and other amounts which may hereafter be loaned by Mortgagee, its successors or assigns, to or for the benefit of the owner of the Mortgaged Property, when evidenced by a promissory note or other instrument which, by its terms, is secured hereby, and (3) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee under documents which recite that they are intended to be secured by this Mortgage. Notwithstanding anything contained herein to the contrary, the Indebtedness secured by this Mortgage shall not include the principal, interest and other amounts due under that certain Amended and Restated Promissory Note in the principal amount of \$35,168,536.00 or secured by the Mortgages (as defined in the Loan Agreement) encumbering the Fordham Parcel, the Webster Parcel, the Lawrence Parcel, the Jersey City and the Linden Parcel (each as defined in the Loan Agreement).

"**Loan Documents**": The (1) Amended and Restated Loan Agreement of even date between Mortgagor and Mortgagee (the "**Loan Agreement**"), (2) Promissory Note of even date, executed by Mortgagor, payable to the order of Mortgagee, in the stated principal amount of \$6,831,464.00 (the "**Note**"), which matures on August 31, 2013, (3) this Mortgage, (4) all other documents now or hereafter executed by Mortgagor, or any other person or entity to evidence or secure the payment of the Indebtedness or the performance of the Obligations and (5) all modifications, restatements, extensions, renewals and replacements of the foregoing.

"**Mortgaged Property**": All estate, right, title, interest, claim and demand whatsoever which Mortgagor now has or hereafter acquires, either in law or in equity, in possession or expectancy, of, in and to (1) the condominium unit (the "**Unit**") located in The 48-05 Metropolitan Avenue Condominium (the "**Condominium**") located at 48-05 Metropolitan Avenue, in the Borough and County of Queens, City and State of New York, said unit being designated and described as Unit No.2 in that certain Declaration of Condominium, dated November 1, 1979, recorded in the Office of the New York City Register, County of Queens, on December 26, 2001, in Reel 6143, page 2230, as amended by Boundary Line and License Agreement, dated November 30, 2005, made by and between NIB Associates, LLC, 4805 Metropolitan Realty LLC and American Storage Properties North LLC and recorded in the Office of the New York City Register, County of Queens, on January 19, 2006 under CRFN 2006000032564 (as amended, the "**Declaration**"), together with an undivided 50.00% interest in the Common Elements (as such term is defined in the Declaration) of the Condominium, such Unit being more particularly described in Exhibit A attached hereto and made a part hereof, (2) all buildings, structures and other improvements, now or at any time comprising the Unit (the

"Improvements"), (3) all materials, supplies, appliances, equipment (as such term is defined in the UCC), apparatus and other items of personal property now owned or hereafter attached to, installed in or used in connection with any of the Improvements or the Unit, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the **"Fixtures"**), (4) all goods, inventory, accounts, general intangibles, software, investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and supporting obligations, as each such term is presently or hereafter defined in the UCC, and all other personal property of any kind or character, now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Unit and Improvements or which may be used in or relating to the planning, development, financing or operation of the Mortgaged Property, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Mortgagor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Mortgagor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the **"Personalty"**), (5) all reserves, escrows or impounds required under the Loan Agreement and all deposit accounts (including accounts holding security deposits) maintained by Mortgagor with respect to the Mortgaged Property, (6) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the **"Plans"**), (7) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the **"Leases"**), (8) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, lease cancellation payments and other benefits paid or payable by parties to the Leases other than Mortgagor for using, leasing, licensing, possessing, operating from, residing in, selling, terminating the occupancy of or otherwise enjoying the Mortgaged Property (the **"Rents"**), (9) all other agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property including, without limitation, the Declaration (the **"Property Agreements"**), (10) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Mortgagor in and to any streets, ways, alleys, strips or gores of land adjoining the Unit or any part thereof, (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (12) all insurance policies (regardless of whether required by Mortgagee), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Mortgagor, (13) all mineral, water, oil and gas rights now or hereafter acquired and relating to all or any part of the Mortgaged Property, and (14) any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Unit, Improvements, Fixtures or Personalty. As used in this Mortgage, the term "Mortgaged Property" shall mean all or, where the context permits or requires, any portion of the above or any interest therein, wherever located.

"Obligations": All of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Mortgagor or any

other person or entity to Mortgagee or others as set forth in the Loan Documents.

"Permitted Encumbrances": The outstanding liens, easements, restrictions, security interests and other exceptions to title set forth in the policy of title insurance insuring the lien of this Mortgage, together with the liens and security interests in favor of Mortgagee created by the Loan Documents, none of which, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by this Mortgage, materially and adversely affects the value of the Mortgaged Property, impairs the use or operations of the Mortgaged Property, or impairs Mortgagor's ability to pay its obligations in a timely manner.

"UCC": The Uniform Commercial Code as enacted and in effect in the state where the Unit is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, any security interest herein granted is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Unit is located, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

ARTICLE 2 _

GRANT

Section 2.1 **Grant**. To secure the full and timely payment of the Indebtedness and the full and timely performance of the Obligations, Mortgagor MORTGAGES, GRANTS, BARGAINS, SELLS and CONVEYS to Mortgagee the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD the Mortgaged Property to Mortgagee and Mortgagor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Mortgagee.

ARTICLE 3 _

WARRANTIES, REPRESENTATIONS AND COVENANTS

Mortgagor warrants, represents and covenants to Mortgagee as follows:

Section 3.1 **Title to Mortgaged Property and Lien of This Instrument**. Mortgagor owns the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances, and has rights and the power to transfer each item of the Mortgaged Property. This Mortgage creates valid, enforceable first priority liens and security interests against the Mortgaged Property. Where any of the Mortgaged Property is in the possession of a third party, Mortgagor will join with Mortgagee in notifying the third party of Mortgagee's security interest and obtaining an acknowledgment from the third party that it is holding such Mortgaged Property for the benefit of Mortgagee. Mortgagor will cooperate with Mortgagee in obtaining control (for lien perfection purposes under the UCC) with respect to any Mortgaged Property consisting of deposit accounts, investment property, letter of credit rights or electronic chattel paper.

Section 3.2 **First Lien Status**. Mortgagor shall preserve and protect the first lien and

security interest status of this Mortgage and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Mortgagor shall promptly, and at its expense, (a) give Mortgagee a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Loan Agreement (including the requirement of providing a bond or other security satisfactory to Mortgagee).

Section 3.3 **Payment and Performance.** Mortgagor shall pay the Indebtedness when due under the Loan Documents and shall perform the Obligations in full when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures or Personalty to be removed at any time from the Unit or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Mortgagor subject to the liens and security interests of this Mortgage and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Mortgagee. Mortgagor shall not incorporate into the Mortgaged Property any item of personalty, fixtures or other property that is not owned by Mortgagor free and clear of all liens or security interests except the liens and security interests in favor of Mortgagee created by the Loan Documents.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Mortgagor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Mortgagee, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Mortgagor shall comply with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property.

Section 3.6 **Inspection.** Mortgagor shall permit Mortgagee, and Mortgagee's agents, representatives and employees, upon reasonable prior notice to Mortgagor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Mortgagee may require, provided that such inspections and studies shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.7 **Other Covenants.** All of the covenants in the Loan Agreement are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the land. The covenants set forth in the Loan Agreement include, among other provisions: (a) the prohibition against the further sale, transfer or encumbering of any of the Mortgaged Property, (b) the obligation to pay when due all taxes on the Mortgaged Property or assessed against Mortgagee with respect to the Loan, (c) the right of Mortgagee to inspect the Mortgaged Property, (d) the obligation to keep the Mortgaged Property insured as Mortgagee may require, (e) the obligation to comply with all legal requirements (including environmental laws), maintain the Mortgaged Property in good condition, and promptly repair any damage or casualty, and (f) except as otherwise permitted under the Loan Agreement, the obligation of Mortgagor to obtain Mortgagee's consent prior to entering into, modifying or taking other actions with respect to Leases.

Section 3.8 **Condemnation Awards and Insurance Proceeds.**

(a) **Condemnation Awards.** Mortgagor assigns all awards and compensation

for any condemnation or other taking, or any purchase in lieu thereof, to Mortgagee and authorizes Mortgagee to collect and receive such awards and compensation and to give proper receipts and acquittances therefor, subject to the terms of the Loan Agreement.

(b) **Insurance Proceeds.** Mortgagor assigns to Mortgagee all proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property. Mortgagor authorizes Mortgagee to collect and receive such proceeds and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Mortgagee, instead of to Mortgagor and Mortgagee jointly.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** If an Event of Default (as defined in the Loan Agreement) exists, Mortgagee may, at Mortgagee's election, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Mortgagor remains in possession of the Mortgaged Property after an Event of Default and without Mortgagee's prior written consent, Mortgagee may invoke any legal remedies to dispossess Mortgagor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Mortgagee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Mortgagee deems necessary or desirable), and apply all Rents and other amounts collected by Mortgagee in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Institute proceedings for the complete foreclosure of this Mortgage, in which case the Mortgaged Property may be sold for cash or credit in one or more parcels. With respect to any notices required or permitted under the UCC, Mortgagor agrees that five (5) days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor. Mortgagee may be a purchaser at such sale and if Mortgagee is the highest bidder, may credit the portion of the purchase price that would be distributed to Mortgagee against the Indebtedness in lieu of paying cash. In connection with any foreclosure sale: (i) Mortgagee shall have no obligation to clean up, repair or otherwise prepare the Mortgaged Property for sale; (ii) Mortgagor waives any right it may have to require Mortgagee to pursue any third party for any of the Indebtedness; (iii) Mortgagee may comply with any applicable state or

federal law requirements in connection with a disposition of the Mortgaged Property; (iv) Mortgagee may specifically disclaim any warranties of title or the like; (v) if Mortgagee sells any of the Mortgaged Property on credit, Mortgagor will be credited only with payments actually made by purchaser, received by Mortgagee and applied to the indebtedness of the purchaser; and (vi) Mortgagee may apply any noncash proceeds of a disposition of the Mortgaged Property in any commercially reasonable manner selected by Mortgagee. Compliance by Mortgagee with the standards set forth in the foregoing sentence shall not be deemed to adversely affect the commercial reasonableness of any sale of the Mortgaged Property or portion thereof.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Mortgagor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, the appointment of a receiver of the Mortgaged Property, and Mortgagor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Note either before, during or after any proceeding to enforce this Mortgage).

Section 4.2 **Separate Sales.** The Mortgaged Property may be sold in one or more parcels and in such manner and order as Mortgagee in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive.** Mortgagee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Mortgagor or others obligated under the Note and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Mortgagee, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Mortgagee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral.** Mortgagee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first and prior lien and security interest in and to the Mortgaged Property. For payment of the Indebtedness, Mortgagee may resort to any other security in such order and manner as Mortgagee may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Mortgagor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or

extension of time for payment, (b) all notices of any Event of Default or of Mortgagee's election to exercise or its actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 **Discontinuance of Proceedings.** If Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Mortgagee shall have the unqualified right to do so and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Mortgagee thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Mortgagee (or the receiver, if one is appointed) in the following order unless otherwise required by applicable law:

(a) to the payment of the costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation (1) receiver's fees and expenses, (2) court costs, (3) attorneys' and accountants' fees and expenses, (4) costs of advertisement, and (5) the payment of all ground rent, real estate taxes and assessments, except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold;

(b) to the payment of all amounts (including interest), other than the unpaid principal balance of the Note and accrued but unpaid interest, which may be due to Mortgagee under the Loan Documents;

(c) to the payment of the Indebtedness and performance of the Obligations in such manner and order of preference as Mortgagee in its sole discretion may determine; and

(d) the balance, if any, to the payment of the persons legally entitled thereto.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) If any Event of Default exists, Mortgagee shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Mortgagor. All sums advanced and expenses incurred at any time by Mortgagee under this Section 4.9, or otherwise under this Mortgage or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate

(as defined in the Loan Agreement), and all such sums, together with interest thereon, shall be secured by this Mortgage.

(b) Mortgagor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Mortgage and the other Loan Documents, or the enforcement, compromise or settlement of the Indebtedness or any claim under this Mortgage and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Mortgagee in respect thereof, by litigation or otherwise.

Section 4.10 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Mortgagee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5 _

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 **Assignment.** Mortgagor acknowledges and confirms that it has executed and delivered to Mortgagee an Assignment of Rents and Leases of even date (the "**Assignment of Rents and Leases**"), intending that such instrument create a present, absolute assignment to Mortgagee of the Leases and Rents. Without limiting the intended benefits or the remedies provided under the Assignment of Rents and Leases, Mortgagor hereby assigns to Mortgagee, as further security for the Indebtedness and the Obligations, the Leases and Rents. While any Event of Default exists, Mortgagee shall be entitled to exercise any or all of the remedies provided in the Assignment of Rents and Leases and in Article 4 hereof, including the right to have a receiver appointed. If any conflict or inconsistency exists between the assignment of the Rents and the Leases in this Mortgage and the absolute assignment of the Rents and the Leases in the Assignment of Rents and Leases, the terms of the Assignment of Rents and Leases shall control.

Section 5.2 **No Merger of Estates.** So long as any part of the Indebtedness and the Obligations secured hereby remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Mortgagor, Mortgagee, any lessee or any third party by purchase or otherwise.

ARTICLE 6 _

SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Mortgage constitutes a "Security Agreement" on personal property within the meaning of the UCC and other applicable law and with respect to the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements. To this end, Mortgagor grants to Mortgagee, a first and prior security interest in the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements and all other Mortgaged Property which is personal property to secure the payment of the Indebtedness and performance of the Obligations, and agrees that Mortgagee shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition

or other intended action by Mortgagee with respect to the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements sent to Mortgagor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Mortgagor.

Section 6.2 **Financing Statements.** Mortgagor hereby irrevocably authorizes Mortgagee at any time and from time to time to file in any filing office in any UCC jurisdiction one or more financing or continuation statements and amendments thereto, relative to all or any part of the Mortgaged Property, without the signature of Mortgagor where permitted by law. Mortgagor agrees to furnish Mortgagee, promptly upon request, with any information required by Mortgagee to complete such financing or continuation statements. If Mortgagee has filed any initial financing statements or amendments in any UCC jurisdiction prior to the date hereof, Mortgagor ratifies and confirms its authorization of all such filings. Mortgagor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Mortgagee, and agrees that it will not do so without Mortgagee's prior written consent, subject to Mortgagor's rights under Section 9-509(d)(2) of the UCC. Mortgagor shall execute and deliver to Mortgagee, in form and substance satisfactory to Mortgagee, such additional financing statements and such further assurances as Mortgagee may, from time to time, reasonably consider necessary to create, perfect and preserve Mortgagee's security interest hereunder and Mortgagee may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

Section 6.3 **Fixture Filing.** This Mortgage shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Mortgagor) and Secured Party (Mortgagee) as set forth in the first paragraph of this Mortgage.

ARTICLE 7 - MISCELLANEOUS

Section 7.1 **Notices.** Any notice required or permitted to be given under this Mortgage shall be in writing and either shall be mailed by certified mail, postage prepaid, return receipt requested, or sent by overnight air courier service, or personally delivered to a representative of the receiving party, or sent by telecopy (provided an identical notice is also sent simultaneously by mail, overnight courier or personal delivery as otherwise provided in this Section 7.1). All such communications shall be mailed, sent or delivered, addressed to the party for whom it is intended at its address set forth on the first page of this Mortgage. Any communication so addressed and mailed shall be deemed to be given on the earliest of (a) when actually delivered, (b) on the first Business Day (as defined in the Loan Agreement) after deposit with an overnight air courier service, or (c) on the third Business Day after deposit in the United States mail, postage prepaid, in each case to the address of the intended addressee, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by, Mortgagee or Mortgagor, as the case may be. If given by telecopy, a notice shall be deemed given and received when the telecopy is transmitted to the party's telecopy number specified in the Loan Agreement and confirmation of complete receipt is received by the transmitting party during normal business hours or on the next Business Day if not confirmed during normal business hours, and an identical notice is also sent simultaneously by mail, overnight courier, or personal delivery as otherwise provided in this Section 7.1. Any party may designate a change of address by written notice to the other by giving at least ten (10) days prior written notice of such change of address.

Section 7.2 **Covenants Running with the Land.** All Obligations contained in this

Mortgage are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Mortgagee has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Loan Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Mortgagee.

Section 7.3 **Attorney-in-Fact**. Mortgagor hereby irrevocably appoints Mortgagee and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Mortgagee deems appropriate to protect Mortgagee's interest, if Mortgagor shall fail to do so within ten (10) days after written request by Mortgagee, (b) upon the issuance of a deed pursuant to the foreclosure of this Mortgage or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Mortgagee's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Mortgagor hereunder; however: (1) Mortgagee shall not under any circumstances be obligated to perform any obligation of Mortgagor; (2) any sums advanced by Mortgagee in such performance shall be added to and included in the Indebtedness and shall bear interest at the Default Rate; (3) Mortgagee as such attorney-in-fact shall only be accountable for such funds as are actually received by Mortgagee; and (4) Mortgagee shall not be liable to Mortgagor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 7.4 **Successors and Assigns**. This Mortgage shall be binding upon and inure to the benefit of Mortgagee and Mortgagor and their respective successors and assigns. Mortgagor shall not, without the prior written consent of Mortgagee, assign any rights, duties or obligations hereunder.

Section 7.5 **No Waiver**. Any failure by Mortgagee to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Mortgagee shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 **Subrogation**. To the extent proceeds of the Note have been used to extinguish, extend or renew any indebtedness against the Mortgaged Property, then Mortgagee shall be subrogated to all of the rights, liens and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Mortgagee.

Section 7.7 **Loan Agreement**. If any conflict or inconsistency exists between this Mortgage and the Loan Agreement, the Loan Agreement shall govern.

Section 7.8 **Release**. Upon payment in full of the Indebtedness and performance in full of the Obligations, Mortgagee, at Mortgagor's expense, shall release the liens and security interests created by this Mortgage.

Section 7.9 **Waiver of Stay, Moratorium and Similar Rights**. Mortgagor agrees, to

the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Mortgage or the indebtedness secured hereby, or any agreement between Mortgagor and Mortgagee or any rights or remedies of Mortgagee.

Section 7.10 **Limitation on Liability**. Mortgagor's liability hereunder is subject to the limitation on liability provisions of Article 13 of the Loan Agreement.

Section 7.11 **Obligations of Mortgagor, Joint and Several**. If more than one person or entity has executed this Mortgage as "Mortgagor," the obligations of all such persons or entities hereunder shall be joint and several.

Section 7.12 **Governing Law**. This Mortgage shall be governed by the laws of the State of New York.

Section 7.13 **Headings**. The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 7.14 **Counterparts**. This Mortgage may be executed in counterparts, all of which counterparts together shall constitute one and the same instrument (and original signature pages and notary pages from each counterpart may be assembled into one original document to be recorded).

Section 7.15 **Entire Agreement**. This Mortgage and the other Loan Documents embody the entire agreement and understanding between Mortgagee and Mortgagor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

ARTICLE 8

LOCAL LAW PROVISIONS

Section 8.1 **Inconsistent Provisions**. To the extent that any provision contained in this Article 8 conflicts with any other provision contained in this Mortgage, the provision contained in this Article 8 shall control.

Section 8.2 **Trust Fund**. Pursuant to Section 13 of the New York Lien Law, Mortgagor shall receive the advances secured hereby and shall hold the right to receive the advances as a trust fund to be applied first for the purpose of paying the cost of the improvement and shall apply the advances first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

Section 8.3 **Commercial Property**. Mortgagor represents that this Mortgage does not encumber real property principally improved or to be improved by one or more structures containing in the aggregate not more than six residential dwelling units, each having its own separate cooking facilities.

Section 8.4 **Statutory Construction**. All rights and remedies conferred upon a mortgagee pursuant to those sections of the New York Real Property Law which construe mortgages containing specific statutory language, including Section 254 thereof, are intended to be conferred upon

Agent and Lenders, in addition to, and not in limitation of, all other rights and remedies of Agent and Lenders hereunder, at law or in equity. The clauses and covenants contained in this Mortgage that are construed by Section 254 of the New York Real Property Law shall be construed as provided in those sections (except as provided in Section 8.5 hereof). The additional clauses and covenants contained in this Mortgage shall afford rights supplemental to and not exclusive of the rights conferred by the clauses and covenants construed by Section 254 and shall not impair, modify, alter or defeat such rights (except as provided in Section 8.5 hereof), notwithstanding that such additional clauses and covenants may relate to the same subject matter or provide for different or additional rights in the same or similar contingencies as the clauses and covenants construed by Section 254. In the event of any inconsistencies between the provisions of Section 254 and the provisions of this Mortgage, the provisions of this Mortgage shall prevail.

Section 8.5 **Insurance.** Supplementing Article 3 of this Mortgage, the provisions of subsection 4 of Section 254 of the New York Real Property Law covering the insurance of buildings against loss by fire shall not apply to this Mortgage. In the event of any conflict, inconsistency or ambiguity between the provisions of Article 3 hereof and the provisions of subsection 4 of Section 254 of the New York Real Property Law covering the insurance of buildings against loss by fire, the provisions of Article 3 hereof shall control.

Section 8.6 **Leases.** Supplementing Article 5 of this Mortgage, this Mortgage is intended to be, and shall operate as, the agreement described in Section 291-f of the New York Real Property Law and the Lender shall be entitled to the benefits afforded thereby.

Section 8.7 **Condemnation Awards.** Mortgagor hereby expressly agrees that Mortgagee shall not be limited to the interest paid on any award or compensation payable to Mortgagor as a result of any appropriation or condemnation or other taking or purchase in lieu thereof, and further agrees to pay to Mortgagee the difference, if any, between (i) the interest received by Mortgagee on such awards or compensation and (ii) the applicable rate of interest provided in the Loan Agreement from the date of the appropriation, condemnation or other taking of the Mortgaged Property or any portion thereof to the date of maturity of the Loan. The obligations and agreements of Mortgagor contained in this paragraph shall survive the payment to Mortgagee of any awards or compensation for an appropriation, condemnation or other taking and shall terminate only upon payment in full by Mortgagor to Mortgagee of the sums referred to herein.

Section 8.8 **Sale of Mortgaged Property/Non-Judicial Foreclosure.**

(a) If this Mortgage is foreclosed, the Mortgaged Property, or any interest therein, may, at the discretion of Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner.

(b) Upon an Event of Default which entitles Mortgagee to exercise remedies against Mortgagor hereunder, Mortgagee may, at its sole option, elect to sell the Mortgaged Property or any part thereof by exercise of the power of foreclosure or of sale granted to Mortgagee by Articles 13 or 14 of the Real Property Actions and Proceedings Law of the State of New York (the "**RPAPL**"). In such case, Mortgagee may commence a civil action to foreclose this Mortgage pursuant to and in accordance with Article 13 of the RPAPL, or it may proceed and sell the Mortgaged Property pursuant to and in accordance with Article 14 of the RPAPL to satisfy the Note and all other amounts secured thereby.

Section 8.9 **Mortgage Tax Obligation and Indemnification.** Mortgagor shall pay when due, and as a condition to any advance of funds under the Loan Documents, all taxes, mortgage

recording taxes, recording charges and other amounts payable in connection with this Mortgage, the Note or the other Loan Documents. Mortgagor shall, at its sole cost and expense, protect, defend, indemnify and release and hold harmless Mortgagee from and against any and all losses, costs, expenses, liabilities, claims and obligations imposed upon or incurred by or asserted against Mortgagee, and directly or indirectly arising out of or in any way relating to any tax, mortgage recording tax, recording charge or other amount due or payable on the making, recording, or advance of funds under this Mortgage, the Note or the other Loan Documents.

Section 8.10 **Maximum Principal Amount Secured.** Notwithstanding anything to the contrary contained in this Mortgage, the maximum aggregate principal amount of Indebtedness that is, or under any contingency may be, secured by this Mortgage, either at execution of this Mortgage or at any time thereafter (the "**Secured Amount**"), is \$6,831,464.00, plus interest thereon and any amounts that Mortgagee expends upon and following the occurrence of any Event of Default to the extent that any such amounts shall constitute payment of (i) taxes that may be imposed by law upon the Premises; (ii) premiums on insurance policies covering the Premises; (iii) expenses incurred in upholding the lien of this Mortgage, including the expenses of any litigation to prosecute or defend the rights and lien created by this Mortgage; or (iv) any amount, cost or change to which Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, and in each such event, such amounts or costs, together with interest thereon at the Default Rate, shall be added to the indebtedness secured hereby and shall be secured by this Mortgage.

ARTICLE 9

CONDOMINIUM PROVISIONS

Mortgagor further warrants, represents and covenants to Mortgagee as follows:

Section 9.1 **Condominium Obligations.** Mortgagor shall perform all of Mortgagor's obligations under the Declaration, the by-laws and rules and regulations of the Condominium and all other documents, instruments and agreements in any way relating in whole or in part to the imposition of a condominium regime of ownership upon the property of which the Unit forms a part and to the regulation, management or administration of such condominium regime of ownership (collectively, the "Condominium's Constituent Documents"). Mortgagor shall promptly pay, when due, all common charges, assessments and other sums payable by Mortgagor with respect to the Unit and under the Condominium's Constituent Documents.

Section 9.2 **Property Insurance.** In the event of a distribution of property insurance proceeds in lieu of restoration or repair following a loss to the buildings on the premises, whether to the Unit or to common elements, any proceeds payable to Mortgagor are hereby assigned and shall be paid to Mortgagee.

Section 9.3 **Public Liability Insurance.** Mortgagor shall take such actions as may be reasonable to insure that the Condominium maintains, with a generally accepted insurance carrier, a public liability insurance policy that satisfies the Condominium's obligations under the Condominium's Constituent Documents.

Section 9.4 **Mortgagee's Prior Consent.** Mortgagor shall not, except after notice to Mortgagee and with Mortgagee's prior written consent, either partition or subdivide the Unit or consent to: (i) the abandonment or termination of the Condominium, except as permitted under the Loan Agreement; (ii) any amendment to any provision of the Constituent Documents; or (iii) any action which would have the effect of rendering the public liability insurance coverage maintained by the

Condominium in violation of the Condominium's obligations under the Condominium's Constituent Documents.

EXHIBIT A

The condominium unit (the "Unit") in the building (the "Building") known as The 48-05 Metropolitan Avenue Condominium located at 48-05 Metropolitan Avenue, in the Borough and County of Queens, City and State of New York, said unit being designated and described as Unit No. 2 in that certain declaration dated November 1, 1979, made pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") establishing a plan for condominium ownership of the Building and the land (hereinafter referred to as the "Land") upon which the Building is situate (which Land is more particularly described below), which declaration was recorded in the Office of the New York City Register, County of Queens, on December 26, 2001, in Reel 6143, page 2230 (the "Declaration"). This Unit is also designated as Tax Lot 1002 in Block 2611 of the Borough of Queens on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of the Building, certified by George Schwarz, Architect, on December 26, 2001 and filed in the in the Queens County Office of the Register of the City of New York on December 26, 2001, as Condominium Plan No. 408;

TOGETHER WITH an undivided 50.00% interest in the Common Elements (as such term is defined in the Declaration); and

TOGETHER WITH AND SUBJECT TO all easements favor of the Unit and in favor of the other units in the Building and the Common Elements.

The Premises within which the Unit is located are more particularly described as follows:

All that certain piece or parcel of land, lying and being in the Borough of Queens, City and State of New York more particularly described as follows:

PARCEL A

COMMENCING at the intersection of the westerly boundary of Flushing Avenue and the northerly boundary of Metropolitan Avenue as laid down on the Final City Map.

THENCE westerly along said northerly boundary North 76 degrees 40 minutes 42 seconds West a distance of 490.42 feet to the point BEGINNING.

THENCE RUNNING northerly and along the center line of the right-of-way North 36 degrees 16 minutes 47 seconds East a distance of 375.05 feet to a point;

THENCE still northerly and along said center-line the following three courses:

1. North 3 degrees 30 minutes 45 seconds West 39.00 feet;
2. North 16 degrees 18 minutes 52 seconds West 39.00 feet;
3. North 45 degrees 15 minutes 27 seconds West 179.28 feet (176.28 per survey) to the division line between the land belonging to the Long Island Railroad Company- Bushwick Branch and the premises herein described.

THENCE along the said division line on a curve to the left having a radius of 1881.08 feet and an arc length of 349.08 feet to a point;

THENCE still along said division line South 51 degrees 09 minutes 50 seconds West a distance of 144.86 feet to a point;

THENCE easterly along a one story brick building, the following three courses and distance;

1. South 38 degrees 54 minutes 10 seconds East 24.50 feet;
2. North 51 degrees 05 minutes 50 seconds East 120.50 feet;
3. South 76 degrees 40 minutes 42 seconds East 25.08 feet to the centerline of a foot common wall.

THENCE along said center-line of common wall, the following five courses and distances:

1. South 13 degrees 19 minutes 18 seconds West 15.50 feet;
2. South 76 degrees 40 minutes 42 seconds East 9.55 feet;
3. South 13 degrees 13 minutes 01 seconds West 189.20 feet;
4. North 76 degrees 40 minutes 42 seconds West 9.30 feet;
5. South 13 degrees 19 minutes 18 seconds West 15.44 feet to the northerly boundary of Metropolitan Avenue.

THENCE along said boundary line easterly South 76 degrees 40 minutes 42 seconds East a distance of 243.32 feet to the point or place of BEGINNING.

SUBJECT TO the burdens of right of way for ingress and egress for others over the following:

PARCEL B

COMMENCING at the intersection of the westerly boundary of Flushing Avenue and the northerly boundary of Metropolitan Avenue as laid down on the Final City Map.

THENCE westerly along said northerly boundary North 76 degrees 40 minutes 42 seconds West a distance of 490.42 feet to the point of BEGINNING.

THENCE still along said boundary line, North 76 degrees 40 minutes 42 seconds West a distance of 15.25 feet to the westerly line of right-of-way.

THENCE along said westerly line of right-of-way, North 36 degrees 16 minutes 47 seconds East a distance of 340.34 feet to a point;

THENCE northerly the following four courses and distances

1. on a curve to the left, having a radius of 30.00 feet and an arc length of 46.18 feet;
2. on a curve to the right having a radius of 39.00 feet and an arc length of 73.10 feet;
3. South 16 degrees 18 minutes 52 seconds East 39.00 feet;
4. South 3 degrees 30 minutes 45 seconds East 39.00 feet to a point;

THENCE along the centerline of right-of-way South 36 degrees 16 minutes 47 seconds West a distance of 375.05 feet to a point or place of BEGINNING.

SUBJECT TO the burdens of a right of way for ingress and egress for others over the following:

PARCEL C

COMMENCING at the intersection of the northerly boundary of Metropolitan Avenue and the easterly boundary of Long Island Railroad Bushwick Branch:

RUNNING THENCE along said Long Island Railroad line the following courses and distances;

1. North 51 degrees 09 minutes 50 seconds East 323.60 feet;
2. on a curve to the right, having a radius of 1881.08 feet and an arc length of 349.08 feet to a point;

THENCE in a southeasterly direction south 48 degrees 00 minutes 22 seconds (45 degrees 15 minutes 27 seconds per survey) East a distance of 69.74 feet to the point or place of BEGINNING.

THENCE still along the prolongation of the last mentioned course, the following courses and distances

1. South 48 degrees 00 minutes 22 seconds (45 degrees 15 minutes 27 seconds per survey) east 109.54 feet (106.54 per survey) to a curve of an existing right-of-way;
2. thence on a curve to the left, having a radius of 39.00 feet and an arc length of 20.98 feet to a point
3. thence parallel 30.00 feet (20 feet per survey) there from of the first mentioned course North 48 degrees 00 minutes 22 seconds (45 degrees 15 minutes 27 seconds per survey) West 101.73 feet;
4. North 41 degrees 59 minutes 38 seconds East 20.00 feet to a point or place of BEGINNING.

SUBJECT TO the burdens of a right of way for ingress or egress for others over the following:

PARCEL D

COMMENCING at the intersection of the northerly boundary of Metropolitan Avenue and the easterly boundary of Long Island Railroad Bushwick Branch;

RUNNING THENCE along said Long Island Railroad line north 51 degrees 09 minutes 50 seconds East a distance of 178.74 feet to the point or place of BEGINNING.

THENCE still northeasterly along the railroad line, North 51 degrees 09 minutes 50 seconds East a distance of 118.66 feet to a point;

THENCE in a southeasterly direction South 43 degrees 12 minutes 50 seconds East a distance of 24.43 feet to the corner of a one story brick building.

THENCE along said one story brick building the following two courses and distances;

1. South 51 degrees 05 minutes 50 seconds West 120.50 feet;
2. North 38 degrees 54 minutes 10 seconds West 24.50 feet to the point or place of BEGINNING:

TOGETHER WITH a right to ingress and egress over the following;

PARCEL E

COMMENCING at the intersection of the westerly boundary of Flushing Avenue and the northerly boundary of Metropolitan Avenue as laid down on the Final City Map;

THENCE westerly along said northerly boundary North 76 degrees 40 minutes 42 seconds West a distance of 490.42 feet, to a point of BEGINNING.

THENCE along center line of existing right-of-way, North 36 degrees 16 minutes 47 seconds East 375.05 feet to a point:

THENCE North 3 degrees 30 minutes 45 seconds West 39.00 feet:

THENCE North 16 degrees 18 minutes 52 seconds West 39.00 feet;

THENCE on a curve to the right having a radius of 39.00 feet and an arc length of 97.07 feet to a point;

THENCE along the easterly line of said right-of-way South 36 degrees 16 minutes 47 seconds West 399.06 feet to a point on the northerly boundary of the here and before mentioned boundary of Metropolitan Avenue.

THENCE along said boundary North 76 degrees 40 minutes 42 seconds West 15.25 feet to the point or place of BEGINNING.

PROMISSORY NOTE

\$6,831,464.00 August 25, 2011

New York, New York

FOR VALUE RECEIVED, Acadia Storage Post Portfolio Company LLC, a Delaware limited liability company ("**Borrower**"), promises and agrees to pay to the order of General Electric Capital Corporation, a Delaware corporation ("**Lender**"), in lawful money of the United States of America, the principal sum of \$6,831,464.00 or so much thereof as may be outstanding under the Amended and Restated Loan Agreement of even date herewith between Borrower and Lender (the "Loan Agreement"), with interest on the unpaid principal sum owing thereunder at the rate or rates or in the amounts computed in accordance with the Loan Agreement, together with all other amounts due Lender under the Loan Agreement, all payable in the manner and at the time or times provided in the Loan Agreement. Capitalized terms used herein, but not defined, shall have the meanings assigned to them in the Loan Agreement.

If not sooner due and payable in accordance with the Loan Agreement, Borrower shall pay to Lender all amounts due and unpaid under the Loan Agreement on August 31, 2013, or on any earlier Maturity Date as set forth in the Loan Agreement. Unless otherwise specified in writing by Lender, all payments hereunder shall be paid to Lender at GEMSA Loan Services LP, File #55307, Los Angeles, CA 90074-5307. Lender reserves the right to require any payment on this Note, whether such payment is a regular installment, prepayment or final payment, to be by wired federal funds or other immediately available funds. All payments to Lender shall be drawn on an account owned by Borrower or another Person approved in writing in advance by Lender and maintained at a banking institution organized under the laws of the United States or one of its constituent States, or at a federally-regulated securities broker-dealer.

Borrower, co-makers, sureties, endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; such parties are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

This Note is one of the Notes referred to in the Loan Agreement. This Note and the other Notes evidence all advances made, interest due and all amounts otherwise owed to Lender under the Loan Agreement. This Note is executed in conjunction with the Loan Agreement and is secured by the liens and security interests created under the Loan Documents (including those arising under the Mortgage encumbering the Ridgewood Parcel, but excluding those arising under the Mortgages encumbering the Fordham Parcel, the Webster Parcel, the Lawrence Parcel, the Jersey City and the Linden Parcel). Reference is made to the Loan Agreement for provisions relating to repayment of the indebtedness evidenced by this Note, including mandatory repayment, acceleration following default, late charges, default rate of interest, limitations on interest, restrictions on prepayment, and participation interest (if any).

Borrower's liability hereunder is subject to the limitation on liability provisions of Article 13 of the Loan Agreement. This Note has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of New York without regard to conflicts of laws principles other than Section 5-1401 of the General Obligations Law of the State of New York, and of the United States of

America.

This Note is made by Borrower in partial replacement and in increase, but not in novation or discharge, of its March 17, 2008 Promissory Note in the original principal amount of \$41,500,000.00 payable to the order of Lender.

Acadia Storage Post Portfolio Company LLC

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

AMENDED AND RESTATED PROMISSORY NOTE

\$35,168,536.00 August 25, 2011

New York, New York

FOR VALUE RECEIVED, Acadia Storage Post Portfolio Company LLC, a Delaware limited liability company ("**Borrower**"), promises and agrees to pay to the order of General Electric Capital Corporation, a Delaware corporation ("**Lender**"), in lawful money of the United States of America, the principal sum of \$35,168,536.00 or so much thereof as may be outstanding under the Amended and Restated Loan Agreement of even date herewith between Borrower and Lender (the "Loan Agreement"), with interest on the unpaid principal sum owing thereunder at the rate or rates or in the amounts computed in accordance with the Loan Agreement, together with all other amounts due Lender under the Loan Agreement, all payable in the manner and at the time or times provided in the Loan Agreement. Capitalized terms used herein, but not defined, shall have the meanings assigned to them in the Loan Agreement.

If not sooner due and payable in accordance with the Loan Agreement, Borrower shall pay to Lender all amounts due and unpaid under the Loan Agreement on August 31, 2013, or on any earlier Maturity Date as set forth in the Loan Agreement. Unless otherwise specified in writing by Lender, all payments hereunder shall be paid to Lender at GEMSA Loan Services LP, File #55307, Los Angeles, CA 90074-5307. Lender reserves the right to require any payment on this Note, whether such payment is a regular installment, prepayment or final payment, to be by wired federal funds or other immediately available funds. All payments to Lender shall be drawn on an account owned by Borrower or another Person approved in writing in advance by Lender and maintained at a banking institution organized under the laws of the United States or one of its constituent States, or at a federally-regulated securities broker-dealer.

Borrower, co-makers, sureties, endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; such parties are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

This Note is one of the Notes referred to in the Loan Agreement. This Note and the other Notes evidence all advances made, interest due and all amounts otherwise owed to Lender under the Loan Agreement. This Note is executed in conjunction with the Loan Agreement and is secured by the liens and security interests created under the Loan Documents (including those arising under the Mortgages encumbering the Fordham Parcel, the Webster Parcel, the Lawrence Parcel, the Jersey City and the Linden Parcel, but excluding those arising under the Mortgage encumbering the Ridgewood Parcel). Reference is made to the Loan Agreement for provisions relating to repayment of the indebtedness evidenced by this Note, including mandatory repayment, acceleration following default, late charges, default rate of interest, limitations on interest, restrictions on prepayment, and participation interest (if any).

Borrower's liability hereunder is subject to the limitation on liability provisions of Article 13 of the Loan Agreement. This Note has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of New York without regard to conflicts of laws principles other than Section 5-1401 of the General Obligations Law of the State of New York, and of the United States of

America.

This Note is made by Borrower in partial replacement and in amendment and restatement, but not in novation or discharge, of its March 17, 2008 Promissory Note in the original principal amount of \$41,500,000.00 payable to the order of Lender.

Acadia Storage Post Portfolio Company LLC

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

LOAN AGREEMENT

Date: August 24, 2011

Borrower: Canarsie Plaza LLC, a limited liability company organized under the laws of the State of Delaware.
Chief executive office: c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605

Administrative Agent: Manufacturers and Traders Trust Company, a New York banking corporation, with offices located at One Fountain Plaza, Buffalo, New York 14203 ("M&T") individually as a lender and as the administrative agent for itself and **Capital One, N.A.**, a lender (the "Co-Lender" and, referred to collectively with M&T as the "Lending Group") and the Lending Group (the "**Administrative Agent**").

WHEREAS, the Borrower has applied to M&T for a loan (hereinafter the "**Mortgage Loan**") in the principal sum of up to **Four Million Dollars (\$4,000,000.00)** (the "**Loan Amount**") with an option to modify to a mini-permanent mortgage loan (hereinafter the "**Permanent Loan**") (the Mortgage Loan and the Permanent Loan are referred to collectively herein as the "**Loan**"), provided, however, that up to \$1,916,800.00 will be lent by the Co-Lender and up to \$2,083,200.00 will be lent by M&T to be evidenced by certain notes made by the Borrower on or about the date of this Loan Agreement (the "**Agreement**") and secured by a certain fourth mortgage dated the same date given by the Borrower, creating liens on the premises described in Schedule "A" attached thereto (the "**Premises**");

NOW, THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, the Borrower and the Administrative Agent agree as follows:

1. **REFERENCE TO DEFINITIONS.** For purposes of this Agreement, each of the following terms has the meanings set forth below. Additionally, other capitalized terms have the meanings assigned to them in this Agreement where they first appear.

1.1 **Advance:** Funds delivered to the Borrower by the Administrative Agent in accordance with this Agreement.

1.2 **Advance Request:** A request of the Borrower for an Advance in form and substance satisfactory to the Administrative Agent and signed by the person authorized to execute such request on behalf of the Borrower.

1.3 **Building Loan Agreement:** The Building Loan Agreement dated January 12, 2010 by and among the Borrower, the Administrative Agent and the Co-Lender, as supplemented by that certain supplemental building loan agreement, dated January 19, 2011, and as the same may be further supplemented, amended, modified or replaced from time to time.

1.4 **Conversion Date:** The Maturity Date, if the Borrower has satisfied all of the conditions set forth in Section 6.2 of this Agreement.

1.5 **DSCR:** The Debt Service Coverage Ratio ("DSCR") is defined as the ratio of (i) Net Operating Income at the Premises divided by (ii) the aggregate annualized principal and interest payable on all of the Loan, that certain third mortgage loan made by the Lending Group in the principal sum of up to Seven Million Dollars (\$7,000,00.00) dated as of January 19, 2011 (the "**Third Mortgage Loan**") and that certain development loan made by the Lending Group in the principal sum up to Forty Eight Million Dollars

(\$48,000,000.00) dated January 12, 2010 as supplemented by that certain supplemental development loan made by the Lending Group in the principal sum up to Three Million Dollars (\$3,000,000.00) dated as of January 19, 2011 (collectively, the “**Construction Loan**”) based on a twenty-five (25) year amortization schedule with an interest rate of the greater of seven (7%) percent or the ten (10) year United States Treasury Obligations plus two (2%) percent. “Net Operating Income” means the amount by which Operating Revenues exceed Operating Expenses.

1.6 **Event of Default:** The occurrence of any event described in Section 7.1 hereof.

1.7 **Governmental Authority:** The United States of America, the State of New York, the County of Kings and the Borough of Brooklyn, and any political subdivision of any of them, and any agency, department, court, commission, board, bureau or instrumentality of any of them which exercises jurisdiction over the Premises, the Project (as defined in the Building Loan Agreement) or the Borrower.

1.8 **Guarantees:** Collectively, the Amended and Restated Continuing Guaranty, the Amended and Restated Guaranty of Completion and Interest Reserve and the Amended and Restated Guaranty of Nonrecourse Carveouts each executed by Acadia Strategic Opportunity Fund II, LLC, a Delaware limited liability company (the “**Guarantor**”) and dated the date hereof in favor of Administrative Agent in connection with the Loan, the Third Mortgage Loan and the Construction Loan; as may be further amended and restated and supplemented from time to time.

1.9 **Loan Documents:** This Agreement, the Building Loan Agreement, the Third Mortgage Loan Agreement, the Note, the Mortgage, the Survey, the Title Insurance Policy, the Guarantees and all other instruments, certificates, legal opinions and documents executed and delivered by either or both of the Borrower, the Guarantor or the Administrative Agent in connection with the Loan, the Third Mortgage Loan and the Construction Loan.

1.10 **Maturity Date:** The earlier of: (i) the Scheduled Maturity Date, and (ii) any earlier date on which the Loan is required to be paid in full, by acceleration or otherwise, under this Agreement or any of the other Loan Documents.

1.11 **Mortgage:** The Fourth Mortgage dated the date hereof from the Borrower in favor of the Administrative Agent, as amended and supplemented from time to time.

1.12 **Note:** The Mortgage Note or Notes dated the date hereof from the Borrower to the Administrative Agent evidencing the Loan and all extensions, renewals and modifications thereof.

1.13 **Operating Expenses:** All reasonable and necessary expenses of operating the Project in the ordinary course of business calculated in accordance with generally acceptable accounting principles (“**GAAP**”) which are directly associated with and fairly allocable to the Project for the applicable period, including annualized real estate taxes and assessments, capital expenditures at an imputed rate of \$0.10 per square foot on an annualized basis of gross leasable area at the Premises, annualized insurance premiums, maintenance costs, management fees and costs in an amount equal to the greater of the management fees and costs actually paid or an imputed rate of three percent (3%) of Operating Revenues, accounting, legal, and other professional fees, fees relating to environmental audits, and other expenses incurred by Administrative Agent and reimbursed by Borrower under this Agreement and the other Loan Documents, deposits to any capital replacement reserves required by Administrative Agent, wages, salaries, and personnel expenses, but excluding debt service on the Loan, the Third Mortgage Loan or the Construction Loan, capital expenditures, any of the foregoing expenses which are paid from deposits to cash reserves previously included as Operating Expenses, any payment or expense for which Borrower was or is to be reimbursed from proceeds of the Construction Loan or insurance or by any third party, and any non-cash charges such as depreciation and

amortization. Any management fee or other expense payable to Borrower or to an Affiliate of Borrower shall be included as an Operating Expense only with Administrative Agent's prior approval. Operating Expenses shall not include federal, state or local income taxes or legal and other professional fees unrelated to the operation of the Project.

1.14 **Operating Revenues:** All cash receipts of Borrower from operation of the Project or otherwise arising in respect of the Project after January 12, 2010 which are properly allocable to the Project for the applicable period (subject to an underwritten market vacancy rate of not less than 8%), including receipts from leases and parking agreements, concession fees and charges and other miscellaneous operating revenues, proceeds from rental or business interruption insurance, withdrawals from cash reserves (except to the extent any operating expenses paid therewith are excluded from Operating Expenses), in all cases, determined in accordance with GAAP but without taking into account straight-lining of rents and extraordinary revenues (including, but not limited to, lease termination payments) and FAS 141R adjustments, but excluding (a) all rent and other revenues received during the applicable period from tenants that, at any time during the applicable period, are subject to a bankruptcy proceeding, unless such bankruptcy proceeding has been closed, and the subject tenant has not been discharged from its obligations under the subject lease and/or the rental payments due and/or paid by such tenant to Borrower cannot be disgorged from Borrower, (b) rent and other revenues from tenants that have not made the appropriate payment of rent under their respective leases for more than thirty (30) days, provided, however that if a tenant is disputing, in good faith, recoverables or a reconciliation thereof, only the portion that is being disputed shall be excluded, (c) rent and other revenues from tenants under leases which have remaining terms of less than twelve (12) months from the date of calculation, (d) rents and other revenues from tenants that are not operating in a substantial portion of such tenant's premises, (e) security deposits and earnest money deposits until they are forfeited by the depositor, (f) advance rentals (i.e. more than thirty (30) days in advance) until they are earned, (g) lump sum lease buy-out payments made by tenants in connection with any surrender, cancellation or termination of their lease, (h) rents and other revenues from Affiliates of Borrower and/or Guarantor, and (i) proceeds from a sale or other disposition.

1.15 **Permitted Exceptions:** The title exceptions listed in the Title Insurance Policy on the date of this Agreement.

1.16 **Person:** An individual, partnership, corporation, trust, estate, unincorporated association, syndicate, joint venture or organization, or a government or any department or agency thereof.

1.17 **Scheduled Maturity Date:** January 12, 2012.

1.18 **Survey:** A plan of the Land, in form and substance satisfactory to the Administrative Agent; prepared by a surveyor registered in the State of New York and approved by the Administrative Agent and certified to the Administrative Agent and to the Title Insurer.

1.19 **Third Mortgage Loan Agreement:** The Loan Agreement dated January 19, 2011 by and among the Borrower, the Administrative Agent and the Co-Lender, as the same may be supplemented, amended, modified or replaced from time to time.

1.20 **Title Insurance Policy:** The title insurance policy required by Section 6.1 of this Agreement.

1.21 **Title Insurer:** The issuer of the Title Insurance Policy.

2. THE LOAN.

2.1 **Making and Obtaining the Loan.** Upon and subject to each term and condition of this

Agreement, the Administrative Agent shall make the Loan to the Borrower, and the Borrower shall obtain the Loan from the Administrative Agent. The maximum principal amount of the Loan shall be equal to the Loan Amount.

2.2 **Termination of Obligation.** Any obligation of the Administrative Agent to make the Loan or any Advance shall terminate no later than the Maturity Date.

3. **REPRESENTATIONS AND WARRANTIES.** The Borrower represents and warrants that:

3.1 **Due Formation and Capacity of Borrower.** The Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the full power and authority to own and operate its properties, to conduct its business as now being conducted, to execute and deliver the Loan Documents and to perform its obligations thereunder.

3.2 **Compliance with Law; Authority.** The Borrower, in connection with the execution and delivery of the Loan Documents, has complied in all respects with each applicable statute, regulation and other law, each applicable judgment, order and award of any Governmental Authority and each agreement to which it is a party or by which it or any of its business or properties is bound, and the execution and delivery by the Borrower of the Loan Documents, and the performance thereunder, has been duly authorized by all action necessary or requisite on the part of the Borrower.

3.3 **No Conflicts or Defaults.** Neither the execution, delivery nor performance by the Borrower of the Loan Documents does or will, with the giving of notice or the lapse of time or both, (i) conflict with or constitute a default under any applicable statute, regulation or other law, any applicable judgment, order or award of any Governmental Authority or any agreement to which it is a party or by which it or any of its business or properties is bound or (ii) result in the creation or imposition of any lien or encumbrance upon any property of the Borrower, the Premises or the Project.

3.4 **Litigation.** There are no pending or to the best of Borrower's knowledge threatened actions, suits or proceedings, at law or in equity, or governmental investigations (or any basis for any such action, suit, proceeding or investigation known to the Borrower) (i) which affect the Borrower, the Premises, the Project, the validity or enforceability of the Loan Documents or the priority of the lien of the Mortgage (ii) which question the capacity or authority of the Borrower or its ability to execute, deliver and perform the provisions of the Loan Documents or (iii) which, if determined adversely to the Borrower, would materially and adversely affect its business or financial condition.

3.5 **Permits and Approvals.** All primary licenses, permits, consents, approvals and authorizations required by any Governmental Authority or other Person for the construction and the development and planned use of the Project have been obtained and are valid and in full force and effect, and those that have not yet been obtained are in the process of being obtained or will be obtained in time so as to not delay the Project.

3.6 **Survey.** To the best of Borrower's knowledge, each Survey delivered to the Administrative Agent pursuant to this Agreement is a true, correct and complete representation of the Premises and the Permitted Exceptions as of the date of such Survey.

3.7 **Condemnation.** There is no pending condemnation, expropriation, eminent domain or similar proceedings affecting the Premises or any portion thereof and the Borrower has not received any written or oral notice of any such proceedings and has no knowledge that any such proceedings are contemplated.

3.8 **Insurance.** Each of the insurance policies required to be obtained by the Borrower pursuant to Section 4.2 of the Building Loan Agreement or the Mortgage has been obtained and is in full force and effect, and all premiums due thereunder have been paid. No notice has been received from any insurer that issued

any such policy, or any agent, broker or representative of any such insurer, stating in effect that any such policy (i) will not be renewed, (ii) will be renewed only at a higher premium than is presently being paid for such policy or (iii) will be renewed only with lesser or less complete coverage than is presently provided.

3.9 **No Default.** No event has occurred and/or is continuing which constitutes, or which, with the giving of notice or the lapse of time or both, would constitute, an Event of Default.

3.10 **Enforceability.** Each of the Loan Documents is in full force and effect and is valid, binding and enforceable upon the party or parties thereto in accordance with its terms.

3.11 **Affirmation of Representations and Warranties.** Each Advance Request presented to the Administrative Agent in accordance with Section 6 of this Agreement shall constitute an affirmation by the Borrower that the representations and warranties made in this Section remain true and correct as of the date of such Advance Request.

4. **AFFIRMATIVE COVENANTS.** During the term of this Agreement, the Borrower shall do the following (unless the Borrower has otherwise obtained the prior written consent of the Administrative Agent not to do so):

4.1 **Accounting.** Maintain true and correct financial books and records on a GAAP basis and maintain adequate reserves for all contingencies.

4.2 **Expenses.** Pay to the Administrative Agent, the Co-Lender or their respective agents on demand each cost and reasonable expense, in excess of fees otherwise payable, incurred by the Administrative Agent, the Co-Lender or their respective agents in connection with the making, disbursement and administration of the Loan, the exercise of any of their respective rights or remedies under the Loan Documents, and any other matters related to the transactions contemplated hereby, including but not limited to charges and expenses of the Title Insurer relating to the examination of title, title insurance premiums, title continuation and other lien searches, settlement and escrow charges, recording charges, transfer; documentary, ad valorem and mortgage taxes, attorneys' fees and disbursements, and all other reasonable fees for services. The provisions of this paragraph shall survive the termination of this Agreement and the repayment of the Loan.

4.3 **Indemnification.** Defend, indemnify and hold harmless the Administrative Agent, the Co-Lender and their respective employees, agents, officers and directors from and against any claims arising out of, or in any way related to, any violations of any statute, regulation or other law, any judgment, order or award of any Governmental Authority or any deed restriction or any defective workmanship or materials in the construction of the Project. The provisions of this paragraph shall survive the termination of this Agreement and the repayment of the Loan.

4.4 **Change in Circumstance.** Promptly notify the Administrative Agent in writing of any material change in any fact or circumstance represented or warranted by the Borrower in this Agreement or in any other Loan Document.

4.5 **Publicity.** The Administrative Agent and the Co-Lender shall have the right to use the name of the Project and the Borrower in any publicity or advertising prepared by the Administrative Agent or the Co-Lender.

4.6 **Further Assurances.** Promptly upon request by the Administrative Agent; execute and deliver each writing, and take each other action, that the Administrative Agent shall reasonably deem necessary or desirable (i) to accomplish any purpose of this Agreement or (ii) in connection with any transaction contemplated by this Agreement.

4.7 **Guarantor Covenants.** During the term of this Agreement, the Guarantor shall be required to comply with the covenants set forth in Section 4.11 of the Building Loan Agreement.

4.8 **Compliance with Easements:** Comply in all respects with that certain Agreement and Declaration of Easements and Covenants dated as of January 5, 2010 (the "**Easement Agreement**") and such other easements affecting the Premises and the Project (collectively, the "**Project Easements**"). Borrower shall perform all obligations of the owner of the Premises under the Project Easements and shall not consent to the modification, amendment or termination of the Project Easements or divest the Project of any development rights that are necessary for the completion of the Project and the occupancy thereof without the prior consent of the Administrative Agent.

5. **NEGATIVE COVENANTS.** During the term of this Agreement, the Borrower shall not, without the prior written consent of the Administrative Agent, do, attempt to do, or agree or otherwise incur, assume or have any obligation to do, any of the following:

5.1 **Assignment.** Assign any Loan Document except as herein or therein provided.

5.2 **Priority.** Allow the Mortgage to cease being a valid fourth mortgage lien on the Premises or the Project.

6. **DISBURSEMENT MATTERS.**

6.1 **Conditions Precedent to the First Advance.** Provided that Borrower has satisfied all of the conditions set forth below, the obligation of the Administrative Agent under this Agreement to make the first Advance in the aggregate principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) is subject to the fulfillment of the following conditions to the reasonable satisfaction of the Administrative Agent or its agents, in their sole discretion:

6.1.1 The Borrower shall have executed and delivered (or shall have caused to be executed and delivered) to the Administrative Agent all of the Loan Documents;

6.1.2 The Borrower shall have delivered to the Administrative Agent the Title Insurance Policy insuring title to the Premises in accordance with the terms of the Mortgage and the Administrative Agent's interest therein as a valid and enforceable fourth mortgage lien, subject only to exceptions approved by the Administrative Agent and containing (A) full coverage against mechanics' liens, and (B) no survey exceptions except those theretofore approved by the Administrative Agent;

6.1.3 All representations and warranties contained in this Agreement or in any of the other Loan Documents shall be true, correct and complete in all material respects;

6.1.4 The Borrower shall have performed all terms and conditions of the Loan Documents required to be performed at that time;

6.1.5 The Borrower has not received and has no reason to believe that there is a cease and desist order from any Governmental Authority;

6.1.6 No event shall have occurred which constitutes or which, with the giving of notice or the lapse of time or both, would constitute an Event of Default;

6.1.7 The Borrower shall have delivered to the Administrative Agent each additional item required by any Loan Document or deemed reasonably necessary or advisable by the Administrative Agent.

6.1.8 If requested by the Administrative Agent or the Title Insurer; the Borrower shall have delivered to the Administrative Agent a print of an updated Survey dated or redated to such dates as the

Administrative Agent or the Title Insurer may from time to time reasonably require; and

6.1.9 No portion of the Premises shall have been damaged by fire or other casualty and not repaired to the condition immediately prior to such casualty, and no condemnation or taking of the Premises or any portion thereof shall be pending or threatened; and

6.1.10 BJS Wholesale Club, Inc. ("**BJS**") has taken possession under that certain Lease, dated March 12, 2009 (the "**BJ Lease**") by and between the Borrower and BJS and is operating at the demised premises consisting of at least 178,588 square feet and no event of default under the BJ Lease has occurred or, after notice or lapse of time will occur; and

6.1.11 The City of New York acting through the Department of Citywide Administrative Services ("**NYC**") has taken possession under that certain Agreement of Lease, dated as of November 5, 2009 (the "**NYC Lease**") by and between the Borrower and NYC and is operating at the demised premises consisting of at least 33,048 square feet and no event of default under the NYC Lease has occurred or, after notice or lapse of time will occur; and

6.1.12 Borrower shall have delivered new leases, if any, to the Administrative Agent for the remaining unleased space at the Premises acceptable to the Administrative Agent that shall be subordinated to the Mortgage and the Building Loan Mortgage and that shall be subject if such new lease is for space in excess of 5,000 square feet at the Premises to the following Minimum Leasing Criteria (the "**Minimum Leasing Criteria**"):

Minimum Leasing Criteria

- **Fixed Rent**: At least \$27.00 per rentable square foot (net of concessions), triple net.
- **Term**: Not less than five (5) years.
- **Tenant Improvement Allowance/Landlord Work**: Not more than \$70.00 per rentable square foot.
- **Early Cancellation Rights**: None during first five (5) years, thereafter at Borrower's discretion.

6.1.13 The Administrative Agent shall have received evidence that (1) the Borrower shall have achieved a minimum DSCR of 1.40:1 as verified by the Administrative Agent and (2) an MAI appraisal, ordered by Administrative Agent and paid for by Borrower, in form and substance satisfactory to the Administrative Agent in its sole discretion shows a maximum "As Is" loan to value (the "**LTV**" includes the Loan, the Third Mortgage Loan and the Construction Loan) of sixty-five (65%) percent. *This condition has been satisfied as of the date hereof.*

6.2 Conditions Precedent to the Second and Final Advance. The obligation of the Lending Group under this Agreement to make the second and final Advance is subject to the fulfillment of the following additional conditions to the reasonable satisfaction of the Administrative Agent or its agents, in their sole discretion:

6.2.1 All of the conditions precedent to the first Advance set forth in Section 6.1 of this Agreement shall have been satisfied as of the date the second and final Advance is requested;

6.2.2. The business and financial condition of the Borrower shall not have been materially adversely affected in any way; and

6.2.3 Petsmart, Inc. ("**Petsmart**") has taken possession under that certain Shopping Center Lease Agreement, dated February 23, 2011 (the "**Petsmart Lease**") by and between the Borrower and Petsmart of the demised premises consisting of at least 13,568 square feet and no event of default under the Petsmart Lease has occurred or, after notice or lapse of time will occur.

6.3 (a) Conditions Precedent to Conversion to the Permanent Loan. Provided that Borrower has satisfied all of the conditions set forth above in Section 6.1 together with all of the following conditions, the Loan shall convert to the Permanent Loan (the "**Conversion Option**") on the Conversion Date.

(i) Borrower shall have delivered written notice to the Administrative Agent (the "**Conversion Notice**") delivered not less than ninety (90) but not greater than one hundred eighty (180) days prior to the Maturity Date of Borrower's intention to exercise the Conversion Option;

(ii) Borrower shall have delivered to the Administrative Agent, together with the Conversion Notice, payment, in immediately available federal funds, of a conversion fee of one-half (1/2%) percent of the Loan Amount plus any additional principal amount committed to be loaned under the Permanent Loan;

(iii) No Event of Default under the Loan Documents has occurred or, after notice or lapse of time will occur and all representations and warranties contained in the Agreement, the Building Loan Agreement, the Third Mortgage Loan Agreement or in any of the other Loan Documents shall be true, correct and complete in all material respects;

(iv) The Borrower shall have executed and delivered (or shall have caused to be executed and delivered) to the Administrative Agent all of the documents necessary to modify and extend the Loan Documents, including an endorsement to Title Policy or new Title Policy, as needed;

(v) BJ'S and NYC are current tenants and in occupancy and operating at the demised premises consisting of at least 178,588 square feet and 33,048 square feet, respectively, each of BJ'S and NYC are paying rent and no default under either the BJ Lease or the NYC Lease has occurred;

(vi) The Borrower shall have delivered updated, fully executed tenant estoppel certificates for each tenant at the Premises, including BJ's and NYC, together with, unless previously obtained, fully executed subordination, non-disturbance and attornment agreements, if necessary; and

(vii) The Administrative Agent shall have received evidence that (1) the Borrower shall have achieved a minimum DSCR of 1.50:1 as verified by the Administrative Agent or the Borrower will pay a portion of the outstanding principal amount of the Loan so as to be able to achieve a minimum DSCR of 1.50:1 and (2) an MAI appraisal, ordered by Administrative Agent and paid for by Borrower, in form and substance satisfactory to the Administrative Agent in its sole discretion shows a maximum "As Is" LTV of sixty-five (65%) percent.

6.3 (b) If the Borrower has satisfied all of the requisite conditions as set forth in this Agreement, then on the Conversion Date,

(1) the Loan will convert to a mini-permanent commercial mortgage loan, with a three (3) year term ("**Permanent Maturity Date**"), amortized over a twenty-five (25) year period with level

principal and interest payments, calculated on the outstanding principal balance;

(2) the pricing parameters for the interest rate will be determined at least ninety (90) days prior to the Conversion Date at the Lending Group's sole discretion and will be calculated on the basis of a 360-day year, but shall be computed for the actual number of days in each period for which interest is charged; and

(3) during the term of the Permanent Loan, the Borrower shall, at all times, maintain a DSCR of 1.50:1, measured at any time at the sole discretion of the Administrative Agent. If such DSCR is not maintained, the Borrower shall be required to (a) deposit all income received from the Project after payment of all capital and operating expenses pursuant to a budget approved by the Lending Group, debt service on the Permanent Loan, taxes and insurance, with Administrative Agent in an escrow account (a "**Cash Management Period**") until such time that a DSCR of 1.50:1 has been achieved, or (b) reduce the outstanding principal amount of the Permanent Loan so that the Borrower can achieve a DSCR of 1.50:1. After a Cash Management Period, once the Borrower shall again achieve a DSCR of 1.50:1, the Administrative Agent shall return any funds held in such escrow account. If the DSCR falls below 1.20:1.0 coverage, the Borrower must repay a portion of the outstanding principal balance of the Permanent Loan to a level so that the Borrower will achieve a 1.50:1.0 coverage (the "**Paydown Amount**"). In lieu of repaying the Paydown Amount, Borrower will have the option of posting a letter of credit in the same amount as the Paydown Amount, for a maximum time of 365 days, in a form and from a lender approved by the Administrative Agent in its sole discretion. Such letter of credit may be drawn upon (1) at any time within thirty (30) days of its expiration date, and (2) if a DSCR of 1.50:1 has NOT been achieved within 365 days of the posting of the letter of credit.

6.3 (c) If the aforesaid Conditions Precedent to Conversion have not been satisfied on or before the Conversion Date, the Loan shall not be converted to the Permanent Loan pursuant to the terms hereof and the outstanding principal balance of the Loan, together with all accrued and unpaid interest thereon and all other amounts payable under the Loan Documents, shall immediately be due and payable on the Conversion Date, together with an "Exit Fee" equal to one-quarter of one percent (.25%) of the Loan as more fully set forth in the Note; provided, however, that such Exit Fee shall be waived if:

(1) the outstanding principal amount of the Loan is refinanced with the Lending Group; or

(2) Borrower elects to refinance the outstanding principal amount of the Loan with a qualified third-party lender, provided:

(i) Borrower has first provided the Administrative Agent and the Co-Lender with written notice that it has initiated discussions with a third-party lender; and

(ii) Borrower has provided the Administrative Agent and the Co-Lender with a copy of a bona fide proposal for financing from such third-party lender. Such proposal which shall be deemed to have been submitted to Lender no earlier than ten (10) Business Days after the date of such notice of discussion provided for in item (i) above; and

(iii) The Lending Group does not provide a refinancing proposal within twenty-one (21) Business Days of receipt of the third-party proposal that is substantially similar with respect to amount of loan proceeds, term, level of recourse, if any, interest rate and fees.

6.4 Procedures.

6.4.1 Subject to the conditions set forth in this Section 6, the Advance shall be made in reliance upon an Advance Request that the Administrative Agent in good faith believes to be valid and to have been made by

Borrower or on behalf of Borrower delivered not less than five (5) Business Days prior to the date of payment of such Advance. The Loan shall be made in a single Advance and no further Advances shall be made under this Loan Agreement even if the maximum principal amount is not fully advanced at the time of the Advance. **“Business Day”** shall mean any day of the year on which banking institutions in New York, New York are not authorized or required by law or other governmental action to close. All sums disbursed pursuant to any provision of this Agreement shall be deemed to be secured by the Mortgage;

6.4.2 The Administrative Agent shall have no obligation to make the Advance after the occurrence of any Event of Default.

6.5 Additional Security. As additional security for the Borrower’s obligations under this Agreement and the other Loan Documents, the Borrower irrevocably assigns to the Administrative Agent, and grants to the Administrative Agent a security interest in, all funds now or hereafter deposited by the Borrower with the Administrative Agent or its agents under this Agreement or any of the other Loan Documents. Upon the occurrence of an Event of Default, the Administrative Agent, in addition to any other rights and remedies it may have under the Loan Documents or at law or in equity, may apply any funds held by the Administrative Agent or its agents against any of the aforesaid obligations (whether or not the same be then due), in such order as the Administrative Agent may determine, and may use any of the other property referred to above for any purpose for which the Borrower could have used said property under this Agreement.

7. DEFAULTS AND REMEDIES.

7.1 **Events of Default.** The following shall be deemed to be Events of Default under this Agreement:

7.1.1 The Borrower shall fail to perform or comply with any covenant, term or condition of this Agreement where such failure is not otherwise referred to in Section 7 of this Agreement and such failure shall continue for more than thirty (30) days after written notice thereof by the Administrative Agent to the Borrower, provided that if Borrower cannot perform or comply within such thirty (30) day period and such failure is capable of performance or compliance by Borrower, then so long as Borrower has commenced to perform or comply and thereafter diligently and expeditiously proceeds to perform or comply, such thirty (30) day period shall be extended for such time as is reasonably necessary for Borrower to perform or comply;

7.1.2 Any representation or warranty of the Borrower in the Loan Documents shall have been untrue or incorrect when made, or shall become untrue or incorrect in any material respect;

7.1.3 Any Survey required by the Administrative Agent or the Title Insurer pursuant to this Agreement shall show any violation of any building set-back or other restriction or encroachment or other matter not approved by the Administrative Agent or the Title Insurer which is not removed or cured within thirty (30) days after written notice thereof by the Administrative Agent or the Title Insurer to the Borrower;

7.1.4 An Event of Default shall occur under the Building Loan Agreement, the Building Loan Mortgage, the Third Mortgage Loan Agreement or any other document executed in connection with the Construction Loan or the Third Mortgage Loan after applicable notice, grace and cure periods;

7.1.5 Any lien or encumbrance is entered against the Premises, which is not released, discharged, insured over or bonded within thirty (30) days after the date of filing thereof, except for taxes which are due but not yet payable or to the extent that any such lien is not material and is the subject of Borrower’s ongoing, good faith dispute, unless waived by the Administrative Agent.

7.1.6 Any person shall obtain an order or decree in any court of competent jurisdiction enjoining or prohibiting the Administrative Agent or the Borrower from carrying out the terms and conditions of any of the Loan Documents, and such proceedings are not discontinued or such decree is not vacated within

twenty (20) Business Days after the filing thereof;

7.1.7 An Event of Default shall occur under the Mortgage, or a default, together with the expiration of any applicable grace and cure period, shall occur under any of the other Loan Documents;

7.1.8 The Borrower shall, without the consent of the Administrative Agent; assign its rights under this Agreement, or its rights to receive disbursement of monies under this Agreement or any portion thereof or if the Borrower shall by operation of law or otherwise be deprived of its rights under this Agreement; and

7.1.9 The Guarantor fails to comply with the provisions of Section 4.11 of this Agreement.

7.2 **Remedies.** Upon the occurrence of any Event of Default, in addition to any other rights or remedies available at law or in equity; or under any of the Loan Documents, the Administrative Agent may exercise any or all of the following rights and remedies as it, in its sole discretion, deems necessary or desirable:

7.2.1 Terminate this Agreement and the Administrative Agent's obligations under this Agreement, including the obligation to make further Advances (including Advances requested prior to such termination but not actually made at the time such termination occurs).

8. SECONDARY MARKET; ASSIGNMENT; PARTICIPATION

8.1 Pursuant to the provisions of that certain Co-Lending and Servicing Agreement by and between the Administrative Agent and the Lending Group dated January 12, 2010, as amended by that certain First Amendment to Co-Lending and Servicing Agreement dated January 19, 2011, and as further amended by that certain Second Amendment to Co-Lending and Servicing Agreement dated as of the date hereof (as amended, the "**Co-Lending Agreement**") a member of the Lending Group may at any time grant to one or more parties (each a "**Participant**") participating interests in its Pro Rata Share (as hereinafter defined) of the Loan (the "**Participations**") and the Lending Group may syndicate the Loan ("**Syndication**").

8.2 A member of the Lending Group may at any time assign (x) to any Eligible Assignee (as defined in the Co-Lending Agreement) with the consent of Administrative Agent, which consent shall not be unreasonably withheld or delayed, (y) to any other party with the consent of Administrative Agent, which consent may be withheld by Administrative Agent in Administrative Agent's sole and absolute discretion (each such assignee set forth in (x) and (y) above, a "**Consented Assignee**"), or (z) without such consent, to one or more Eligible Assignees which are affiliates, subsidiaries or a parent of a member of the Lending Group (each Consented Assignee or subsidiary, affiliate or parent bank or institution, an "**Assignee**") all or a proportionate part of all of such member of the Lending Group's rights and obligations under this Agreement and the Note, and such Assignee shall assume rights and obligations, pursuant to an Assignment and Assumption Agreement substantially in the form annexed to the Co-Lending Agreement executed by such Assignee and the assigning member of the Lending Group (duplicate executed originals of which shall be delivered to Borrower to the extent available). Upon (i) execution and delivery of such instrument, (ii) payment by such Assignee to the assigning member of the Lending Group of an amount equal to the purchase price agreed between such member of the Lending Group and such Assignee and (iii) with respect to a Consented Assignee, payment by such Assignee to Administrative Agent of a fee, for Administrative Agent's own account, in the amount of \$3,500, such Assignee shall be a party to this Agreement and shall have all the rights and obligations of a member of the Lending Group as set forth in such Assignment and Assumption Agreement, and the assigning member of the Lending Group shall be released from such member of the Lending Group's obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Neither Borrower nor an affiliate of Borrower shall be Eligible Assignee.

8.3 Borrower, Administrative Agent and members of the Lending Group shall execute such modifications to the Loan Documents as shall, in the reasonable judgment of Administrative Agent, be

necessary or desirable in connection with assignments, participations or syndications in accordance with the foregoing provisions of this Section and which do not adversely affect Borrower or Guarantor or Borrower's or Guarantor's obligations or rights under the Loan Documents (other than to a *de minimis* extent).

8.4 Borrower recognizes that in connection with a member of the Lending Group's selling of Participations or making of assignments, any or all documentation, financial statements, appraisals and other data, or copies thereof, relevant to Borrower, Guarantor or the Loan may be exhibited to and retained by any such Participant or Assignee or prospective Participant or Assignee who signs and delivers a confidentiality agreement in the form executed by the initial members of the Lending Group, if any. Borrower hereby consents to the release of any and all Borrower and Guarantor information to such parties, and holds Administrative Agent and the Lending Group harmless from any and all liability due to the release of Borrower's and Guarantor's financial information by Administrative Agent or any member of the Lending Group to any such party.

8.5 Borrower agrees to reasonably cooperate with the Lending Group in connection with any sale or transfer of the Loan, Syndication or any Participation. At the request of the holder of the Note and, to the extent not already required to be provided by Borrower and Guarantor under this Agreement, Borrower shall take such reasonable actions for the benefit of, and use reasonable efforts to provide information not in the possession of, the holder of the Note in order to satisfy the market standards (which may include such holder's delivery of information with respect to Borrower, Guarantor and the Project to any Participant or Assignee or prospective Participant or Assignee who signs and delivers a confidentiality agreement in the form executed by the initial members of the Lending Group, if any) to which the holder of the Note customarily adheres or which may be reasonably required in the marketplace in connection with such sales or transfers, including, without limitation, to:

(i) provide (i) updated financial, budget and other information with respect to the Project, Borrower, Guarantor and affiliated entities and (ii) modifications and/or updates to the appraisals, market studies, environmental reviews and reports (Phase I reports and, if appropriate, Phase II reports) of the Project obtained in connection with the making of the Loan (all of the foregoing being referred to as the "**Provided Information**"), together, if customary, with appropriate verification and/or consents of the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Lending Group;

(i) make *de minimis* changes to the organizational documents of Borrower or its principals;

(i) upon reasonable prior notice, permit site inspections, appraisals, market studies and other due diligence investigations of the Project, as may be reasonably requested by the holder of the Note or as may be necessary in connection with the Participations or Syndications;

(i) make the representations and warranties with respect to the Project, Borrower, Guarantor, and the Loan Documents as such Persons have made in the Loan Documents and such other representations and warranties with respect to Borrower, Guarantor, and the Project, as may be reasonably requested by the holder of the Note;

(i) execute such amendments to the Loan Documents as may be requested by the holder of the Note including, without limitation, bifurcation of the Loan into two or more components and/or separate notes and/or creating a senior/subordinate note structure; provided, however, that Borrower and Guarantor shall not be required to modify or amend any Loan Document if such modification or amendment would (i) change the interest rate or the stated maturity set forth in the Note, except in connection with a bifurcation of the Loan which may result in varying fixed interest rates and amortization schedules, but which

shall have the same initial weighted average coupon of the original Note, or (ii) in the reasonable judgment of Borrower or Guarantor, modify or amend any other economic term of the Loan, or (iii) in the reasonable judgment of Borrower or Guarantor, increase Borrower's or Guarantor's obligations and liabilities, or reduce Borrower's or Guarantor's rights, under the Loan Documents, other than to a de minimis extent; and

(i) have reasonably appropriate personnel participate in a bank meeting and/or presentation for the Lending Group.

9. MISCELLANEOUS.

9.1 **Assignment by Administrative Agent.** If the Administrative Agent shall assign its rights in and to this Agreement to a successor, all provisions of this Agreement shall continue to apply to the disbursement of monies. Upon such assignment, the successor shall be deemed to have succeeded to all of the rights of the Administrative Agent under this Agreement and to have assumed all of the obligations of the Administrative Agent to disburse such monies in the manner and subject to the terms and conditions of this Agreement. Such assignment and assumption shall affect the release of the Administrative Agent from any further obligations under this Agreement.

9.2 **Notices.** Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to the Borrower or to the Administrative Agent, addressed as set forth below (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section 9.2). Such notice or demand shall be deemed sufficiently given for all purposes when delivered (i) by personal service and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) Business Days after deposit in an official depository maintained by the United States Post Office for the collection of mail or one (1) Business Day after delivery to a nationally recognized overnight courier service (*e.g.*, Federal Express) for priority next day delivery. Notice by e-mail is not valid notice under this or any other agreement between the Borrower and the Administrative Agent.

Administrative Agent: Manufacturers and Traders Trust Company
One Fountain Plaza
Buffalo, New York 14203
Attention: General Counsel

with a copy to: DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
1 North Lexington Avenue
White Plains, New York 10601
Attention: Ann Carlson, Esq.

and Manufacturers and Traders Trust Company
303 South Broadway, Suite 130
Tarrytown, New York 10592
Attention: John Stroligo, Vice President

If to Borrower: c/o Acadia Realty Trust
1311 Mamaroneck Avenue, Suite 260
White Plains, New York 10605
Attention: Robert Masters, Esq.

9.3 **Cumulative Nature; Nonexclusive Exercise; and Waivers of Rights and Remedies.** All

rights and remedies of the Administrative Agent pursuant to this Agreement and its other agreements with the Borrower shall be cumulative, and no such right or remedy shall be exclusive of any other such right or remedy. No single or partial exercise by the Administrative Agent of any right or remedy pursuant to this Agreement or otherwise shall preclude any other or further exercise thereof, or any exercise of any other such right or remedy, by the Administrative Agent. No course of dealing or other conduct heretofore pursued, accepted or acquiesced in, no course of performance or other conduct hereafter pursued, accepted or acquiesced in, no oral or written agreement or representation heretofore made, and no oral agreement or representation hereafter made, by the Administrative Agent, whether or not relied or acted upon, and no usage of trade, whether or not relied or acted upon, shall operate as a waiver of any right or remedy of the Administrative Agent pursuant to this Agreement or otherwise. No delay by the Administrative Agent in exercising any such right or remedy, whether or not relied or acted upon, shall operate as a waiver thereof or of any other such right or remedy. No notice or demand of any kind, and no attempted but unsuccessful notice or demand of any kind, by the Administrative Agent prior to exercising any such right or remedy on any one occasion, whether or not relied or acted upon, shall operate as a waiver of any right of the Administrative Agent to exercise the same or any other such right or remedy on such or any future occasion without any notice or demand of any kind. No waiver by the Administrative Agent of any such right or remedy, or modification of this Agreement, shall be effective unless made in a writing duly executed by the Administrative Agent and specifically referring to such waiver. No waiver by the Administrative Agent on any one occasion of any such right or remedy shall operate as a waiver thereof or of any other such right or remedy on any future occasion.

9.4 Entire Agreement; Modification; and Certain Consents and Waivers. This Agreement contains the entire agreement between the Borrower and the Administrative Agent with respect to the subject matter of this Agreement, and supersedes each course of dealing or other conduct heretofore pursued, accepted or acquiesced in, and each oral or written agreement and representation heretofore made, by the Administrative Agent with respect thereto, whether or not relied or acted upon. This Agreement shall not be amended except in writing, which writing is signed by both Borrower and Administrative Agent. Except as expressly provided in this Agreement, this Agreement shall not be modified or terminated, no indebtedness, liability or obligation of the Borrower pursuant to this Agreement, and no right or remedy of the Administrative Agent pursuant to this Agreement or otherwise, shall be impaired or otherwise affected, by any act, omission or other thing. The Borrower consents, without notice, to each act, omission and other thing that would or might, but for such consent, modify or terminate this Agreement or impair or otherwise affect any such indebtedness, liability, obligation, right or remedy created pursuant to this Agreement. The Borrower waives, without notice, each act and other thing upon which, but for such waiver, any indebtedness, liability or obligation of the Borrower pursuant to this Agreement or any right or remedy of the Administrative Agent pursuant to this Agreement or otherwise, would or might be conditioned.

9.5 Right of Setoff. If an Event of Default occurs, the Administrative Agent and its affiliates and the Co-Lender shall also have the right to setoff against the indebtedness any property held in a deposit or other account by the Administrative Agent and its affiliates and the Co-Lender or otherwise owing by the Administrative Agent or its affiliates or the Co-Lender including, in any capacity to the Borrower in any capacity whether or not the indebtedness or the obligation to pay such moneys owed by the Administrative Agent or its affiliates or the Co-Lender is then due, and the Administrative Agent and the Co-Lender shall be deemed to have exercised such right of setoff immediately at the time of such election.

9.6 IntraLinks. Borrower hereby acknowledges that (a) Administrative Agent will make available to the Lending Group all information provided by or on behalf of Borrower or Guarantor hereunder or under the other Loan Documents (collectively, "**Borrower Materials**") by posting the Borrower Materials on IntraLinks® or another similar electronic system (the "**Platform**") and (b) certain members of the Lending Group (each, a "**Public Lender**") may have personnel who do not wish to receive material non-public

information with respect to Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Person's securities. Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC", Borrower shall be deemed to have authorized Administrative Agent and the Lending Group to treat such Borrower Materials as either publicly available information or not containing any material non-public information (although it may be sensitive and proprietary) with respect to Borrower or its securities for purposes of United States Federal and state securities laws; (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (z) Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor". Notwithstanding the foregoing, Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC." Borrower agrees to pay or reimburse Administrative Agent upon demand for all reasonable fees, costs and expenses incurred in connection with any Platform.

9.7 Governing Law. This Agreement has been delivered to and accepted by the Administrative Agent and will be deemed to be made in the State of New York. This Agreement will be interpreted in accordance with the laws of the State of New York excluding its conflict of laws rules. **THE BORROWER AND ADMINISTRATIVE AGENT HEREBY IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF FEDERAL COURT IN THE STATE OF NEW YORK IN A COUNTY WHERE THE PROPERTY IS LOCATED AND THE STATE OF NEW YORK IN NEW YORK OR WESTCHESTER COUNTY AND CONSENTS THAT THE ADMINISTRATIVE AGENT MAY EFFECT ANY SERVICE OF PROCESS IN ANY MANNER LEGALLY PERMITTED BY THE COURT HAVING JURISDICTION OVER THE MATTER AT ISSUE AND AT THE BORROWER'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS AGREEMENT WILL PREVENT THE ADMINISTRATIVE AGENT FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST THE BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF THE BORROWER WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION.** The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Administrative Agent and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

9.8 Joint and Several. If there is more than one Borrower, each of them shall be jointly and severally liable for all amounts and obligations which become due or should be performed under this Agreement and the term "Borrower" shall include each as well as all of them.

9.9 General. This Agreement shall be binding upon the Borrower and upon each successor and assign of the Borrower; and shall inure to the benefit of, and be enforceable by, the Administrative Agent and each successor and assign of the Administrative Agent. This Agreement is a binding obligation enforceable against the Borrower and its heirs and legal representatives and its successors and assigns and shall inure to the benefit of the Administrative Agent and its successors and assigns. Any reference herein to "Administrative Agent" shall be deemed to include and apply to every subsequent holder of this Agreement and any reference herein to "Borrower" shall include; (i) any successor individual or individuals, association, partnership, limited liability company or corporation to which all or substantially all of the business or assets of the Borrower shall have been transferred; (ii) in the case of a partnership Borrower, any new partnership which shall have been created by reason of the admission of any new partner or partners therein, or by reason of the dissolution of the existing partnership by voluntary agreement or the death, resignation or other

withdrawal of any partner; and (iii) in the case of a corporate or limited liability company Borrower, any other entity into or with which the Borrower shall have been merged, consolidated, reorganized, or absorbed. Except as expressly provided in this Agreement, each right and remedy of the Administrative Agent pursuant to this Agreement, and each action of the Administrative Agent pursuant to the authorization and appointment as attorney-in-fact contained in this Agreement, may be exercised or taken (i) at any time and from time to time; (ii) at the sole option of the Administrative Agent or its agents; (iii) without any notice or demand of any kind; and (iv) whether or not any Event of Default has occurred or existed, but the Administrative Agent shall not be obligated to exercise any such right or remedy or to take any such action. Each request of the Administrative Agent pursuant to this Agreement may be made (i) at any time and from time to time; (ii) at the sole option of the Administrative Agent or its agents; and (iii) whether or not any Event of Default has occurred or existed. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If, however, any such provision shall be prohibited by or invalid under such law, it shall be deemed modified to conform to the minimum requirements of such law, or; if for any reason it is not deemed so modified, it shall be prohibited or invalid only to the extent of such prohibition or invalidity without the remainder thereof or any other such provision being prohibited or invalid. Any provision of this Agreement that prohibits the Borrower from taking any action shall be construed to prohibit the Borrower from taking such action directly or indirectly. Except as expressly provided in this Agreement, any reference in this Agreement to any statute, regulation or other law shall be deemed to be as of any time a reference to such statute, regulation or other law as in effect at such time or; if such statute, regulation or other law is not in effect at such time, a reference to any similar statute, regulation or other law in effect at such time. Unless the context otherwise clearly requires, references to plural includes the singular and references to the singular include the plural; the word "or" has the inclusive meaning represented by the phrase "and/or"; the word "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and captions or section headings are solely for convenience and not part of the substance of this Agreement. Any representation, warranty, covenant or agreement herein shall survive execution and delivery of this Agreement and shall be deemed continuous. Any reference to the Administrative Agent's agents shall include M&T Real Estate Trust. Without limiting the generality of any reference hereunder to an agent of the Administrative Agent, any right or remedy granted to the Administrative Agent under this Agreement, including the right to be reimbursed for expenses hereunder, shall inure to the benefit of and be enforceable by both the Administrative Agent and its agents.

9.10 WAIVER OF JURY TRIAL. THE BORROWER AND THE ADMINISTRATIVE AGENT HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY EACH WAIVE ANY RIGHT TO TRIAL BY JURY THEY MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS RELATED THERETO. THE BORROWER REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF THE ADMINISTRATIVE AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE ADMINISTRATIVE AGENT WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS RIGHT TO JURY TRIAL WAIVER. THE BORROWER ACKNOWLEDGES THAT THE ADMINISTRATIVE AGENT HAS BEEN INDUCED TO ACCEPT THIS AGREEMENT BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed the day and year first above written.

BORROWER:

Canarsie Plaza LLC

By: /s/ Robert Masters

Name: **Robert Masters**

Title: **Senior Vice President**

ADMINISTRATIVE AGENT:

MANUFACTURERS AND TRADERS TRUST COMPANY

By: /s/ John Stroligo

Name: **John Stroligo**

Title: **Vice President**

the Lending Group:

MANUFACTURERS AND TRADERS TRUST COMPANY

By: /s/ John Stroligo

Name: **John Stroligo**

Title: **Vice President**

Capital One, N.A.

By: /s/ Peter Welch

Name: **Peter Welch**

Title: **Senior Vice President**

ACKNOWLEDGMENTS

STATE OF NEW YORK)
 : ss.
COUNTY OF WESTCHESTER)

On the 24th day of August, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared Robert Masters personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Debra Leibler-Jones Debra Leibler-Jones
Notary Public No. 01LE6005994
Dutchess County
Comm. Exp. 04/20/2014

STATE OF NEW YORK)
 : ss.
COUNTY OF WESTCHESTER)

On the 24 day of August, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared **John Stroligo**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Bess G. Maffei Bess G. Maffei
Notary Public Notary Public, State of New York
No. 01MA4896315
Qualified in Putnam County
Comm. Exp. May 18, 2015

STATE OF NEW YORK)
 : ss.
COUNTY OF SUFFOLK)

On the 23rd day of August, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared **Peter Welch** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Michael McWhirter Michael McWhirter
Notary Public Notary Public, State of New York
No. 01MC5058011
Qualified in Suffolk County
Term Expires April 1, 2014

MORTGAGE
(Fourth Mortgage)

Date: August 24, 2011

Mortgagor: Canarsie Plaza LLC

(Organizational Structure): limited liability company

(State Law organized under): Delaware

(Organizational Identification Number): 4343270

(Address of chief executive office): c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605

Mortgagee: MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation having offices at One M&T Plaza, Buffalo, New York 14203, Attn: Office of General Counsel ("**M&T**"), as the administrative agent for itself and **Capital One, N.A.** (the "**Co-Lender**" and, referred to collectively with M&T as the "**Lending Group**") and the Lending Group (the "**Mortgagee**").

WITNESSETH, to secure the payment of an indebtedness in the principal sum of **up to Four Million Dollars (\$4,000,000.00)**, lawful money of the United States, together with interest thereon and other charges with respect thereto, to be paid according to certain bonds, notes or other obligations dated as of the date hereof, made and delivered by Mortgagor to Mortgagee (the "Note"), Mortgagor hereby mortgages to Mortgagee, as continuing and collateral security for the payment of any and all indebtedness, liabilities and obligations of Mortgagor to Mortgagee, now existing or which may hereafter arise pursuant to or in connection with (as further described below) the Note, this Mortgage (Fourth Mortgage) (this "Mortgage"), that certain loan agreement by and between Mortgagor and Mortgagee, dated as of the date hereof (the "Loan Agreement"), the Survey, the Title Insurance Policy, the Guarantees and all other instruments, certificates, legal opinions and documents executed and delivered by either or both of the Borrower or the Administrative Agent in connection with the Note (the "Loan Documents") or any amendments, renewals, extensions, modifications or substitutions of the Note or this Mortgage (collectively, the "Indebtedness"), the premises described on the attached Schedule A.

TOGETHER with all buildings, structures and other improvements now or hereafter erected, constructed or situated upon said premises, and all fixtures and equipment and other personal property now or hereafter affixed to, or used in connection with, said premises and any and all replacements thereof and additions thereto, all of which shall be deemed to be and remain and form a part of said premises and are covered by the lien of this Mortgage (said premises, buildings, structures, other improvements, fixtures and equipment and other personal property being collectively referred to as the "Premises"),

TOGETHER with all strips and gores of land adjoining or abutting the Premises,

TOGETHER with all right, title and interest of Mortgagor in and to all streets, alleys, highways, waterways and public places open or proposed in front of, running through or adjoining the Premises, and all easements and rights of way, public and private, now or hereafter used in connection with the Premises,

TOGETHER with all tenements, hereditaments and appurtenances and all the estate and rights of

Mortgagor in and to the Premises,

TOGETHER with all awards heretofore or hereafter made by any federal, state, county, municipal or other governmental authority, or by whomsoever made in any condemnation or eminent domain proceedings whatsoever, to the present or subsequent owners of the Premises or any portion thereof, for the acquisition for public purposes of the Premises or any portion thereof or any interest therein or any use thereof, or for consequential damages on account thereof, including any award for any change of grade of streets affecting the Premises or any portion thereof and any award for any damage to the Premises or any portion thereof or any interest therein or any use thereof.

Capitalized terms used herein but not otherwise defined herein shall have their respective meanings ascribed to them in the Loan Agreement.

MORTGAGOR COVENANTS WITH MORTGAGEE SO LONG AS THIS MORTGAGE IS IN EFFECT AS FOLLOWS:

1. **INDEBTEDNESS.** The Indebtedness shall be paid as provided in the Note and as provided herein. Additionally, Mortgagor acknowledges and agrees that any amounts now or hereafter due and owing from Mortgagor to Mortgagee arising from or in connection with any interest rate swap agreement, now existing or hereafter entered into between Mortgagor and Mortgagee, and any costs incurred by Mortgagee in connection therewith, including, without limitation, any interest, expenses, fees, penalties or other charges associated with any obligations undertaken by the Lending Group to hedge or offset the Lending Group's obligations pursuant to such swap agreement, or the termination of any such obligations, shall be (i) deemed additional interest and/or a related expense (to be determined in the sole discretion of Mortgagee) due in connection with the principal amount of the Indebtedness secured by this Mortgage, (ii) included (in the manner described above) as part of the Indebtedness secured by this Mortgage, and secured by this Mortgage to the full extent thereof, and (iii) included in any judgment in any proceeding instituted by Mortgagee or its agents against Mortgagor for foreclosure of this Mortgage or otherwise.

2. **INSURANCE.** (A) Mortgagor shall keep the Premises insured against each risk to which the Premises may from time to time be subject (including fire, vandalism and other risks covered by all risk insurance; if requested by Mortgagee, earthquake; if the Premises or any portion thereof are located in an area identified as an area having special flood hazards and in which flood insurance has been made available, flood; and loss of rents by reason of such risks) for the benefit of Mortgagee. Such insurance shall be provided in such amounts, for such periods, in such form, with such special endorsements, on such terms and by such companies and against such risks as shall be satisfactory to Mortgagee. Without limiting the generality of the preceding two sentences, each policy pursuant to which such insurance is provided shall contain a mortgagee clause, in form and substance satisfactory to Mortgagee, (a) naming Mortgagee as mortgagee and (b) providing that (i) all moneys payable pursuant to such insurance shall be payable to Mortgagee, (ii) such insurance shall not be affected by any act or neglect of Mortgagor or Mortgagee, any occupancy, operation or use of the Premises or any portion thereof for purposes more hazardous than permitted by the terms of such policy, any foreclosure or other proceeding or notice of sale relating to the Premises or any portion thereof or any change in the title to or ownership of the Premises or any portion thereof and (iii) such policy and such mortgagee clause may not be canceled or amended except upon thirty (30) days' prior written notice to Mortgagee. Mortgagor shall deliver evidence of property insurance to Mortgagee in form reasonably acceptable to Mortgagee, provided however that any blanket property insurance policy shall specifically allocate to the Premises the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate policy insuring only the Premises. The acceptance by Mortgagee of evidence of property insurance from Mortgagor shall not be deemed or construed as an approval by Mortgagee of the form, sufficiency or amount of such

insurance. Mortgagee does not in any way represent that such insurance, whether in scope or coverage or limits of coverage, is adequate or sufficient to protect the business or interest of Mortgagor. In the event of the foreclosure of this Mortgage, or a transfer of title to the Premises in extinguishment of the Indebtedness, all right, title and interest of Mortgagor in and to any such policies then in force shall pass to the purchaser or grantee of the Premises. All the provisions of this Section 2 and any other provisions of this Mortgage pertaining to insurance which may be required under this Mortgage shall be construed with Section 254, Subdivision 4 of the New York Real Property Law, but, said Section 254 to the contrary notwithstanding, Mortgagor consents that Mortgagee may, without qualification or limitation by virtue of said Section 254, retain and apply the proceeds of any such insurance in satisfaction or reduction of the Indebtedness, whether or not then due and payable, or it may pay the same, wholly or in part, to any Mortgagor for the repair or replacement of the Premises or for any other purpose satisfactory to Mortgagee, without affecting the lien of this Mortgage for the full amount of the Indebtedness before the making of such payment.

(B) Notwithstanding the provisions set forth above in Section 2(A), in the event that all or any part of the Premises is damaged by fire or other casualty, and Mortgagor promptly notifies Mortgagee of its desire to repair and restore the same, then, provided that the following terms and conditions are and remain fully satisfied by Mortgagor, Mortgagee shall have the right (but not the obligation) to make proof of loss for, settle and adjust any claim under, and receive the proceeds of, all insurance for loss of or damage to the Premises where the loss is estimated by Mortgagee to be One Million and 00/100 Dollars (\$1,000,000.00) or more. Mortgagee agrees to allow the insurance proceeds in an amount of up to One Million and 00/100 Dollars (\$1,000,000.00) to be disbursed to Mortgagor for repair and restoration of the Premises:

(i) no Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default under this Mortgage shall have occurred and be continuing;

(ii) Mortgagor shall have delivered evidence reasonably satisfactory to Mortgagee, in its sole reasonable discretion, that the Premises can be fully repaired and restored six (6) months prior to the maturity of the Note;

(iii) BJ'S Wholesale Club, Inc. ("BJ'S") has not cancelled that certain lease agreement with Mortgagor dated March 12, 2009 (the "BJ Lease") and The City of New York acting through the Department of Citywide Administrative Services ("NYC", collectively with BJ'S, the "Tenant") has not cancelled that certain lease agreement with Mortgagor dated November 5, 2009 (the "NYC Lease", collectively with the BJ Lease, the "Lease"), provided, however, that Mortgagor may contest any attempt by Tenant to cancel the Lease, however such proceeds shall not be disbursed to the Mortgagor until Mortgagee has received evidence that any such Lease has not been cancelled;

(iv) Mortgagor shall have deposited with Mortgagee for disbursement in connection with the restoration the greater of: (1) the applicable deductible under the insurance policies covering the loss; or (2) the amount by which the cost of restoration of the Premises to substantially the same value, condition and character as existed prior to such damage is reasonably estimated by Mortgagor, and approved by Mortgagee, in its reasonable judgment to exceed the net insurance proceeds available for restoration;

(v) Mortgagor has paid as and when due all of Mortgagee's direct, reasonable, out-of-pocket costs and expenses incurred in connection with the collection and disbursement of insurance proceeds, including without limitation, inspection, monitoring, engineering and legal fees. If not paid within ten (10) days of demand, and at Mortgagee's option, such costs may be deducted from the disbursements made by Mortgagee or added to the sums secured by this Mortgage in accordance with the provisions of Section 28 hereof; and

(vi) if the Tenant has commenced paying rent, Mortgagor shall have delivered evidence reasonably satisfactory to Mortgagee, in its sole reasonable discretion, that the portion of the Premises being renovated is covered by adequate business interruption insurance.

Mortgagee shall have the right to apply the proceeds toward reduction of the Indebtedness as provided by Section 2(A) above, provided however that, notwithstanding the provisions set forth above in Section 2(B), to the extent any provision of either of the BJ Lease or the NYC Lease shall conflict with the provisions of Section 2(B), then in such case the BJ Lease or the NYC Lease shall control.

3. ALTERATIONS, DEMOLITION OR REMOVAL. No building, structure, other improvement, fixture or equipment or other personal property constituting any portion of the Premises shall be removed, demolished or substantially altered without the prior written consent of Mortgagee except as more fully set forth the Loan Agreement .

4. WASTE AND CHANGE IN USE. No Mortgagor shall commit any waste on the Premises or make any change in the use of the Premises which may in any way increase any ordinary fire, environmental or other risk arising out of construction or operation.

5. MAINTENANCE AND REPAIRS. Mortgagee acknowledges that construction is ongoing. Subject to the aforesaid condition, Mortgagor shall keep and maintain all buildings, structures, other improvements, fixtures and equipment and other personal property constituting any portion of the Premises and the sidewalks and curbs abutting the Premises in good order and rentable and tenantable condition and state of repair. In the event that the Premises or any portion thereof shall be damaged or destroyed by fire or any other casualty, or in the event of the condemnation or taking of any portion of the Premises as a result of any exercise of the power of eminent domain, Mortgagor shall promptly restore, replace, rebuild or alter the same as nearly as possible to the condition immediately prior to such fire, other casualty, condemnation or taking without regard to the adequacy of any proceeds of any insurance or award received. Mortgagor shall give prompt written notice to Mortgagee of any such damage or destruction or of the commencement of any condemnation or eminent domain proceeding affecting the Premises or any portion thereof.

6. EXISTENCE AND AUTHORITY. Mortgagor represents and warrants, and continues to represent and warrant as long as this Mortgage is in effect, as follows: (a) it is duly organized, validly existing and in good standing under the laws of the State of Delaware and will do all things necessary to preserve and keep in full force and effect the existence, franchises, rights and privileges of Mortgagor as a limited liability company, under the laws of the State of Delaware; (b) Mortgagor has the full power and authority to grant the mortgage lien hereunder and to execute, deliver and perform its obligations in accordance with this Mortgage; (c) the execution and delivery of this Mortgage will not (i) violate any applicable law of any governmental authority or any judgment or order of any court, other governmental authority or arbitrator; (ii) violate any agreement to which Mortgagor is a party; or (iii) result in a lien or encumbrance on any of its assets (other than the mortgage lien hereunder); (d) Mortgagor's certificate of formation or other organizational or governing documents ("Governing Documents") do not prohibit any term or condition of this Mortgage; (d) each authorization, approval or consent from, each registration and filing with, each declaration and notice to, and each other act by or relating to, any party required as a condition of Mortgagor's execution, delivery or performance of this Mortgage (including any shareholder or board of directors or similar approvals) has been duly obtained and is in full force and effect and no other action is required under its Governing Documents or otherwise; and (e) Mortgagor has the power and authority to transact the business in which it is engaged and is duly licensed or qualified and in good standing in each jurisdiction in which the conduct of its business or ownership of property requires such licensing or such qualifications.

7. TAXES AND ASSESSMENTS. Unless paid from an escrow established pursuant to Section 8 of this Mortgage, Mortgagor shall pay all taxes, general and special assessments and other governmental impositions with respect to the Premises before the end of any applicable grace period. Upon request by Mortgagee, Mortgagor shall promptly deliver to Mortgagee receipted bills showing payment of all such taxes, assessments and impositions within the applicable grace period.

8. ESCROW FOR TAXES, ASSESSMENTS AND INSURANCE. Upon request by Mortgagee in the event insufficient funds remain in the budget for the construction of the Improvement to fund taxes and insurance, Mortgagor shall pay (a) monthly to Mortgagee on or before the first day of each and every calendar month, until the Indebtedness is fully paid, a sum equal to one-twelfth (1/12th) of the yearly taxes, general and special assessments, other governmental impositions and other liens and charges with respect to the Premises to be imposed for the ensuing year, as estimated by Mortgagee in good faith, and annual premiums for insurance on the Premises and (b) an initial payment such that, when such monthly payments are added thereto, the total of such payments will be sufficient to pay such taxes, assessments, impositions and other liens and charges and such insurance premiums on or before the date when they become due. Absent manifest error, Mortgagee's calculation as to the amount to be paid into Escrow shall be deemed conclusive. So long as no Event of Default (as hereinafter defined) shall have occurred or exists, Mortgagee shall hold such payments in trust in an account maintained with Mortgagee without obligation to pay interest thereon, except such interest as may be mandatory by any applicable statute, regulation or other law, to pay, to the extent funds are available, such taxes, assessments, impositions and other liens and charges and such insurance premiums within a reasonable time after they become due; provided, however, that upon the occurrence or existence of any Event of Default, Mortgagee may apply the balance of any such payments held to the Indebtedness. If the total of such payments made by any Mortgagor shall exceed the amount of such payments made by Mortgagee, such excess shall be held or credited by Mortgagee for the benefit of Mortgagor. If the total of such payments made by any Mortgagor shall be less than the amount of such taxes, assessments, impositions and other liens and charges and such insurance premiums, then Mortgagor shall pay to Mortgagee any amount necessary to make up the deficiency on or before the date when any such amount shall be due.

9. LEASES. Pursuant to Section 291-f of the New York Real Property Law, Mortgagor shall not (a) accept any prepayment of installments of rent to become due thereunder for more than one month in advance, without the prior written consent of Mortgagee or (b) modify or amend any existing leases, and will not make any rent concessions or other financial accommodations in favor of any tenant without the prior written consent of the Mortgagee. Further, all leases shall be subordinated to this Mortgage. In addition, any new lease for space in excess of 5,000 square feet at the Premises will be subject to the following Minimum Leasing Criteria:

Minimum Leasing Criteria

1. **Fixed Rent:** At least \$27.00 per rentable square foot (net of concessions), triple net.
2. **Term:** Not less than five (5) years.
3. **Tenant Improvement Allowance/Landlord Work:** Not more than \$70.00 per rentable square foot.
4. **Early Cancellation Rights:** None during first five (5) years, thereafter at Mortgagor's discretion.

Upon request by Mortgagee, Mortgagor shall promptly furnish to Mortgagee a written statement containing the names and mailing addresses of all lessees of the Premises or of any portion thereof, the terms of their respective leases, the space occupied and the rentals payable thereunder and copies of their respective leases and shall cooperate in effecting delivery of notice of this covenant to each affected lessee.

10. ASSIGNMENT OF LEASES AND RENTS. Mortgagor hereby assigns to Mortgagee all existing and future leases of the Premises or any portion thereof (including any amendments, renewals, extensions or modifications thereof) and the rents, issues and profits of the Premises ("Accounts"), as further security for the payment of the Indebtedness, and Mortgagor grants to Mortgagee the right to enter upon and to take possession of the Premises for the purpose of collecting the same and to let the Premises or any portion thereof, and after payment of each cost and expense (including each fee and disbursement of counsel to Mortgagee) incurred by Mortgagee in such entry and collection, to apply the remainder of the same to the Indebtedness, without affecting its right to maintain any action theretofore instituted, or to bring any action thereafter, to enforce the payment of the Indebtedness. In the event Mortgagee exercises such rights, it shall not thereby be deemed a mortgagee in possession, and it shall not in any way be made liable for any act or omission. No Mortgagor shall assign such leases, rents, issues or profits or any interest therein or grant any similar rights to any other person without Mortgagee's prior written consent. Mortgagee hereby waives the right to enter upon and to take possession of the Premises for the purpose of collecting said rents, issues and profits, and Mortgagor shall be entitled to collect the same, until the occurrence or existence of any Event of Default, but such right of Mortgagor may be revoked by Mortgagee upon the occurrence or existence of any Event of Default. Upon the occurrence or existence of any Event of Default, Mortgagor shall pay monthly in advance to Mortgagee, or to any receiver appointed to collect said rents, issues and profits, a fair and reasonable monthly rental value for the use and occupation of the Premises, and upon default in any such payment shall vacate and surrender the possession of the Premises to Mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings pursuant to Article 7 of the New York Real Property Actions and Proceedings Law. The rights and remedies under this section and any separately recorded assignment of rents and/or leases in favor of Mortgagee shall be cumulative. In the event of any irreconcilable inconsistencies between such agreements and this section, the separately recorded assignment of rents and/or leases shall control.

11. SECURITY AGREEMENT. This Mortgage constitutes a security agreement under the New York Uniform Commercial Code in effect in the State of New York, as amended from time to time (the "UCC"), and Mortgagor hereby grants to Mortgagee, to secure the Indebtedness, a continuing security interest in all personal property of Mortgagor used in connection with any portion of, or otherwise constituting a portion of, the Premises, including, without limitation, fixtures, goods that are or are to become fixtures, as-extracted items and timber to be cut, as such terms and categories may be defined or described in the UCC, as applicable, whether now existing or owned or hereafter arising or acquired, and in all proceeds, products, rents, issues, profits and accounts arising therefrom. Mortgagee shall have the right to file in any public office, without the signature of Mortgagor, any financing statement relating to such items of collateral. Mortgagee shall have each applicable right and remedy of a secured party under the UCC and each applicable right and remedy pursuant to any other law or pursuant to this Mortgage.

12. NO TRANSFER. Mortgagor shall not, without Mortgagee's and the Lending Group's prior written consent, sell, convey or transfer the Premises or any portion thereof or any interest therein or contract to do so. Any change in the direct or indirect membership interest of Acadia-P/A Canarsie, LLC as the managing member and owner of 80% of the Mortgagor, whether by operation of law or otherwise, after which the percentage of such membership interest owned by any such managing member has decreased by at least twenty percent (20%) than it was on the date of this Mortgage shall be deemed a sale, conveyance or transfer of the Premises within the meaning of this Section 12. All transfers, including Permitted Transfers (as defined herein), must comply with the Patriot Act. Subject to the foregoing, the following transfers shall be permitted (the "Permitted Transfers") by the Lending Group: (i) the sale, transfer, or issuance of stock in Acadia Realty Trust, in the ordinary course of business, provided such stock is listed on the NYSE or other nationally recognized stock exchange and/or (ii) any transfer that does not result in a Change of Control (as defined

below). "Change of Control" means any transaction, transfer, admission, redemption, withdrawal, change in organizational documents or structure, or otherwise, whether directly or indirectly, as a result of which any person other than Acadia Realty Trust and/or Acadia Strategic Opportunity Fund II, LLC (the "Guarantor") directly or indirectly controls Mortgagor.

13. NO SECONDARY FINANCING OR OTHER LIENS. Except for that certain Mortgage made by Mortgagor in favor of Mortgagee in the principal sum of \$48,000,000.00, dated January 12, 2010 as supplemented by that certain Supplemental Building Loan Mortgage made by Mortgagor in favor of Mortgagee in the principal sum of \$3,000,000.00 dated as of January 19, 2011 (the "Building Loan Mortgage") and that certain Mortgage made by Mortgagor in favor of Mortgagee in the principal sum of \$7,000,000.00, dated January 19, 2011 (the "Third Mortgage"), Mortgagor shall not, without Mortgagee's prior written consent, mortgage, pledge, assign, grant a security interest in or cause any other lien or encumbrance to be made or permit any other lien or encumbrance to exist upon the Premises or any portion thereof except for (a) taxes and assessments not yet delinquent and (b) any mortgage, pledge, security interest, assignment or other lien or encumbrance to Mortgagee or any affiliate of Mortgagee (an "Affiliate").

14. COMPLIANCE WITH LAWS. Mortgagor represents and warrants to Mortgagee, and continues to represent and warrant as long as this Mortgage is in effect, as follows: (a) the buildings, structures and other improvements now constituting any portion of the Premises are in full compliance with all applicable statutes, regulations and other laws (including all applicable zoning, building, fire and health codes and ordinances and the Americans With Disabilities Act of 1990) and all applicable deed restrictions, if any, and is not and shall not be used for any illegal purpose; (b) such compliance is based solely upon Mortgagor's ownership of the Premises and not upon title to or interest in any other property. Mortgagor shall comply with or cause compliance with all statutes, regulations and other laws (including all applicable zoning, building, fire and health codes and ordinances and the Americans With Disabilities Acts of 1990), all other requirements of all governmental authorities whatsoever having jurisdiction over or with respect to the Premises or any portion thereof or the use or occupation thereof and with all applicable deed restrictions, if any; provided, however, that Mortgagor may postpone such compliance if and so long as the validity or legality of any such requirement or restriction shall be contested by such Mortgagor, with diligence and in good faith, by appropriate legal proceedings and Mortgagee is satisfied that such non-compliance will not impair or adversely affect the value of its security.

15. WARRANTY OF TITLE; TITLE INSURANCE. Mortgagor represents and warrants to Mortgagee, and continues to represent and warrant as long as this Mortgage is in effect, that Mortgagor holds good and marketable title in fee simple absolute to the Premises. Upon request by Mortgagee, Mortgagor shall furnish to Mortgagee at Mortgagor's own cost and expense a title insurance policy in the then amount of the Indebtedness, (a) naming Mortgagee as mortgagee, (b) covering the lien on the Premises granted pursuant to this Mortgage, (c) containing no exception not approved by Mortgagee, (d) issued by a title insurance company qualified to do business in the State of New York and satisfactory to Mortgagee and (e) otherwise in form and substance satisfactory to Mortgagee.

16. CERTAIN RIGHTS AND OBLIGATIONS.

(a) Mortgagee may take such action as Mortgagee deems appropriate to protect the Premises or the status or priority of the lien of this Mortgage, including: entry upon the Premises to protect the Premises from deterioration or damage, or to cause the Premises to be put in compliance with any governmental, insurance rating or contract requirements; payment of amounts due on liens having priority over this Mortgage; payment of any tax or charge for purposes of assuring the priority or enforceability of this Mortgage; obtaining insurance on the Premises (including flood insurance); or commencement or defense of any legal action or proceeding to assess or protect the validity or priority of the lien of this Mortgage. On demand,

Mortgagor shall reimburse Mortgagee for all expenses in taking any such action, with interest, and the amount thereof shall be secured by this Mortgage and shall, to the extent permitted by law, be in addition to the maximum amount of the Indebtedness evidenced by the Note.

(b) Mortgagor authorizes Mortgagee, without notice, demand or any reservation of rights and without affecting this Mortgage, from time to time: (i) to accept from any person or entity and hold additional collateral for the payment of the Indebtedness or any part thereof, and to exchange, enforce or refrain from enforcing, or release such collateral or any part thereof; (ii) to accept and hold any endorsement or guaranty of payment of the Indebtedness or any part thereof, and to release or substitute any such obligation of any Guarantor or any person or entity who has given any collateral as security for the payment of the Indebtedness or any part thereof, or any other person or entity in any way obligated to pay the Indebtedness or any part thereof, and to enforce or refrain from enforcing, or compromise or modify, the terms of any obligation of any such Guarantor, person or entity; (iii) upon the occurrence of an Event of Default, to direct the order or manner of the disposition of any and all collateral and the enforcement of any and all endorsements and guaranties relating to the Indebtedness or any part thereof as Mortgagee, in its sole discretion, may determine; and (iv) upon the occurrence of an Event of Default to determine the manner, amount and time of application of payments and credits, if any, to be made on all or any part of any component or components of the Indebtedness (whether principal, interest, costs and expenses, or otherwise) including if the amount of the Indebtedness secured by this Mortgage is less than the total amount of the obligations under the Note or that certain Continuing Guaranty of the Guarantor, dated January 12, 2010 as amended and restated by that certain Amended and Restated Continuing Guaranty dated as of January 19, 2011 and as further amended and restated by that certain Amended and Restated Continuing Guaranty dated as of the date hereof (collectively, the "Guaranty"), to make any such application to such obligations, if any, in excess of the amount of the Indebtedness secured by this Mortgage.

(c) Notwithstanding the occurrence of an Event of Default, this Mortgage shall remain valid, binding and enforceable: (i) without deduction by reason of any setoff, defense or counterclaim of Mortgagor or Guarantor, (ii) without requiring protest or notice of nonpayment or notice of default to Mortgagor or to Guarantor, or to any other person; (iii) without demand for payment or proof of such demand; (iv) without requiring Mortgagee to resort first to Mortgagor or to any other guaranty or any collateral which Mortgagee may hold; (v) without requiring notice of acceptance hereof or assent hereto by Mortgagee; and (vi) without requiring notice that any indebtedness has been incurred or of the reliance by Mortgagee upon this Mortgage; all of which Mortgagor hereby waives.

(d) The enforceability of this Mortgage shall not be affected by: (i) any failure to perfect or continue the perfection of any security interest in or other lien on any other collateral securing payment of the Indebtedness; (ii) the invalidity, unenforceability, or loss or change in priority of any such security interest or other lien; (iii) any failure to protect, preserve or insure any such collateral; (iv) any defense arising by reason of the cessation from any cause whatsoever of liability of any Guarantor; (v) any compromise of any obligation of Mortgagor or any Guarantor; (vi) the invalidity or unenforceability of any of the Indebtedness; or (vii) any renewal, extension, acceleration, or other change in the time for payment of, or the terms of the interest on the Indebtedness or any part thereof; all of which Mortgagor hereby waives.

(e) If Mortgagee shall receive from or on behalf of Mortgagor any sum less than the full amount then due and payable, Mortgagee may, but shall not be obligated to, accept the same and, if it elects to accept any such payment, it may without waiving any Event of Default: (i) apply such payment on account of the Indebtedness or any amount payable hereunder, or (ii) hold same or any part thereof, without liability for interest, in a special account and from time to time apply same or any part thereof as specified in subsection (i) of this subsection.

17. LIEN LAW COVENANT. Mortgagor shall receive the advances secured by this Mortgage and shall hold the right to receive such advances as a trust fund in accordance with the provisions of Section 13 of the New York Lien Law.

18. APPLICATION OF AND INTEREST ON CONDEMNATION AWARD. (A) Mortgagor consents that Mortgagee may retain and apply the proceeds of any award by a condemning authority in satisfaction or reduction of the Indebtedness, whether or not then due and payable, or it may pay the same, wholly or in part, to Mortgagor for the restoration or alteration of the Premises or for any other purpose satisfactory to Mortgagee, without affecting the lien of this Mortgage for the full amount of the Indebtedness before the making of such payment. In the event of the condemnation or taking by eminent domain of the Premises or any portion thereof, Mortgagee shall not be limited to the interest paid on the award by the condemning authority, but shall be entitled to receive out of the award interest on the Indebtedness in accordance with its terms.

(B) Notwithstanding the foregoing provisions set forth above in Section 18(A), and provided that the following terms and conditions are and remain fully satisfied by Mortgagor, Mortgagee agrees to allow the proceeds of a condemnation award in an amount of up to One Million and 00/100 Dollars (\$1,000,000.00) to be applied to restoration of the Premises, if necessary in Mortgagee's sole discretion:

(i) no Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default under this Mortgage shall have occurred and be continuing;

(ii) Mortgagor shall have delivered evidence reasonably satisfactory to Mortgagee, in its sole discretion, that the Premises can be fully restored six (6) months prior to the maturity of the Note;

(iii) Tenant has not cancelled the Lease;

(iv) Mortgagor shall have deposited with Mortgagee for disbursement in connection with the restoration the greater of: (1) the applicable deductible under the insurance policies covering the loss; or (2) the amount by which the cost of restoration of the Premises to substantially the same value, condition and character as existed prior to such damage is estimated by Mortgagee to exceed the net insurance proceeds available for restoration; and

(v) Mortgagor has paid as and when due all of Mortgagee's direct, reasonable, out-of-pocket costs and expenses incurred in connection with the collection and disbursement of insurance proceeds, including without limitation, inspection, monitoring, engineering and reasonable legal fees. If not paid within ten (10) days of demand, and at Mortgagee's option, such costs may be deducted from the disbursements made by Mortgagee or added to the sums secured by this Mortgage in accordance with the provisions of Section 28 hereof ; and

(vi) Mortgagor shall have delivered evidence reasonably satisfactory to Mortgagee, in its sole reasonable discretion, that the portion of the Premises being restored is covered by adequate business interruption insurance.

19. APPOINTMENT OF RECEIVER. In addition to any other remedy, upon the occurrence of any Event of Default, Mortgagee, in any action to foreclose this Mortgage, shall be entitled, without notice or demand and without regard to the adequacy of any security for the Indebtedness or the solvency or insolvency of any person liable for the payment thereof, to the appointment of a receiver of the rents, issues and profits of the Premises.

20. SALE IN ONE OR MORE PARCELS. In case of a foreclosure sale, the Premises may be sold in one or more parcels, any provision of any statute, regulation or other law to the contrary notwithstanding.

21. ESTOPPEL STATEMENT. Upon request by Mortgagee, Mortgagor shall furnish to Mortgagee within five (5) business days if such request is made in person or within ten (10) business days if such request is otherwise made a written statement duly acknowledged of the amount of the Indebtedness and whether any offsets or defenses exist against the Indebtedness. Upon request by Mortgagor, but not more frequently than twice in any given calendar year, Mortgagee shall furnish to Mortgagor within five (5) business days if such request is made in person or within ten (10) business days if such request is otherwise made a written statement duly acknowledged of the amount of the Indebtedness.

22. RIGHT TO INSPECT AND EXAMINE. Upon request by Mortgagee, Mortgagor shall immediately permit Mortgagee and each officer, employee, accountant, attorney and other agent of Mortgagee to enter and inspect the Premises and to examine, audit, copy and extract each record of any Mortgagor relating to the Premises or any portion thereof.

23. FINANCIAL STATEMENTS. Mortgagor shall furnish to Mortgagee the following financial information, in each instance prepared in accordance with generally accepted accounting principles consistently applied and otherwise in form and substance satisfactory to Mortgagee and certified to be true and complete in all material respects by an authorized officer of Mortgagor:

(a) Fiscal Year End Financial Statements.

(1) As soon as available, but in any event within one hundred twenty (120) days of the fiscal year end, Mortgagor shall cause the Guarantor to deliver to Mortgagee, annual accountant audited financial statements for Guarantor.

(2) As soon as available, but in any event within one hundred twenty (120) days of the fiscal year end, Mortgagor shall deliver to Mortgagee, annual internally prepared financial statements for Mortgagor and a certification by an officer of Mortgagor that all covenants as required are in compliance and have been checked, and that no violations or defaults have occurred and if so, an explanation of the steps taken to correct such violations and/or cure such default, and in the event that the Mortgagor has elected the option to modify the Note to a mini-permanent mortgage loan then the Mortgagor shall furnish financial statements which shall contain all rental and other income and the detailed operating expenses for the Premises, including a rent roll, together with (i) an annual compliance certificate with a calculation of financial covenants signed by an authorized officer of Mortgagor; and (ii) a certification by an officer of Mortgagor that all covenants as required are in compliance and have been checked, and that no violations or defaults have occurred and if so, an explanation of the steps taken to correct such violations and/or cure such default.

(b) Tax Returns. (i) Mortgagor shall deliver to Mortgagee, no later than April 16th of each year or, if extended, within thirty (30) days after same are filed, complete copies of federal tax returns together with all schedules and addenda thereto, as applicable, each of which shall be signed and certified by Mortgagor to be true and complete copies of such returns; and (ii) Mortgagor shall cause Guarantor to deliver to Mortgagee, no later than April 16th of each year or, if extended, within thirty (30) days after same are filed, complete copies of federal tax returns of Guarantor together with all schedules and addenda thereto, as applicable, each of which shall be signed and certified by Guarantor to be true and complete copies of such returns.

(c) Other Information. Mortgagor shall deliver to Mortgagee within fifteen (15) days of the Mortgagee's request therefor, a rent roll and such other financial information with respect to the Mortgagor in such detail as the Mortgagee may reasonably require.

24. AUTHORIZATION AND POWER OF ATTORNEY. Mortgagee is irrevocably and unconditionally authorized to take, and Mortgagor irrevocably and unconditionally appoints Mortgagee as the attorney-in-fact of such Mortgagor, with full power of substitution and of revocation, to take, in the name of such Mortgagor or otherwise at the sole option of Mortgagee, each action relating to the Premises or any portion thereof that, subject to this Mortgage, such Mortgagor could take in the same manner, to the same extent and with the same effect as if such Mortgagor were to take such action; provided, however, that Mortgagee shall not have the right, pursuant to such authorization or as such attorney-in-fact, to sell or otherwise dispose of the Premises or any portion thereof. Such power of attorney is coupled with an interest in favor of Mortgagee, and shall not be terminated or otherwise affected by the death, disability or incompetence of any Mortgagor.

25. FURTHER ASSURANCES. Promptly upon request by Mortgagee, Mortgagor shall execute and deliver each writing, and take each other action, that Mortgagee shall deem necessary or desirable at the sole option of Mortgagee (a) to perfect or accomplish any lien or security interest granted, or assignment made, pursuant to this Mortgage; (b) otherwise to accomplish any purpose of this Mortgage; (c) in connection with any transaction contemplated by this Mortgage; or (d) in connection with the Premises or any portion thereof.

26. ENVIRONMENTAL REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION. Mortgagor represents and warrants, and continues to represent and warrant as long as this Mortgage is in effect to the best of its knowledge, to Mortgagee that except as otherwise disclosed in that certain Business/Lender Phase I Environmental Site Assessment Report dated October 9, 2009 (a) Mortgagor and the Premises are in compliance with each statute, regulation or other law and each judgment, order or award of any court, agency or other governmental authority or of any arbitrator (individually an "Environmental Requirement") relating to the protection of any water, water vapor, land surface or subsurface, air, fish, wildlife, biota or other natural resources or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of any chemical, natural or synthetic substance, waste, pollutant or contaminant (collectively "Regulated Materials"), (b) Mortgagor has not been charged with, or has received any notice that such Mortgagor is under investigation for, the failure to comply with any Environmental Requirement, nor has Mortgagor received any notice that Mortgagor has or may have any liability or responsibility under any Environmental Requirement with respect to the Premises or otherwise, (c) the Premises have never been used for (i) the storage, treatment, generation, transportation, processing, handling, production or disposal of Regulated Materials, except as permitted by law, (ii) a landfill or other waste disposal site or (iii) military purposes, (d) no underground storage tanks are located on the Premises, (e) the environmental media at the Premises do not contain Regulated Materials beyond any legally permitted level, (f) there has never been any release, threatened release, migration or uncontrolled presence of any Regulated Materials on, at or from the Premises or, to the knowledge of Mortgagor, within the immediate vicinity of the Premises and (g) Mortgagor has not received any notice of any such release, threatened release, migration or uncontrolled presence. Mortgagor shall not cause or permit the Premises to be used in any way that would result in any of the representations and warranties contained in the preceding sentence to be false or misleading at any future time. To the extent any such representation or warranty at any time is or becomes false or misleading, Mortgagor shall promptly notify Mortgagee thereof. If at any time Mortgagor obtains any evidence or information which suggests that potential environmental problems may exist on, at or about the Premises, Mortgagee may request Mortgagor, at Mortgagor's own cost and expense, to conduct and complete investigations, studies, sampling and testing with respect to the

Premises requested by Mortgagee. Mortgagor shall promptly furnish to Mortgagee copies of all such investigations, studies, samplings and tests. Mortgagor shall (a) conduct and complete all such investigations, studies, samplings and testing, and all remedial, removal and other actions necessary with respect to the Premises, in accordance with all applicable Environmental Requirements and promptly furnish to Mortgagee copies of all documents generated in connection therewith and (b) defend, reimburse, indemnify and hold harmless Mortgagee, its employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, the violation of, or other liability or responsibility under, any Environmental Requirements, or the release, threatened release, migration or uncontrolled presence of any Regulated Materials on, at or from the Premises including attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses. In the event this Mortgage is foreclosed, or Mortgagor tenders a deed in lieu of foreclosure which Mortgagee agrees to accept, Mortgagor shall be responsible to deliver the Premises to Mortgagee free of any and all Regulated Materials other than any that are (a) normally used in Mortgagor's business and (b) located and maintained thereon in compliance with all applicable Environmental Requirements and in a condition that conforms with all applicable Environmental Requirements. The provisions of this Section 26 shall be in addition to any and all other obligations and liabilities Mortgagor may have to Mortgagee at common law or any other agreement with Mortgagee, and shall survive the transactions contemplated in this Mortgage and the termination of this Mortgage.

27. EVENTS OF DEFAULT.

(a) Any of the following events or conditions shall constitute an "Event of Default":

(i) failure by Mortgagor to pay when due (whether at the stated maturity, by acceleration, upon demand or otherwise) the Indebtedness, or any part thereof, or there occurs any event or condition which after notice, lapse of time or after both notice and lapse of time will permit acceleration of the Indebtedness or the Indebtedness as set forth under the Building Loan Mortgage, the Third Mortgage or this Mortgage;

(ii) default by Mortgagor in the performance of any obligation, term or condition of this Mortgage, the Building Loan Mortgage, the Third Mortgage or any other agreement with Mortgagee or any of its Affiliates where such default is not otherwise referred to in this Mortgage, the Building Loan Mortgage, the Third Mortgage or other agreement with Mortgagee or any of its Affiliates and same is not cured, if capable of being cured, within thirty (30) days after notice, provided that if Mortgagor cannot perform or comply within such thirty (30) day period and such failure is capable of performance or compliance by Mortgagor, then so long as Mortgagor has commenced to perform or comply and thereafter diligently and expeditiously proceeds to perform or comply, such thirty (30) day period shall be extended for such time as is reasonably necessary for Mortgagor to perform or comply;

(iii) failure by Mortgagor to pay when due (whether at the stated maturity, by acceleration, upon demand or otherwise) any material indebtedness or obligation owing to any third party or any Affiliate, the occurrence of any event which could result in acceleration of payment of any such material indebtedness or obligation or the failure to perform any agreement with any third party or any Affiliate;

(iv) Mortgagor is dissolved, becomes insolvent, generally fails to pay or admits in writing its inability generally to pay its debts as they become due;

(v) failure to pay, withhold or collect any tax as required by law;

(vi) Mortgagor makes a general assignment, arrangement or composition agreement with or for the benefit of its creditors or makes, or sends notice of any intended, bulk sale; the sale, assignment, transfer or delivery of all or substantially all of the assets of Mortgagor to a third party; or the cessation by Mortgagor as a going business concern;

(vii) Mortgagor files a petition in bankruptcy or institutes any action under federal or state law for the relief of debtors or seeks or consents to the appointment of an administrator, receiver, custodian or similar official for the wind up of its business (or has such a petition or action filed against it and such petition action or appointment is not dismissed or stayed within sixty (60) days);

(viii) the reorganization, merger, consolidation or dissolution of Mortgagor (or the making of any agreement therefor);

(ix) the entry of any judgment in excess of \$500,000, or order of any court, other governmental authority or arbitrator against Mortgagor;

(x) falsity, omission or inaccuracy of facts submitted to Mortgagee or any Affiliate (whether in a financial statement or otherwise);

(xi) any pension plan of Mortgagor fails to comply with applicable law or has vested unfunded liabilities that, in the opinion of Mortgagee, might have a material adverse effect on Mortgagor's ability to repay its debts;

(xii) any indication or evidence received by Mortgagee that Mortgagor may have directly or indirectly been engaged in any type of activity which, in Mortgagee's reasonable discretion, might result in the forfeiture of the Premises to any governmental authority, including the material breach or default under any covenants, restrictions or other agreements recorded of record against the Premises;

(xiii) the occurrence of any event described in Section 27.1(i) through and including 27.1(xii) with respect to any Guarantor;

(xiv) Mortgagee in good faith believes that the prospect of payment of all or any part of the Indebtedness or performance of Mortgagor's obligations under this Mortgage or any other agreement now or hereafter in effect between Mortgagor or Guarantor and Mortgagee or its Affiliates is impaired; or

(xvi) the occurrence of an Event of Default under any of the Loan Documents, the Loan Agreement, the Building Loan Mortgage or the Third Mortgage.

(b) Mortgagee, at its sole election, may declare all or any part of any Indebtedness not payable on demand to be immediately due and payable without demand or notice of any kind upon the happening of any Event of Default. All or any part of any Indebtedness not payable on demand shall be automatically and immediately due and payable, without demand or notice of any kind, upon the commencement of Mortgagor's or Debtor's bankruptcy if voluntary and upon the lapse of sixty (60) days without dismissal if involuntary, unless an order for relief is entered sooner. The provisions of this paragraph are not intended in any way to affect any rights of Mortgagee with respect to any Indebtedness which may now or hereafter be payable on demand.

(c) Upon the happening of an Event of Default, whether or not foreclosure proceedings have been instituted, Mortgagor shall, upon demand, surrender possession of the Premises to Mortgagee. If Mortgagor remains in possession of the Premises after the happening of an Event of Default and demand by Mortgagee,

the possession shall be as tenant of Mortgagee and Mortgagor agrees to pay in advance upon demand to Mortgagee a reasonable monthly rental for the Premises or portion so occupied. Mortgagee may dispossess, by summary proceedings or otherwise, any tenant of Mortgagor defaulting in the payment of rent. If a receiver is appointed, this covenant shall inure to the benefit of such receiver. Notwithstanding any provision of law to the contrary, Mortgagee may, at its option, foreclose this Mortgage subject to the rights of tenants of the Premises which are subordinate to the lien of this Mortgage.

(d) If the Indebtedness, as evidenced by a single note or other written instrument shall exceed the amount secured by this Mortgage, or as evidenced by a combination of same that singularly or in part collectively may be less than said secured amount but combined exceed said secured amount, Mortgagee, in any foreclosure hereof, shall have the right to sue and collect the excess in the same action as commenced for the foreclosure hereof, and recover a money judgment for said excess with all the rights attendant thereto, including the issuance of an execution to the Sheriff for collection thereof, and Mortgagor hereby waives any defense based upon a claim that in doing so, Mortgagee is splitting its cause of action if it seeks to foreclose this Mortgage for part of the indebtedness and recover at law for another part.

(e) Upon the happening of an Event of Default, Mortgagee may pursue, take or refrain from pursuing any remedy for collection of the Indebtedness, including foreclosure of this Mortgage.

(f) Mortgagee may, either with or without entry or taking possession of the Premises as provided in this Mortgage or otherwise, personally or by its agents or attorneys, and without prejudice to the right to bring an action of foreclosure of this Mortgage: (A) sell the Premises or any part thereof pursuant to any procedures provided by applicable law allowing non-judicial foreclosure of Mortgage by sale, and all estate, right, title, interest, claim and demand therein, and right of redemption thereof, at one or more sales as an entity or in parcels, and at such time and place upon such terms and after such notice thereof as may be required or permitted by applicable law or (B) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, or in aid of the execution of any power granted in this Mortgage, or for any foreclosure under this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee may elect. Any reference in this Mortgage to an action or right of Mortgagee in regard to or in connection with a "foreclosure proceeding" shall be deemed to include a sale and/or proceeding under this subsection, including a non-judicial foreclosure of mortgage by sale.

28. EXPENSES. Mortgagor shall pay to Mortgagee and the Co-Lender on demand all reasonable costs and expenses (including reasonable attorneys' fees and disbursements whether for internal or outside counsel) incurred by Mortgagee and the Co-Lender in connection with the Indebtedness or the Mortgage including costs of collection, of preserving or exercising any right or remedy of Mortgagee under this Mortgage or any related security agreement or guaranty, of workout or bankruptcy proceedings by or against Mortgagor, of defending against any claim asserted as a direct or indirect result of the Indebtedness or of performing any obligation of any Mortgagor pursuant to this Mortgage or otherwise (including payment of any amount any Mortgagor is obligated to pay pursuant to this Mortgage and performance of any obligation of Mortgagor pursuant to this Mortgage). Mortgagor agrees to defend and indemnify Mortgagee and the Co-Lender from any and all third party claims arising from Mortgagor's duties as owner and/or occupant of the Premises, and further agrees to pay, upon demand, any expense that Mortgagee and the Co-Lender may incur (including reasonable attorneys' fees and disbursements whether for internal or outside counsel) due to Mortgagor's failure to provide appropriate defense and indemnification to Mortgagee and the Co-Lender in a timely manner. Mortgagee and the Co-Lender reserves the right to have Mortgagor pay, upon demand, administrative fee(s) in regard to any administrative action Mortgagee and the Co-Lender is required or requested to take including the preparation of discharges, releases or assignments to third parties. Costs and expenses shall accrue interest at the Default Rate from the date of

Mortgagee in writing if there is any material adverse change in any of the information or financial statements supplied to Mortgagee to induce Mortgagee to extend credit to Mortgagor or if such information or financial statement is required under this Mortgage or any other document executed in connection therewith.

32. COVENANTS SHALL RUN WITH THE LAND. The covenants contained in this Mortgage shall run with the land and bind Mortgagor, each heir, legal representative, successor and assign of Mortgagor and each subsequent owner, encumbrancer, tenant and subtenant of the Premises or any portion thereof, and shall inure to the benefit of, and be enforceable by, Mortgagee and each successor and assign of Mortgagee.

33. NONWAIVER BY MORTGAGEE. All rights and remedies of Mortgagee under this Mortgage and its other agreements with Mortgagor are cumulative, and no right or remedy shall be exclusive of any other right or remedy. No single, partial or delayed exercise by Mortgagee or its agents of any right or remedy shall preclude full and timely exercise by Mortgagee or its agents at any time of any right or remedy of Mortgagee without notice or demand, at Mortgagee's sole option. No course of dealing or other conduct, no oral agreement or representation made by Mortgagee or its agents or usage of trade shall operate as a waiver of any right or remedy of Mortgagee. No waiver of any right or remedy of Mortgagee hereunder shall be effective unless made specifically in writing by Mortgagee. No notice or demand on Mortgagor or Guarantor in any case shall entitle Mortgagor or Guarantor to any other or further notice in similar or other circumstances.

34. RIGHT OF SETOFF. If an Event of Default occurs, Mortgagee, the Co-Lender and their respective Affiliates shall also have the right to setoff against the indebtedness any property held in a deposit or other account or otherwise owing by Mortgagee, the Co-Lender or their respective Affiliates including, in any capacity to any Mortgagor or Guarantor in any capacity whether or not the Indebtedness or the obligation to pay such moneys owed by Mortgagee and the Co-Lender is then due, and Mortgagee and the Co-Lender shall be deemed to have exercised such right of setoff immediately at the time of such election.

35. TERM; SURVIVAL. The term of this Mortgage and Mortgagor's obligations hereunder shall continue until the Indebtedness has been fully paid to Mortgagee's satisfaction. Mortgagor's obligation to pay the costs and expenses hereunder shall survive the term of this Mortgage and the entry of any judgment of foreclosure. Mortgagor's representations, warranties, covenants and agreements shall survive during the term of this Mortgage and shall be presumed to have been relied upon by Mortgagee. If after receipt of any payment of all or any part of the Indebtedness, Mortgagee is for any reason compelled to surrender such payment to any person or entity because such payment is determined to be void or avoidable as a preference, impermissible set-off, or a diversion of trust funds, or for any other reason, this Mortgage shall continue in full force notwithstanding any contrary action which may have been taken by Mortgagee in reliance upon such payment, and any such contrary action so taken shall be without prejudice to Mortgagee's rights under this Mortgage and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

36. MISCELLANEOUS. This Mortgage is absolute and unconditional. This Mortgage and all documents, including the Note, any Guaranty and any other document required to be executed by Mortgagor or Guarantor in connection with the transaction contemplated hereby constitute the entire agreement and understanding between the parties hereto with respect to such transaction and supersedes all prior negotiations, courses of dealing, understandings, and agreements between such parties with respect to such transactions. This Mortgage is a binding obligation enforceable against Mortgagor and its heirs and legal representatives and its successors and assigns and shall inure to the benefit of Mortgagee and its successors and assigns. Any reference herein to "Mortgagee" shall be deemed to include and apply to every subsequent holder of this Mortgage and any reference herein to "Mortgagor", or "Guarantor" shall include; (i) any

successor individual or individuals, association, partnership, limited liability company or corporation to which all or substantially all of the business or assets of Mortgagor or Guarantor, as the case may be, shall have been transferred; (ii) in the case of a partnership Mortgagor or Guarantor (as the case may be) any new partnership which shall have been created by reason of the admission of any new partner or partners therein, or by reason of the dissolution of the existing partnership by voluntary agreement or the death, resignation or other withdrawal of any partner; and (iii) in the case of a corporate or limited liability company, Mortgagor or Guarantor (as the case may be) any other entity into or with which Mortgagor or Guarantor (as the case may be) shall have been merged, consolidated, reorganized, or absorbed. It is the intent of Mortgagor and Mortgagee that the provisions of this Mortgage, other than those included in the New York statutory form of mortgage, shall be construed as affording to Mortgagee rights additional to, and not exclusive of, the rights conferred under the provisions contained in such statutory form. Unless the context otherwise clearly requires, references to plural includes the singular and references to the singular include the plural; the word "or" has the inclusive meaning represented by the phrase "and/or"; the word "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and captions or section headings are solely for convenience and not part of the substance of this Mortgage. Any representation, warranty, covenant or agreement herein shall survive execution and delivery of this Mortgage and shall be deemed continuous. Each provision of this Mortgage shall be interpreted as consistent with existing law and shall be deemed amended to the extent necessary to comply with any conflicting law. If any provision nevertheless is held invalid, the other provisions shall remain in effect. Mortgagor agrees that in any legal proceeding, a photocopy of this Mortgage kept in Mortgagee's course of business may be admitted into evidence as an original.

37. JOINT AND SEVERAL. If there is more than one Mortgagor, each of them shall be jointly and severally liable for all amounts and obligations which become due or should be performed under this Mortgage and the term "Mortgagor" shall include each as well as all of them.

38. GOVERNING LAW; JURISDICTION. This Mortgage has been delivered to and accepted by Mortgagee and will be deemed to be made in the State of New York. This Mortgage will be interpreted in accordance with the laws of the State of New York excluding its conflict of laws rules. **MORTGAGOR AND MORTGAGEE HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN NEW YORK STATE IN NEW YORK OR WESTCHESTER COUNTY AND CONSENTS THAT MORTGAGEE MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT MORTGAGOR'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS MORTGAGE WILL PREVENT MORTGAGEE FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST MORTGAGOR INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF MORTGAGOR WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION.** Mortgagor acknowledges and agrees that the venue provided above is the most convenient forum for both Mortgagee and Mortgagor. Mortgagor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Mortgage.

39. WAIVER OF JURY TRIAL. MORTGAGOR AND MORTGAGEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY EACH WAIVE ANY RIGHT TO TRIAL BY JURY THEY MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS MORTGAGE OR THE TRANSACTIONS RELATED THERETO. MORTGAGOR REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF MORTGAGEE HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT MORTGAGEE WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS

RIGHT TO JURY TRIAL WAIVER. MORTGAGOR ACKNOWLEDGES THAT MORTGAGEE HAS BEEN INDUCED TO ACCEPT THIS MORTGAGE BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.

40. Recourse Liability. No past, present or future member, or any past, present or future shareholder, partner, member, officer, employee, servant, executive, director, agent, authorized representative or affiliate of Borrower or any member of Borrower, (each such Person, an “**Exculpated Party**”) shall be personally liable for payments due hereunder or under any other Loan Document or for the performance of any obligation, or breach of any representation or warranty made by Borrower hereunder or thereunder. The sole recourse of the Administrative Agent and the Lending Group for satisfaction of the obligations of Borrower hereunder and under any other Loan Document shall be against Borrower and its assets and not against any assets or property of any such Exculpated Party other than the direct or indirect ownership interest of such Exculpated Party in Borrower. In the event that an Event of Default occurs in connection with such obligations, no action shall be brought against any such Exculpated Party by virtue of its direct or indirect ownership interest in Borrower. In the event of foreclosure or other sale or disposition of the Premises, no judgment for any deficiency upon the obligations hereunder or under any other Loan Document shall be obtainable by the Administrative Agent or the Lending Group against any such Exculpated Party. Notwithstanding the foregoing, nothing in this Section 40 shall affect or diminish the obligations of Borrower or Guarantor under or in respect of each Loan Document to which it is a party, including the Guarantees (including the right to name any Guarantor in any foreclosure action in connection with its obligations under the Guarantees). Notwithstanding the foregoing provisions of this Section 40, each Exculpated Party shall be personally (and on a full recourse basis) liable for and shall indemnify and defend Administrative Agent and the Lending Group from and against, and shall hold Administrative Agent and the Lending Group harmless of, from and against any deficiency, liability, loss, damage, costs, and expenses (including legal fees and disbursements) suffered by Administrative Agent and/or the Lending Group and caused by, or arising out of or as a result of any of the following: (i) such Person’s commission of a criminal act, (ii) such Person’s failure to comply with the provisions of the Loan Documents prohibiting a transfer or Change of Control; (iii) such Person’s misappropriation of any cash flow or other revenue derived from or in respect of the Project, including security deposits, insurance proceeds, condemnation awards, or any rental, sales or other income derived directly or indirectly from the Project, or the misapplication of any of the foregoing sums, in either event, in contravention of any provision of this Mortgage or the other Loan Documents; (iv) such Person’s fraud or misrepresentation or inaccurate certification made at any time in connection with the Loan Documents or the Indebtedness; (v) such Person’s intentional interference with Administrative Agent’s (or the Lending Groups’) exercise of its rights under any of the Loan Documents; (vi) such Person’s intentional destruction or removal of fixtures or personal property securing the Obligations unless replaced by items of equal value and utility; (vii) such Person’s misapplication or misappropriation of funds disbursed from the Project Fund; (viii) such Person’s commissions of intentional waste to or of the Project or any portion thereof or failure to maintain the Project and the Premises in the manner required by the Loan Documents; (ix) failure to maintain the insurance coverage required by the Loan Documents; (x) failure to pay taxes, assessments and any other charges, including, without limitation, charges for labor or materials, which could result in prior liens against any portion of the Project; (xi) willful misconduct; (xii) Borrower files a voluntary petition under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xiii) such Person files or joins in the filing of, or solicits or acts in concert with, or colludes or conspires with petitioning creditors with respect to, an involuntary petition against Borrower under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xiv) Borrower files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xv) such Person consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner

for Borrower or any portion of the Project; or (xvi) Borrower makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due.

41. ASSIGNMENT. Upon the request of Mortgagor, Mortgagee shall assign its rights under this Mortgage in the event of a refinance of the Premises provided the debt is repaid in full in connection therewith and such assignment is made without recourse and without representation or warranty and further provided that Mortgagee hereby agrees to pay to Mortgagor an assignment fee of \$5,000.00 (the "Assignment Fee") and to pay the reasonable fees of Mortgagee's counsel to prepare such assignment, notwithstanding the foregoing, this Assignment Fee shall be in addition to not substitution for any Exit Fee that may or may not be due in accordance with the terms and conditions of the Loan Documents.

42. MAXIMUM AMOUNT OF INDEBTEDNESS. Notwithstanding anything to the contrary in his Mortgage, the maximum aggregate principal amount of indebtedness that is, or under any contingency may be, secured by this Mortgage (including Mortgagor 's obligation to reimburse advances made by Mortgagee), either at execution or any time thereafter is \$4,000,000.00 (the "Secured Amount"), plus all interest, amounts that Mortgagee has advanced to Mortgagor in accordance with the Loan Documents and that Mortgagee expends after a declaration of default under the Mortgage to the extent that any such amounts shall constitute payment of (i) taxes, charges or assessments that may be imposed by law upon the Premises; (ii) premiums on insurance policies covering the Premises; (iii) expenses incurred in upholding the lien of this Mortgage, including the expenses of any litigation to prosecute or defend the rights and lien created by this Mortgage; or, (iv) any amount, cost or charge to which Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, in each such event, such amounts or costs, together with interest thereon, shall be added to the indebtedness secured hereby and shall be secured by this Mortgage.

IN WITNESS WHEREOF, this Mortgage has been duly executed by Mortgagor the day and year first above written.

Canarsie Plaza LLC

By: /s/ Robert Masters
Robert Masters
Senior Vice President

ACKNOWLEDGMENT

STATE OF NEW YORK)

: ss.

COUNTY OF WESTCHESTER)

On the 18th day of August, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared **Robert Masters**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

/s/ Debra Leibler-Jones

Debra Leibler-Jones
State of New York
No. 01LE6005994
Qualified in Dutchess County
Comm. Exp. 04/20/2014

MORTGAGE NOTE
New York

August 24, 2011 \$1,916,800.00

BORROWER (Name): Canarsie Plaza LLC

(Organizational Structure): limited liability company

(State Law organized under): Delaware

(Address of chief executive office): c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605

LENDER: MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation with its banking offices at One M&T Plaza, Buffalo, New York 14203 Attn: Office of the General Counsel ("**M&T**") individually as a lender and as the administrative agent for itself and **Capital One, N.A.**, as a lender (the "**Co-Lender**" and, referred to collectively with M&T as the "**Lending Group**") and the Lending Group (the "**Lender**").

Definitions. The following terms shall have the indicated meanings in this Note, capitalized terms used herein but not otherwise defined herein shall have their respective meanings ascribed to them in the Loan Agreement:

1. "Building Loan Agreement" shall mean the building loan agreement between Borrower and the Lender dated January 12, 2010, as supplemented by the supplemental building loan agreement, dated as of January 19, 2011 and as the same may be further supplemented, amended, modified or replaced from time to time in connection with the construction and mortgage financing of real property described in the Mortgage.
2. "Escrow" shall mean any escrow requirement under the Mortgage or the Loan Agreement for the payment of taxes and/or other charges.
3. "First Payment Date" shall mean the first day of September, 2011.
4. "Loan Agreement" shall mean the loan agreement between Borrower and the Lender dated the date hereof in connection with the mortgage financing of real property described in the Mortgage, as the same may be amended, modified or replaced from time to time.
5. "Loan Documents" shall mean this Note, the Loan Agreement, the Building Loan Agreement, the Third Mortgage Loan Agreement, the Mortgage, the Survey, the Title Insurance Policy, the Guarantees and all other instruments, certificates, legal opinions and documents executed and delivered by either or both of the Borrower or the Lender in connection with this Note, the Loan Agreement or the Building Loan Agreement.
6. "Maturity Date" is the earlier of (i) January 12, 2012; or (ii) any earlier date on which this Note is required to be paid in full, by acceleration or otherwise, under the Loan Agreement or any of the other Loan Documents.
7. "Mortgage" shall mean the fourth mortgage dated on or about the date of this Note executed by Borrower, as the same may be amended, modified or replaced from time to time, securing obligations arising pursuant to or in connection with this Note.
8. "Principal Sum" shall mean One Million Nine Hundred Sixteen Thousand Eight Hundred Dollars (\$1,916,800.00).
9. "Third Mortgage Loan Agreement" shall mean the loan agreement between Borrower and the Lender dated January 19, 2011 in connection with the mortgage financing of real property described in that certain mortgage (third mortgage), as the same may be amended, modified or replaced from time to time.

Promise to Pay. For value received, and intending to be legally bound, the undersigned Borrower promises to pay to the order of Co-Lender at Capital One, N.A., Commercial Real Estate, 275, Broadhollow Road, P.O. Box 8914, Melville, NY 11747, Attention: Peter A. Welch, Senior Vice President in lawful money of the United States and in immediately available funds, the Principal Sum or so much thereof as may be

advanced, plus interest on the unpaid portion of the Principal Sum, all amounts, if any, required for the Escrow, and all Expenses (defined below).

Interest. The unpaid Principal Sum advanced to Borrower under this Note shall accrue interest each day from and including the date proceeds of this Note are advanced to, but not including, the date all amounts hereunder are paid in full, at a variable per annum rate that shall be equal to the LIBOR Rate, as defined in the Rider, **provided, however that**, at any time from the date that is forty-five (45) days before the Maturity Date until the Maturity Date, the Borrower may select the Base Rate, as defined in the Rider, by notifying Lender in writing of its selection, **provided, further that**, the Borrower may not choose the LIBOR Rate if any loan at the LIBOR Rate would extend beyond the Maturity Date. **The definition of LIBOR, LIBOR Rate, adjustments to the LIBOR Rate and other provisions relative thereto are contained on the Rider attached hereto and made a part of this Note.**

Interest will be calculated on the basis of a 360-day year consisting of twelve (12) months with the actual number of days of each month (28, 29, 30 or 31).

Maximum Legal Rate. It is the intent of the Lender and Borrower that in no event shall such interest be payable at a rate in excess of the maximum rate permitted by applicable law (the "Maximum Legal Rate"). Solely to the extent necessary to prevent interest under this Note from exceeding the Maximum Legal Rate, Borrower agrees that any amount that would be treated as excessive under a final judicial interpretation of applicable law shall be deemed to have been a mistake and automatically canceled and if received by the Lender shall be refunded to Borrower, without interest.

Default Rate. Upon an Event of Default under any of the Loan Documents or immediately after maturity (whether due to the Maturity Date, by acceleration or otherwise) and continuing through a foreclosure sale, if any, until such time as title is transferred pursuant to such foreclosure sale, the interest rate on the unpaid Principal Sum shall be increased to **a rate per annum of twenty-four percent (24%)** (the "Default Rate"). Any judgment entered hereon or otherwise in connection with any suit to collect amounts due hereunder shall bear interest at such Default Rate. No failure to impose or delay in imposing the Default Rate shall be construed as a waiver by the Lender of its right to collect, and Borrower's obligation to pay, interest at the Default Rate effective as of the date of maturity (whether due to the Maturity Date, by acceleration or otherwise).

Repayment of Principal and Interest. Borrower shall pay the Principal Sum and interest owing pursuant to this Note to the Lender as follows:

- (i) Borrower shall pay accrued interest to Lender on the First Payment Date and on the first Business Day of each month thereafter to, but not including, the Maturity Date; and
- (ii) On the Maturity Date, Borrower shall pay the outstanding Principal Sum and all accrued and unpaid interest, premiums, Expenses and all other amounts owing pursuant to this Note and the Loan Documents and remaining unpaid.

Late Charge. If Borrower fails to pay, within five (5) days of its due date, any amount due and owing pursuant to this Note or the Loan Documents, including, without limitation, any Escrow payment due and owing, Borrower shall immediately pay to the Lender a late charge equal to five percent (5%) of the delinquent amount (the "Late Fee"); provided, however, if Borrower has timely satisfied all conditions for an interest advance under the Loan Documents and there is sufficient availability under the construction budget and under the Loan to make a requested interest advance and Lender fails to make such an advance for any reason not within the control of Borrower, then a Late Fee shall not accrue with respect to such Interest payment.

Application of Payments. Payments may be applied in any order at the sole discretion of the Lender, but prior to an Event of Default or Maturity Date, each payment pursuant to this Note shall be applied first to accrued and unpaid interest, next to principal due, next to the Escrow, next to late charges, and finally to Expenses, notwithstanding the foregoing in the sole discretion of the Lending Group, any partial payments may be applied to the payment of the Loan and/or the Mortgage Loan as such terms are defined in the Building Loan Agreement.

Prepayment. Except to the extent provided in the paragraph entitled "Exit Fee" otherwise provided herein, Borrower shall have the option of paying the Principal Sum to the Lender in advance of the Maturity Date, in whole or in part, at any time and from time to time upon written notice received by the Lender at least thirty (30) days prior to making such payment; provided, however, that together with such prepayment, Borrower shall pay to the Lender the Breakage Fee set forth on the Rider, attached to and made a part of this Note by reference. Upon making any prepayment of the Principal Sum in whole, Borrower shall pay to the Lender all interest and Expenses owing pursuant to this Note or the Loan Documents and remaining unpaid. Any partial payment of the Principal Sum shall be applied in inverse order of maturity. In the event the Maturity Date of this Note is accelerated following an Event of Default, any tender of payment of the amount necessary to satisfy the entire indebtedness made after such Event of Default shall be expressly deemed a voluntary prepayment. In such a case, to the extent permitted by law, the Lender shall be entitled to the amount necessary to satisfy the entire indebtedness, plus the Breakage Fee.

Exit Fee. Borrower shall pay to the Lender, at the time of repayment of the Principal Sum, whether at the Maturity Date or otherwise, an "Exit Fee" equal to one-quarter of one percent (.25%) of the Principal Sum repaid; provided, however, that such Exit Fee shall be waived if:

(a) the Principal Sum is refinanced with the Lending Group; or

(b) Borrower elects to refinance the Principal Sum with a qualified third-party lender, provided:

(i) Borrower has first provided the Lending Group with written notice that it has initiated discussions with a third-party lender; and

(ii) Borrower has provided Lending Group with a copy of a bona fide proposal for financing from such third-party lender. Such proposal shall be deemed to have been submitted to the Lending Group no earlier than ten (10) Business Days after the date of such notice provided for in item (i) above; and

(iii) The Lending Group does not provide a refinancing proposal within twenty-one (21) Business Days of receipt of the third-party proposal that is substantially similar with respect to amount of loan proceeds, term, level of recourse, if any, interest rate and fees.

Borrower acknowledges and agrees that any breach of its obligations hereunder shall constitute an Event of Default under this Note.

Business Purpose. This Note is being given by Borrower to the Lender in connection with the construction and mortgage financing of real property described in Mortgage and Borrower represents and warrants that the indebtedness evidenced by this Note is for a business purpose.

Events of Default; Acceleration. This Note is issued pursuant to the Loan Agreement and is secured by the Mortgage, and the Lender is entitled to the benefits thereof. Any Event of Default (as defined in the Mortgage, the Loan Agreement or the Building Loan Agreement) is an "Event of Default" under this Note, including, without limitation, Borrower's breach of any obligations hereunder. The maturity of this Note

shall be accelerated and all amounts under this Note shall become immediately due and payable without any notice, demand, presentment or protest of any kind (each of which is waived by Borrower) (a) automatically, if Borrower or Mortgagor commences any bankruptcy or insolvency proceeding, if voluntary, or upon the lapse of sixty (60) days without dismissal thereof, if involuntary; (b) at the sole option of the Lender, upon or at any time or from time to time after the existence of an Event of Default; and (c) upon the Maturity Date. After maturity (whether due to the Maturity Date, by acceleration or otherwise), interest on the outstanding Principal Sum shall accrue at the Default Rate and the Lender's acceptance of any partial payment of the outstanding Principal Sum and/or payment of accrued interest shall not affect that all amounts under this Note are due and payable in full.

Expenses. Borrower shall pay to the Lender and to Co-Lender on demand each reasonable cost and expense (including, but not limited to, the reasonable fees and disbursements of counsel to the Lender and to Co-Lender, whether internal or external and whether retained for advice, for litigation or for any other purpose) incurred by the Lender, the Co-Lender or their respective agents either directly or indirectly in connection with this Note including, without limitation, endeavoring to (1) collect any amount owing pursuant to this Note or negotiate or document a workout or restructuring; (2) enforce or realize upon any guaranty, endorsement or other assurance, any collateral or other security, or any subordination, directly or indirectly securing or otherwise directly or indirectly applicable in any such amount; or (3) preserve or exercise any right or remedy of the Lender and the Co-Lender pursuant to this Note (the "Expenses").

Right of Setoff. The Lender and the Co-Lender shall have the right to set off against the amounts owing under this Note any property held in a deposit or other account with the Lender or the Co-Lender or otherwise owing by the Lender or the Co-Lender in any capacity to Borrower or any endorser of this Note. Such set-off shall be deemed to have been exercised immediately at the time the Lender, the Co-Lender or such affiliate elects to do so.

Miscellaneous. This Note and any other document required to be executed by Borrower or any guarantor or other party in connection with the transaction contemplated hereby constitute the entire agreement and understanding between the parties hereto with respect to such transaction and supersedes all prior negotiations, courses of dealing, understandings, and agreements between such parties with respect to such transactions. All rights and remedies of the Lender under applicable law, the Mortgage, the Loan Agreement, this Note or any document in connection with the transaction contemplated hereby or amendment thereof are cumulative and not exclusive. No single, partial or delayed exercise by the Lender of any right or remedy shall preclude the subsequent exercise by the Lender at any time of any right or remedy of the Lender without notice. No waiver or amendment of any provision of this Note shall be effective unless made specifically in writing by the Lender. No course of dealing or other conduct, no oral agreement or representation made by the Lender, and no usage of trade, shall operate as a waiver of any right or remedy of the Lender. Borrower agrees that in any legal proceeding, a copy of this Note kept in the Lender's course of business may be admitted into evidence as an original. This Note is a binding obligation enforceable against Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. If a court deems any provision of this Note invalid, the remainder of the Note shall remain in effect. Section headings are for convenience only. Singular number includes plural and neuter gender includes masculine and feminine as appropriate.

Time is of the essence as to all dates set forth herein, provided, however, that whenever performance hereunder would be due on a Saturday, Sunday or public holiday or the equivalent for banks generally under applicable federal law and, if no applicable federal law exists, then the applicable state law (any other day being a "Business Day"), such performance shall be made on the next succeeding Business Day.

Notices. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to Borrower or to the Lender, addressed as set forth below (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this section). Such notice or demand shall

be deemed sufficiently given for all purposes when delivered (i) by personal delivery and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) Business Days after deposit in an official depository maintained by the United States Post Office for the collection of mail or one (1) Business Day after delivery to a nationally recognized overnight courier service (e.g., Federal Express). Notice by e-mail is not valid notice under this or any other agreement between Borrower and the Lender.

Lender: Manufacturers and Traders Trust Company
One Fountain Plaza
Buffalo, New York 14203
Attention: Office of General Counsel

with a copy (which shall not constitute notice) to: DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
1 North Lexington Avenue
White Plains, New York 10601
Attention: Ann Carlson, Esq.

and
Manufacturers and Traders Trust Company
303 South Broadway, Suite 130
Tarrytown, New York 10592
Attention: John Stroligo, Vice President

If to Co-Lender: Capital One, N.A.
Commercial Real Estate
275 Broadhollow Road
P. O. Box 8914
Melville, NY 11747
Attention: Peter A. Welch, Senior Vice President

with a copy to: Capital One Bank
90 Park Avenue, 4th Floor
New York, NY 10016
Attention: Chris Cho, Vice President

with a copy (which shall not constitute notice) to:
Riemer & Braunstein LLP
Times Square Tower, Suite 2506
Seven Times Square
New York, NY 10036
Attention: Jeffrey Page, Esq.

If to Borrower: c/o Acadia Realty Trust
1311 Mamaroneck Avenue, Suite 260
White Plains, New York 10605
Attention: Robert Masters, Esq.

Joint and Several. If there is more than one Borrower, each of them shall be jointly and severally liable for all amounts and obligations which become due under this Note and the term "Borrower" shall include each as well as all of them.

Governing Law; Jurisdiction. This Note has been delivered to and accepted by the Lender and will be deemed to be made in the State of New York. Except as otherwise provided under federal law, this Note will be interpreted in accordance with the laws of the State of New York excluding its conflict of laws rules. **Borrower AND LENDER hereby irrevocably consent to the exclusive jurisdiction of any state or federal court in the State of New York in NEW YORK OR WESTCHESTER County, and consents that the Lender may effect**

any service of process in the manner and at Borrower's address set forth above for providing notice or demand; provided that nothing contained in this Note will prevent the Lender from bringing any action, enforcing any award or judgment or exercising any rights against Borrower individually, against any security or against any property of Borrower within any other county, state or other foreign or domestic jurisdiction. Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Lender and Borrower. Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

Waiver of Jury Trial. Borrower and the Lender hereby knowingly, voluntarily, and intentionally waive any right to trial by jury. Borrower and the Lender may have in any action or proceeding, in law or in equity, in connection with this note or the transactions related hereto. Borrower represents and warrants that no representative or agent of the Lender has represented, expressly or otherwise, that the Lender will not, in the event of litigation, seek to enforce this jury trial waiver. Borrower Acknowledges that the Lender has been induced to enter into this note by, among other things, the provisions of this Section.

Recourse Liability. No past, present or future member, or any past, present or future shareholder, partner, member, officer, employee, servant, executive, director, agent, authorized representative or affiliate of Borrower or any member of Borrower, (each such Person, an "**Exculpated Party**") shall be personally liable for payments due hereunder or under any other Loan Document or for the performance of any obligation, or breach of any representation or warranty made by Borrower hereunder or thereunder. The sole recourse of the Lender and the Lending Group for satisfaction of the obligations of Borrower hereunder and under any other Loan Document shall be against Borrower and its assets and not against any assets or property of any such Exculpated Party other than the direct or indirect ownership interest of such Exculpated Party in Borrower. In the event that an Event of Default occurs in connection with such obligations, no action shall be brought against any such Exculpated Party by virtue of its direct or indirect ownership interest in Borrower. In the event of foreclosure or other sale or disposition of the Premises, no judgment for any deficiency upon the obligations hereunder or under any other Loan Document shall be obtainable by the Lender or the Lending Group against any such Exculpated Party. Notwithstanding the foregoing, nothing in this paragraph shall affect or diminish the obligations of Borrower or Guarantor under or in respect of each Loan Document to which it is a party, including the Guarantees (including the right to name any Guarantor in any foreclosure action in connection with its obligations under the Guarantees). Notwithstanding the foregoing provisions of this paragraph, each Exculpated Party shall be personally (and on a full recourse basis) liable for and shall indemnify and defend Lender and the Lending Group from and against, and shall hold Lender and the Lending Group harmless of, from and against any deficiency, liability, loss, damage, costs, and expenses (including legal fees and disbursements) suffered by Lender and/or the Lending Group and caused by, or arising out of or as a result of any of the following: (i) such Person's commission of a criminal act, (ii) such Person's failure to comply with the provisions of the Loan Documents prohibiting a transfer or Change of Control; (iii) such Person's misappropriation of any cash flow or other revenue derived from or in respect of the Project, including security deposits, insurance proceeds, condemnation awards, or any rental, sales or other income derived directly or indirectly from the Project, or the misapplication of any of the foregoing sums, in either event, in contravention of any provision of the Mortgage or the other Loan Documents; (iv) such Person's fraud or misrepresentation or inaccurate certification made at any time in connection with the Loan Documents or the Indebtedness; (v) such Person's intentional interference with Lender's (or the Lending Groups') exercise of its rights under any of the Loan Documents; (vi) such Person's intentional destruction or removal of fixtures or personal property securing the Obligations unless replaced by items of equal value and utility; (vii) such Person's misapplication or misappropriation of funds disbursed from the Project Fund; (viii) such Person's commissions of intentional waste to or of the Project or any portion thereof or failure to maintain the Project and the Premises in the manner required by the Loan Documents; (ix) failure to maintain the insurance coverage required by the Loan Documents; (x) failure to pay taxes, assessments and any other charges, including, without limitation, charges for labor or materials, which could result in prior liens against any portion of the Project; (xi) willful misconduct; (xii) Borrower files a voluntary petition under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xiii) such Person files or joins in the filing of, or solicits or acts in concert with, or colludes or conspires with petitioning creditors with

respect to, an involuntary petition against Borrower under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xiv) Borrower files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xv) such Person consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower or any portion of the Project; or (xvi) Borrower makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due.

Preauthorized Transfers from Deposit Account. If a deposit account number is provided in the following blank Borrower hereby authorizes the Lender to debit Borrower's deposit account # _____ with the Lender automatically for any amount which becomes due under this Note.

Acknowledgment. Borrower acknowledges that it has read and understands all the provisions of this Note, including the **Governing Law, Jurisdiction and Waiver of Jury Trial**, and has been advised by counsel as necessary or appropriate.

BORROWER

Canarsie Plaza LLC

By: /s/ Robert Masters
Robert Masters
Senior Vice President

STATE OF NEW YORK)
 : ss.
COUNTY OF WESTCHESTER)

On the 24th day of August, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared **Robert Masters** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Debra Leibler-Jones
Notary

Public

Debra Leibler-Jones
State of New York
No. 01LE6005994
Qualified in Dutchess County
Comm. Exp. 04/20/2014

FOR INTERNAL USE ONLY

Authorization Confirmed: _____

**RIDER TO
MORTGAGE NOTE
(LIBOR Rider)**

Borrower: Canarsie Plaza LLC
Mortgage Note Original Principal Amount: \$1,916,800.00
Mortgage Note Date: August 24, 2011

Definitions. As used in this Rider, each capitalized term shall have the meaning specified in the Note and the following terms shall have the indicated meanings:

“Adjustment Date” shall be the first calendar day of each month.

“Applicable Interest Rate” shall mean either the LIBOR Rate or the Base Rate, as the case may be.

“Base Month” shall mean the first month following the month in which the Note Set Date occurs. For example, if the Note Set Date is March 10, then the “Base Month” would be April.

“Base Rate” shall be equal to the greater of (a) the rate of interest announced by the Lender as its prime rate of interest in effect on the first day of each calendar month, plus one (1) percentage point or (b) an interest rate floor of 6.50%.

“Joint Business Day” shall mean any day of the year on which banking institutions in New York, New York are not authorized or required by law or other governmental action to close and, in connection with the LIBOR Rate, on which dealings are carried on in the London Interbank market.

“LIBOR” means the rate per annum (rounded upward, if necessary, to the nearest 1/16th of 1%) obtained by dividing (i) the one month interest period London Interbank Offered Rate for United States dollar deposits in the London interbank market at approximately 11:00 a.m. London, England time (or as soon thereafter as practicable), as determined by the Lender from any broker, quoting service or commonly available source utilized by the Lender or its agents, by (ii) a percentage equal to 100% minus the stated maximum rate of all reserves required to be maintained against “Eurocurrency Liabilities” as specified in Regulation D (or against any other category of liabilities which includes deposits by reference to which the interest rate on any loan bearing interest at a LIBOR Rate is determined, or any category of extensions of credit or other assets which includes loans by a non-United States office of a bank to United States residents) on such date to any member bank of the Federal Reserve System. Notwithstanding any provision above, the practice of rounding to determine LIBOR may be discontinued at any time in the Lender’s sole discretion.

“LIBOR Rate” shall mean 4.00% percentage points above LIBOR.

“Note Set Date” shall mean the date the first advance is made to Borrower.

LIBOR Rate Adjustments. The LIBOR Rate shall be initially based on one month LIBOR in effect two (2) Joint Business Days before the Note Set Date, then adjusted on the first calendar day of the Base Month using the LIBOR in effect two (2) Joint Business Days prior to that first calendar day of the Base Month. Thereafter, the LIBOR rate shall be adjusted on the Adjustment Date based on the applicable LIBOR in effect two (2) Joint Business Days prior to the respective Adjustment Date.

Inability to Determine LIBOR Rates. If the Lender shall determine that for any reason adequate and reasonable means do not exist for ascertaining LIBOR with respect to this Note, the Lender will give notice of such determination to Borrower. Upon such determination and notice, the Lender may convert the Applicable Interest Rate from the LIBOR Rate to the Base Rate. Thereafter, the Lender may not maintain the Applicable Rate at the LIBOR Rate hereunder until the Lender revokes such notice in writing.

Increased Cost. If the Lender shall determine that due to either (a) the introduction of any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of LIBOR) in or in the interpretation of any requirement of law, or (b) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to the Lender of agreeing to make or making, funding or maintaining any loan at the LIBOR Rate, Borrower shall be liable for, and shall from time to time, upon demand therefor by the Lender, pay to the Lender such additional amounts as are sufficient to compensate the Lender for such

increased costs.

Illegality. If the Lender shall determine that the introduction of any law (statutory or common), treaty, rule, regulation, guideline or determination of an arbitrator or of a governmental authority or in the interpretation or administration thereof, has made it unlawful, or that any central bank or other governmental authority has asserted that it is unlawful for the Lender to make a loan at the LIBOR Rate then, on notice thereof by the Lender to Borrower, the Lender may suspend maintaining this loan at the LIBOR Rate until the Lender shall have notified Borrower that the circumstances giving rise to such determination shall no longer exist and the Lender may convert the Applicable Interest Rate from the LIBOR Rate to the Base Rate.

Conversion. The Lender may, in its sole discretion, convert the Applicable Interest Rate from the LIBOR Rate to the Base Rate upon the occurrence of an Event of Default. The Applicable Rate shall automatically convert from the LIBOR Rate to the Base Rate on the date Borrower commences, or has commenced against it, any proceeding or request for relief under any bankruptcy, insolvency or similar laws now or hereafter in effect in the United States of America or any state or territory thereof or any foreign jurisdiction or any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Borrower.

Default Rate. Notwithstanding anything to the contrary in the Note, the default rate of interest that the Lender may charge under the Note shall be **at a rate per annum of twenty-four percent (24%)**. Nothing herein shall be construed to be a waiver by the Lender to have any Loan accrue interest at the default rate or other rights of the Lender set forth in this Note.

Prepayment. If Borrower prepays any principal amount (in whole or in part) when the Applicable Rate is the LIBOR Rate on or as of any day other than the last day of the selected interest period (other than regular installments of principal as set forth in the Note), or there is a conversion from the LIBOR Rate to the Base Rate, pursuant to the terms of this Note, on or as of any day other than the last day of the selected interest period, then Borrower shall be liable for and shall pay the Lender, on demand, an amount (the "**Breakage Fee**") equal the actual amount of the liabilities, expenses, costs and/or funding losses that are a direct or indirect result of such prepayment, conversion or other condition described herein, including, without limitation, any liability, expense, cost (including administrative cost) or loss derived from liquidating or employing deposits acquired to fund or maintain the applicable loan through the end of the applicable interest period. The Lender's calculation of any Breakage Fee shall, in the absence of manifest error, be conclusive and binding upon Borrower. Borrower acknowledges and understands that, upon demand for payment or acceleration of maturity (as applicable) of all indebtedness under this Note, any tender of payment made thereafter shall be deemed a voluntary prepayment and, to the extent permitted by law, Borrower shall pay to the Lender the appropriate Breakage Fee in connection therewith.

Canarsie Plaza LLC

By: /s/ Robert Masters

Robert Masters

Senior Vice President

MORTGAGE NOTE
New York

August 24, 2011 \$2,083,200.00

BORROWER (Name): Canarsie Plaza LLC

(Organizational Structure): limited liability company

(State Law organized under): Delaware

(Address of chief executive office): c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605

LENDER: MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation with its banking offices at One M&T Plaza, Buffalo, New York 14203 Attn: Office of the General Counsel ("**M&T**") individually as a lender and as the administrative agent for itself and **Capital One, N.A.**, as a lender (the "**Co-Lender**" and, referred to collectively with M&T as the "**Lending Group**") and the Lending Group (the "**Lender**").

Definitions. The following terms shall have the indicated meanings in this Note, capitalized terms used herein but not otherwise defined herein shall have their respective meanings ascribed to them in the Loan Agreement:

1. "Building Loan Agreement" shall mean the building loan agreement between Borrower and the Lender dated January 12, 2010, as supplemented by the supplemental building loan agreement, dated as of January 19, 2011 and as the same may be further supplemented, amended, modified or replaced from time to time in connection with the construction and mortgage financing of real property described in the Mortgage.
2. "Escrow" shall mean any escrow requirement under the Mortgage or the Loan Agreement for the payment of taxes and/or other charges.
3. "First Payment Date" shall mean the first day of September, 2011.
4. "Loan Agreement" shall mean the loan agreement between Borrower and the Lender dated the date hereof in connection with the mortgage financing of real property described in the Mortgage, as the same may be amended, modified or replaced from time to time.
5. "Loan Documents" shall mean this Note, the Loan Agreement, the Building Loan Agreement, the Third Mortgage Loan Agreement, the Mortgage, the Survey, the Title Insurance Policy, the Guarantees and all other instruments, certificates, legal opinions and documents executed and delivered by either or both of the Borrower or the Lender in connection with this Note, the Loan Agreement or the Building Loan Agreement.
6. "Maturity Date" is the earlier of (i) January 12, 2012; or (ii) any earlier date on which this Note is required to be paid in full, by acceleration or otherwise, under the Loan Agreement or any of the other Loan Documents.
7. "Mortgage" shall mean the fourth mortgage dated on or about the date of this Note executed by Borrower, as the same may be amended, modified or replaced from time to time, securing obligations arising pursuant to or in connection with this Note.
8. "Principal Sum" shall mean Two Million Eighty-Three Thousand Two Hundred Dollars (\$2,083,200.00).
9. "Third Mortgage Loan Agreement" shall mean the loan agreement between Borrower and the Lender dated January 19, 2011 in connection with the mortgage financing of real property described in that certain mortgage (third mortgage), as the same may be amended, modified or replaced from time to time.

Promise to Pay. For value received, and intending to be legally bound, the undersigned Borrower promises to pay to the order of M&T at its office identified above in lawful money of the United States and in immediately available funds, the Principal Sum or so much thereof as may be advanced, plus interest on the unpaid portion of the Principal Sum, all amounts, if any, required for the Escrow, and all Expenses (defined below).

Interest. The unpaid Principal Sum advanced to Borrower under this Note shall accrue interest each day from and including the date proceeds of this Note are advanced to, but not including, the date all amounts hereunder are paid in full, at a variable per annum rate that shall be equal to the LIBOR Rate, as defined in the Rider, **provided, however that**, at any time from the date that is forty-five (45) days before the Maturity Date until the Maturity Date, the Borrower may select the Base Rate, as defined in the Rider, by notifying Lender in writing of its selection, **provided, further that**, the Borrower may not choose the LIBOR Rate if any loan at the LIBOR Rate would extend beyond the Maturity Date. **The definition of LIBOR, LIBOR Rate, adjustments to the LIBOR Rate and other provisions relative thereto are contained on the Rider attached hereto and made a part of this Note.**

Interest will be calculated on the basis of a 360-day year consisting of twelve (12) months with the actual number of days of each month (28, 29, 30 or 31).

Maximum Legal Rate. It is the intent of the Lender and Borrower that in no event shall such interest be payable at a rate in excess of the maximum rate permitted by applicable law (the "Maximum Legal Rate"). Solely to the extent necessary to prevent interest under this Note from exceeding the Maximum Legal Rate, Borrower agrees that any amount that would be treated as excessive under a final judicial interpretation of applicable law shall be deemed to have been a mistake and automatically canceled and if received by the Lender shall be refunded to Borrower, without interest.

Default Rate. Upon an Event of Default under any of the Loan Documents or immediately after maturity (whether due to the Maturity Date, by acceleration or otherwise) and continuing through a foreclosure sale, if any, until such time as title is transferred pursuant to such foreclosure sale, the interest rate on the unpaid Principal Sum shall be increased to **a rate per annum of twenty-four percent (24%)** (the "Default Rate"). Any judgment entered hereon or otherwise in connection with any suit to collect amounts due hereunder shall bear interest at such Default Rate. No failure to impose or delay in imposing the Default Rate shall be construed as a waiver by the Lender of its right to collect, and Borrower's obligation to pay, interest at the Default Rate effective as of the date of maturity (whether due to the Maturity Date, by acceleration or otherwise).

Repayment of Principal and Interest. Borrower shall pay the Principal Sum and interest owing pursuant to this Note to the Lender as follows:

- (i) Borrower shall pay accrued interest to Lender on the First Payment Date and on the first Business Day of each month thereafter to, but not including, the Maturity Date; and
- (ii) On the Maturity Date, Borrower shall pay the outstanding Principal Sum and all accrued and unpaid interest, premiums, Expenses and all other amounts owing pursuant to this Note and the Loan Documents and remaining unpaid.

Late Charge. If Borrower fails to pay, within five (5) days of its due date, any amount due and owing pursuant to this Note or the Loan Documents, including, without limitation, any Escrow payment due and owing, Borrower shall immediately pay to the Lender a late charge equal to five percent (5%) of the delinquent amount (the "Late Fee"); provided, however, if Borrower has timely satisfied all conditions for an interest advance under the Loan Documents and there is sufficient availability under the construction budget and under the Loan to make a requested interest advance and Lender fails to make such an advance for any reason not within the control of Borrower, then a Late Fee shall not accrue with respect to such Interest payment.

Application of Payments. Payments may be applied in any order at the sole discretion of the Lender, but prior to an Event of Default or Maturity Date, each payment pursuant to this Note shall be applied first to accrued and unpaid interest, next to principal due, next to the Escrow, next to late charges, and finally to

Expenses, notwithstanding the foregoing in the sole discretion of the Lending Group, any partial payments may be applied to the payment of the Loan and/or the Mortgage Loan as such terms are defined in the Building Loan Agreement.

Prepayment. Except to the extent provided in the paragraph entitled “Exit Fee” otherwise provided herein, Borrower shall have the option of paying the Principal Sum to the Lender in advance of the Maturity Date, in whole or in part, at any time and from time to time upon written notice received by the Lender at least thirty (30) days prior to making such payment; provided, however, that together with such prepayment, Borrower shall pay to the Lender the Breakage Fee set forth on the Rider, attached to and made a part of this Note by reference. Upon making any prepayment of the Principal Sum in whole, Borrower shall pay to the Lender all interest and Expenses owing pursuant to this Note or the Loan Documents and remaining unpaid. Any partial payment of the Principal Sum shall be applied in inverse order of maturity. In the event the Maturity Date of this Note is accelerated following an Event of Default, any tender of payment of the amount necessary to satisfy the entire indebtedness made after such Event of Default shall be expressly deemed a voluntary prepayment. In such a case, to the extent permitted by law, the Lender shall be entitled to the amount necessary to satisfy the entire indebtedness, plus the Breakage Fee.

Exit Fee. Borrower shall pay to the Lender, at the time of repayment of the Principal Sum, whether at the Maturity Date or otherwise, an “Exit Fee” equal to one-quarter of one percent (.25%) of the Principal Sum repaid; provided, however, that such Exit Fee shall be waived if:

(a) the Principal Sum is refinanced with the Lending Group; or

(b) Borrower elects to refinance the Principal Sum with a qualified third-party lender, provided:

(i) Borrower has first provided the Lending Group with written notice that it has initiated discussions with a third-party lender; and

(ii) Borrower has provided Lending Group with a copy of a bona fide proposal for financing from such third-party lender. Such proposal shall be deemed to have been submitted to the Lending Group no earlier than ten (10) Business Days after the date of such notice provided for in item (i) above; and

(iii) The Lending Group does not provide a refinancing proposal within twenty-one (21) Business Days of receipt of the third-party proposal that is substantially similar with respect to amount of loan proceeds, term, level of recourse, if any, interest rate and fees.

Borrower acknowledges and agrees that any breach of its obligations hereunder shall constitute an Event of Default under this Note.

Business Purpose. This Note is being given by Borrower to the Lender in connection with the construction and mortgage financing of real property described in Mortgage and Borrower represents and warrants that the indebtedness evidenced by this Note is for a business purpose.

Events of Default; Acceleration. This Note is issued pursuant to the Loan Agreement and is secured by the Mortgage, and the Lender is entitled to the benefits thereof. Any Event of Default (as defined in the Mortgage, the Loan Agreement or the Building Loan Agreement) is an “Event of Default” under this Note, including, without limitation, Borrower’s breach of any obligations hereunder. The maturity of this Note shall be accelerated and all amounts under this Note shall become immediately due and payable without any notice, demand, presentment or protest of any kind (each of which is waived by Borrower) (a) automatically, if Borrower or Mortgagor commences any bankruptcy or insolvency proceeding, if voluntary, or upon the

lapse of sixty (60) days without dismissal thereof, if involuntary; (b) at the sole option of the Lender, upon or at any time or from time to time after the existence of an Event of Default; and (c) upon the Maturity Date. After maturity (whether due to the Maturity Date, by acceleration or otherwise), interest on the outstanding Principal Sum shall accrue at the Default Rate and the Lender's acceptance of any partial payment of the outstanding Principal Sum and/or payment of accrued interest shall not affect that all amounts under this Note are due and payable in full.

Expenses. Borrower shall pay to the Lender and to Co-Lender on demand each reasonable cost and expense (including, but not limited to, the reasonable fees and disbursements of counsel to the Lender and to Co-Lender, whether internal or external and whether retained for advice, for litigation or for any other purpose) incurred by the Lender, the Co-Lender or their respective agents either directly or indirectly in connection with this Note including, without limitation, endeavoring to (1) collect any amount owing pursuant to this Note or negotiate or document a workout or restructuring; (2) enforce or realize upon any guaranty, endorsement or other assurance, any collateral or other security, or any subordination, directly or indirectly securing or otherwise directly or indirectly applicable in any such amount; or (3) preserve or exercise any right or remedy of the Lender and the Co-Lender pursuant to this Note (the "Expenses").

Right of Setoff. The Lender and the Co-Lender shall have the right to set off against the amounts owing under this Note any property held in a deposit or other account with the Lender or the Co-Lender or otherwise owing by the Lender or the Co-Lender in any capacity to Borrower or any endorser of this Note. Such set-off shall be deemed to have been exercised immediately at the time the Lender, the Co-Lender or such affiliate elects to do so.

Miscellaneous. This Note and any other document required to be executed by Borrower or any guarantor or other party in connection with the transaction contemplated hereby constitute the entire agreement and understanding between the parties hereto with respect to such transaction and supersedes all prior negotiations, courses of dealing, understandings, and agreements between such parties with respect to such transactions. All rights and remedies of the Lender under applicable law, the Mortgage, the Loan Agreement, this Note or any document in connection with the transaction contemplated hereby or amendment thereof are cumulative and not exclusive. No single, partial or delayed exercise by the Lender of any right or remedy shall preclude the subsequent exercise by the Lender at any time of any right or remedy of the Lender without notice. No waiver or amendment of any provision of this Note shall be effective unless made specifically in writing by the Lender. No course of dealing or other conduct, no oral agreement or representation made by the Lender, and no usage of trade, shall operate as a waiver of any right or remedy of the Lender. Borrower agrees that in any legal proceeding, a copy of this Note kept in the Lender's course of business may be admitted into evidence as an original. This Note is a binding obligation enforceable against Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. If a court deems any provision of this Note invalid, the remainder of the Note shall remain in effect. Section headings are for convenience only. Singular number includes plural and neuter gender includes masculine and feminine as appropriate.

Time is of the essence as to all dates set forth herein, provided, however, that whenever performance hereunder would be due on a Saturday, Sunday or public holiday or the equivalent for banks generally under applicable federal law and, if no applicable federal law exists, then the applicable state law (any other day being a "Business Day"), such performance shall be made on the next succeeding Business Day.

Notices. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to Borrower or to the Lender, addressed as set forth below (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this section). Such notice or demand shall be deemed sufficiently given for all purposes when delivered (i) by personal delivery and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) Business Days after deposit in an official depository maintained by the United States Post Office for the collection of mail

or one (1) Business Day after delivery to a nationally recognized overnight courier service (e.g., Federal Express). Notice by e-mail is not valid notice under this or any other agreement between Borrower and the Lender.

Lender: Manufacturers and Traders Trust Company
 One Fountain Plaza
 Buffalo, New York 14203
 Attention: Office of General Counsel

with a copy (which shall not constitute notice) to:
 DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
 1 North Lexington Avenue
 White Plains, New York 10601
 Attention: Ann Carlson, Esq.

and
 Manufacturers and Traders Trust Company
 303 South Broadway, Suite 130
 Tarrytown, New York 10592
 Attention: John Stroligo, Vice President

If to Borrower: c/o Acadia Realty Trust
 1311 Mamaroneck Avenue, Suite 260
 White Plains, New York 10605
 Attention: Robert Masters, Esq.

Joint and Several. If there is more than one Borrower, each of them shall be jointly and severally liable for all amounts and obligations which become due under this Note and the term "Borrower" shall include each as well as all of them.

Governing Law; Jurisdiction. This Note has been delivered to and accepted by the Lender and will be deemed to be made in the State of New York. Except as otherwise provided under federal law, this Note will be interpreted in accordance with the laws of the State of New York excluding its conflict of laws rules. **Borrower AND LENDER hereby irrevocably consent to the exclusive jurisdiction of any state or federal court in the State of New York in NEW YORK OR WESTCHESTER County, and consents that the Lender may effect any service of process in the manner and at Borrower's address set forth above for providing notice or demand; provided that nothing contained in this Note will prevent the Lender from bringing any action, enforcing any award or judgment or exercising any rights against Borrower individually, against any security or against any property of Borrower within any other county, state or other foreign or domestic jurisdiction.** Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Lender and Borrower. Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

Waiver of Jury Trial. Borrower and the Lender hereby knowingly, voluntarily, and intentionally waive any right to trial by jury Borrower and the Lender may have in any action or proceeding, in law or in equity, in connection with this note or the transactions related hereto. Borrower represents and warrants that no representative or agent of the Lender has represented, expressly or otherwise, that the Lender will not, in the event of litigation, seek to enforce this jury trial waiver. Borrower Acknowledges that the Lender has been induced to enter into this note by, among other things, the provisions of this Section.

Recourse Liability. No past, present or future member, or any past, present or future shareholder, partner, member, officer, employee, servant, executive, director, agent, authorized representative or affiliate of Borrower or any member of Borrower, (each such Person, an "**Exculpated Party**") shall be personally liable for payments due hereunder or under any other Loan Document or for the performance of any obligation, or breach of any representation or warranty made by Borrower hereunder or thereunder. The sole recourse of the Lender and the Lending Group for satisfaction of the obligations of Borrower hereunder and under any other Loan Document shall be against Borrower and its assets and not against any assets or property of any such Exculpated Party other than the direct or indirect ownership interest of such Exculpated Party in Borrower. In the event that an Event of Default occurs in connection with such obligations, no action shall be brought against any such Exculpated Party by virtue of its direct or indirect ownership interest in Borrower. In the event of foreclosure or other sale or disposition of the Premises, no judgment for any deficiency upon the obligations hereunder or under any other Loan Document shall be obtainable by the Lender or the Lending Group against any such Exculpated Party. Notwithstanding the foregoing, nothing in this paragraph shall affect or diminish the obligations of Borrower or Guarantor under or in respect of each Loan Document to which it is a party, including the Guarantees (including the right to name any Guarantor in any foreclosure action in connection with its obligations under the Guarantees). Notwithstanding the foregoing provisions of this paragraph, each Exculpated Party shall be personally (and on a full recourse basis) liable for and shall indemnify and defend Lender and the Lending Group from and against, and shall hold Lender and the Lending Group harmless of, from and against any deficiency, liability, loss, damage, costs, and expenses (including legal fees and disbursements) suffered by Lender and/or the Lending Group and caused by, or arising out of or as a result of any of the following: (i) such Person's commission of a criminal act, (ii) such Person's failure to comply with the provisions of the Loan Documents prohibiting a transfer or Change of Control; (iii) such Person's misappropriation of any cash flow or other revenue derived from or in respect of the Project, including security deposits, insurance proceeds, condemnation awards, or any rental, sales or other income derived directly or indirectly from the Project, or the misapplication of any of the foregoing sums, in either event, in contravention of any provision of the Mortgage or the other Loan Documents; (iv) such Person's fraud or misrepresentation or inaccurate certification made at any time in connection with the Loan Documents or the Indebtedness; (v) such Person's intentional interference with Lender's (or the Lending Groups') exercise of its rights under any of the Loan Documents; (vi) such Person's intentional destruction or removal of fixtures or personal property securing the Obligations unless replaced by items of equal value and utility; (vii) such Person's misapplication or misappropriation of funds disbursed from the Project Fund; (viii) such Person's commissions of intentional waste to or of the Project or any portion thereof or failure to maintain the Project and the Premises in the manner required by the Loan Documents; (ix) failure to maintain the insurance coverage required by the Loan Documents; (x) failure to pay taxes, assessments and any other charges, including, without limitation, charges for labor or materials, which could result in prior liens against any portion of the Project; (xi) willful misconduct; (xii) Borrower files a voluntary petition under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xiii) such Person files or joins in the filing of, or solicits or acts in concert with, or colludes or conspires with petitioning creditors with respect to, an involuntary petition against Borrower under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xiv) Borrower files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Federal Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (xv) such Person consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower or any portion of the Project; or (xvi) Borrower makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due.

Preauthorized Transfers from Deposit Account. If a deposit account number is provided in the following blank Borrower hereby authorizes the Lender to debit Borrower's deposit account # _____ with the Lender automatically for any amount which becomes due under this Note.

Acknowledgment. Borrower acknowledges that it has read and understands all the provisions of this Note, including the **Governing Law, Jurisdiction and Waiver of Jury Trial**, and has been advised by counsel as necessary or appropriate.

BORROWER

Canarsie Plaza LLC

By: /s/ Robert Masters

Robert Masters
Senior Vice President

STATE OF NEW YORK)
 : ss.
COUNTY OF WESTCHESTER)

On the 24th day of August, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared **Robert Masters** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Debra Leibler-Jones _____

Notary

Public

Debra Leibler-Jones
State of New York
No. 01LE6005994
Qualified in Dutchess County
Comm. Exp. 04/20/2014

FOR INTERNAL USE ONLY

Authorization Confirmed: _____

**RIDER TO
MORTGAGE NOTE
(LIBOR Rider)**

Borrower: Canarsie Plaza LLC
Mortgage Note Original Principal Amount: \$2,083,200.00
Mortgage Note Date: August 24, 2011

Definitions. As used in this Rider, each capitalized term shall have the meaning specified in the Note and the following terms shall have the indicated meanings:

“Adjustment Date” shall be the first calendar day of each month.

“Applicable Interest Rate” shall mean either the LIBOR Rate or the Base Rate, as the case may be.

“Base Month” shall mean the first month following the month in which the Note Set Date occurs. For example, if the Note Set Date is March 10, then the “Base Month” would be April.

“Base Rate” shall be equal to the greater of (a) the rate of interest announced by the Lender as its prime rate of interest in effect on the first day of each calendar month, plus one (1) percentage point or (b) an interest rate floor of 6.50%.

“Joint Business Day” shall mean any day of the year on which banking institutions in New York, New York are not authorized or required by law or other governmental action to close and, in connection with the LIBOR Rate, on which dealings are carried on in the London Interbank market.

“LIBOR” means the rate per annum (rounded upward, if necessary, to the nearest 1/16th of 1%) obtained by dividing (i) the one month interest period London Interbank Offered Rate for United States dollar deposits in the London interbank market at approximately 11:00 a.m. London, England time (or as soon thereafter as practicable), as determined by the Lender from any broker, quoting service or commonly available source utilized by the Lender or its agents, by (ii) a percentage equal to 100% minus the stated maximum rate of all reserves required to be maintained against “Eurocurrency Liabilities” as specified in Regulation D (or against any other category of liabilities which includes deposits by reference to which the interest rate on any loan bearing interest at a LIBOR Rate is determined, or any category of extensions of credit or other assets which includes loans by a non-United States office of a bank to United States residents) on such date to any member bank of the Federal Reserve System. Notwithstanding any provision above, the practice of rounding to determine LIBOR may be discontinued at any time in the Lender’s sole discretion.

“LIBOR Rate” shall mean 4.00% percentage points above LIBOR.

“Note Set Date” shall mean the date the first advance is made to Borrower.

LIBOR Rate Adjustments. The LIBOR Rate shall be initially based on one month LIBOR in effect two (2) Joint Business Days before the Note Set Date, then adjusted on the first calendar day of the Base Month using the LIBOR in effect two (2) Joint Business Days prior to that first calendar day of the Base Month. Thereafter, the LIBOR rate shall be adjusted on the Adjustment Date based on the applicable LIBOR in effect two (2) Joint Business Days prior to the respective Adjustment Date.

Inability to Determine LIBOR Rates. If the Lender shall determine that for any reason adequate and reasonable means do not exist for ascertaining LIBOR with respect to this Note, the Lender will give notice of such determination to Borrower. Upon such determination and notice, the Lender may convert the Applicable Interest Rate from the LIBOR Rate to the Base Rate. Thereafter, the Lender may not maintain the Applicable Rate at the LIBOR Rate hereunder until the Lender revokes such notice in writing.

Increased Cost. If the Lender shall determine that due to either (a) the introduction of any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of LIBOR) in or in the interpretation of any requirement of law, or (b) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to the Lender of agreeing to make or making, funding or maintaining any loan at the LIBOR Rate, Borrower shall be liable for, and shall from time to time, upon demand therefor by the Lender, pay to the Lender such additional amounts as are sufficient to compensate the Lender for such increased costs.

Illegality. If the Lender shall determine that the introduction of any law (statutory or common), treaty, rule, regulation, guideline or determination of an arbitrator or of a governmental authority or in the interpretation or administration thereof, has made it unlawful, or that any central bank or other governmental authority has asserted that it is unlawful for the Lender to make a loan at the LIBOR Rate then, on notice thereof by the Lender to Borrower, the Lender may suspend maintaining this loan at the LIBOR Rate until the Lender shall have notified Borrower that the circumstances giving rise to such determination shall no longer exist and the Lender may convert the Applicable Interest Rate from the LIBOR Rate to the Base Rate.

Conversion. The Lender may, in its sole discretion, convert the Applicable Interest Rate from the LIBOR Rate to the Base Rate upon the occurrence of an Event of Default. The Applicable Rate shall automatically convert from the LIBOR Rate to the Base Rate on the date Borrower commences, or has commenced against it, any proceeding or request for relief under any bankruptcy, insolvency or similar laws now or hereafter in effect in the United States of America or any state or territory thereof or any foreign jurisdiction or any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Borrower.

Default Rate. Notwithstanding anything to the contrary in the Note, the default rate of interest that the Lender may charge under the Note shall be **at a rate per annum of twenty-four percent (24%)**. Nothing herein shall be construed to be a waiver by the Lender to have any Loan accrue interest at the default rate or other rights of the Lender set forth in this Note.

Prepayment. If Borrower prepays any principal amount (in whole or in part) when the Applicable Rate is the LIBOR Rate on or as of any day other than the last day of the selected interest period (other than regular installments of principal as set forth in the Note), or there is a conversion from the LIBOR Rate to the Base Rate, pursuant to the terms of this Note, on or as of any day other than the last day of the selected interest period, then Borrower shall be liable for and shall pay the Lender, on demand, an amount (the "**Breakage Fee**") equal the actual amount of the liabilities, expenses, costs and/or funding losses that are a direct or indirect result of such prepayment, conversion or other condition described herein, including, without limitation, any liability, expense, cost (including administrative cost) or loss derived from liquidating or employing deposits acquired to fund or maintain the applicable loan through the end of the applicable interest period. The Lender's calculation of any Breakage Fee shall, in the absence of manifest error, be conclusive and binding upon Borrower. Borrower acknowledges and understands that, upon demand for payment or acceleration of maturity (as applicable) of all indebtedness under this Note, any tender of payment made thereafter shall be deemed a voluntary prepayment and, to the extent permitted by law, Borrower shall pay to the Lender the appropriate Breakage Fee in connection therewith.

Canarsie Plaza LLC

By: /s/ Robert Masters
Robert Masters

Senior Vice President

**LIST OF AFFILIATES OF
ACADIA REALTY TRUST**

Last Revised 10/31/2011

Acadia Realty Trust
Acadia Realty Limited Partnership

125 Main Street Associates LLC
239 Greenwich Associates Limited Partnership
ABR Amboy Road LLC
Acadia 161ST Street LLC
Acadia 216TH Street LLC
Acadia 239 Greenwich Avenue, LLC
Acadia 2914 Third Avenue LLC
Acadia 3319 Atlantic Avenue LLC
Acadia 4401 White Plains Road LLC
Acadia 5-7 East 17th Street LLC
Acadia 654 Broadway LLC
Acadia Absecon LLC
Acadia Albee LLC
Acadia Albertsons Investors LLC
Acadia Atlantic Avenue LLC
Acadia Bartow Avenue, LLC
Acadia Berlin LLC
Acadia Boonton LLC
Acadia Brandywine Condominium, LLC
Acadia Brandywine Holdings, LLC
Acadia Brandywine Subsidiary, LLC
Acadia Brandywine Town Center, LLC
Acadia Brentwood LLC
Acadia Canarsie LLC
Acadia Chestnut LLC
Acadia Chicago LLC
Acadia Clark-Diversey LLC
Acadia Cortlandt LLC
Acadia Crescent Plaza LLC
Acadia Crossroads, LLC
Acadia Cub Foods Investors LLC
Acadia D.R. Management LLC
Acadia East Fordham Acquisitions LLC
Acadia Elmwood Park LLC
Acadia Gold Coast LLC
Acadia Granville, LLC
Acadia Heathcote, LLC
Acadia Hendon Hitchcock Plaza, LLC

Acadia Heritage Shops LLC
Acadia Hobson LLC
Acadia K-H, LLC
Acadia L.U.F. LLC
Acadia Ledgewood LLC
Acadia Liberty LLC
Acadia Lincoln Park B Member LLC
Acadia Lincoln Park LLC
Acadia Lincoln Road LLC
Acadia Mad River Property LLC
Acadia Marcus Avenue LLC
Acadia Mark Plaza LLC
Acadia Market Square, LLC
Acadia Marsh Investors, LLC
Acadia MCB Holding Company LLC
Acadia Mercer Street LLC
Acadia Merrillville Realty, Inc.
Acadia Merrillville Realty, L.P.
Acadia Mervyn I, LLC
Acadia Mervyn II, LLC
Acadia Mervyn Investors I, LLC
Acadia Mervyn Investors II, LLC
Acadia Mervyn Promote Member I, LLC
Acadia Mervyn Promote Member II, LLC
Acadia Naamans Road LLC
Acadia New Loudon, LLC
Acadia Pacesetter LLC
Acadia Pelham Manor LLC
Acadia Property Holdings, LLC
Acadia Realty Acquisition I, LLC
Acadia Realty Acquisition II, LLC
Acadia Realty Acquisition III LLC
Acadia Republic Farmingdale LLC
Acadia Rex LLC
Acadia Second City 1521 West Belmont LLC
Acadia Second City 2206-08 North Halsted LLC
Acadia Second City 2633 North Halsted LLC
Acadia Second City 843-45 West Armitage LLC
Acadia Second city Biggs Mansion LLC
Acadia Second City LLC
Acadia Self Storage LLC
Acadia Self Storage Management Company LLC
Acadia Self Storage Management Investment Company LLC
Acadia Sheepshead Bay LLC
Acadia Sherman Avenue LLC
Acadia Shopko Investors LLC
Acadia SPE Boonton LLC
Acadia Storage Company LLC
Acadia Storage Post LLC

Acadia Storage Post Metropolitan Avenue LLC
Acadia Storage Post Portfolio Company LLC
Acadia Strategic Opportunity Fund II, LLC
Acadia Strategic Opportunity Fund III LLC
Acadia Strategic Opportunity Fund III Special Member LLC
Acadia Strategic Opportunity Fund, LP
Acadia Suffern LLC
Acadia Tarrytown, LLC
Acadia Town Line, LLC
Acadia Urban Development LLC
Acadia Urban Management Services LLC
Acadia Walnut Hill LLC
Acadia West 54th Street LLC
Acadia West Diversey LLC
Acadia West Shore Expressway LLC
Acadia Westport LLC
Acadia-Washington Square Albee Commercial LLC
Acadia-Washington Square Albee LLC
Acadia-Washington Square Albee Residential LLC
Acadia-Washington Square Kingsbridge LLC
ACRS II LLC
ACRS, Inc.
Albee Development LLC
Albee Retail Development LLC
AmCap Acadia 9th Addition, LLC
AmCap Acadia Agent, LLC
AmCap Acadia Batesville, LLC
AmCap Acadia Benton, LLC
AmCap Acadia Carthage GP, Inc.
AmCap Acadia Carthage LP
AmCap Acadia Cary, LLC
AmCap Acadia Cincinnati, LLC
AmCap Acadia Conroe GP, Inc.
AmCap Acadia Conroe LP
AmCap Acadia Indianapolis, LLC
AmCap Acadia Irving GP, Inc.
AmCap Acadia Irving LP
AmCap Acadia K-H Holding, LLC
AmCap Acadia K-H, LLC
AmCap Acadia Little Rock, LLC
AmCap Acadia Longview, LLC
AmCap Acadia Mustang, LLC
AmCap Acadia Roswell, LLC
AmCap Acadia Ruidoso, LLC
AmCap Acadia San Ramon, LLC
AmCap Acadia Springerville, LLC
AmCap Acadia Tucson, LLC
AmCap Acadia Tulsa, LLC
A-MCB White Oak LLC

Aspen Cove Apartments, LLC
Blackman Fifty L.P.
Blackman Fifty Realty Corp.
Brandywine Town Center Maintenance Company LLC
BTS Boonton, L.L.C.
Canarsie Plaza LLC
Crossroads II
Crossroads II, LLC
Crossroads Joint Venture
Crossroads Joint Venture, LLC
Fordham Place Office LLC
GDC Beechwood, LLC
GDC SMG, LLC
Heathcote Associates, L.P.
Lincoln Road III LLC
Mark Plaza Fifty L.P.
Mark Twelve Associates, L.P.
Pacesetter/Ramapo Associates
RD Abington Associates Limited Partnership
RD Absecon Associates, L.P.
RD Bloomfield Associates Limited Partnership
RD Branch Associates L.P.
RD Elmwood Associates, L.P.
RD Hobson Associates, L.P.
RD Methuen Associates Limited Partnership
RD Smithtown, LLC
RD Woonsocket Associates Limited Partnership
Self Storage Management LLC
SMG Celebration, LLC
Storage Post Holdings LLC
White City East Partners LLC
White City Partners Holding Company LLC
White City Partners LLC

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a — 14(a) (SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Kenneth F. Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acadia Realty Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (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 registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kenneth F. Bernstein

Kenneth F. Bernstein
President and Chief Executive
Officer

November 2, 2011

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a — 14(a) (SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Michael Nelsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acadia Realty Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (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 registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Nelsen

Michael Nelsen
Senior Vice President and
Chief Financial Officer
November 2, 2011

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Acadia Realty Trust (the "Company") on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth F. Bernstein, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Kenneth F. Bernstein

Kenneth F. Bernstein
President and Chief Executive Officer
November 2, 2011

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Acadia Realty Trust (the "Company") on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Nelsen, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Michael Nelsen

Michael Nelsen
Senior Vice President and
Chief Financial Officer
November 2, 2011