

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ACADIA REALTY TRUST

(Exact name of registrant as specified in its charter)

Maryland

23-2715194

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

20 Soundview Marketplace
Port Washington, New York 11050
(516) 767-8830

(Address, including zip code, and telephone
number, including area code, of registrant's principal executive offices)

Ross Dworman
Acadia Realty Trust
20 Soundview Marketplace
Port Washington, New York 11050
(516) 767-8830

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copy to:
Mark Schonberger, Esquire
Battle Fowler LLP
75 East 55th Street
New York, New York 10022
(212) 856-7000

Approximate date of commencement of proposed sale to the public: From time to
time or at one time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant
to dividend or interest reinvestment plans, please check the following box.

909738.9

If any of the securities being registered on this Form are to be offered on a
delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant
to Rule 462(b) under the Securities Act, please check the following box and list
the Securities Act registration statement number of the earlier effective
registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under
the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box.

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit (2) | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|--|----------------------------|--|--|-------------------------------|
|--|----------------------------|--|--|-------------------------------|

| | | | | |
|--|---------------|-----------|------------------|-------------|
| common shares, \$0.001 par value per share | 26,719,319(1) | \$5.03125 | \$134,431,573.72 | \$35,489.94 |
|--|---------------|-----------|------------------|-------------|

- (1) Includes 10,658,081 shares potentially issuable in exchange for 10,363,147 regular limited partnership interests in Acadia Realty Limited Partnership and 2,212 preferred limited partnership interests in Acadia Realty Limited Partnership.
- (2) Estimated solely for the purpose of determining the Registration Fee in accordance with Rule 457(c) of the rules and regulations under the Securities Act of 1933, as amended. Pursuant to Rule 457, the proposed maximum offering price per share of common shares of the Registrant is based upon the average of the high and low reported sales prices of the common shares on the New York Stock Exchange Composite Transaction Tape on February 25, 2000.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

909738.9

The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion Dated March 3, 2000

PROSPECTUS

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ACADIA REALTY TRUST
26,719,319 Common Shares of Beneficial Interest

This Prospectus relates to the offer and sale from time to time by the persons listed under the "Selling Shareholders" section of this Prospectus of up to 26,719,319 shares of Acadia Realty Trust's common shares. Throughout this Prospectus, the terms "we", "us", "our company", "the company", "the trust" and "Acadia" are all used in reference to Acadia Realty Trust, a Maryland real estate investment trust formerly known as Mark Centers Trust. The term "operating partnership" is used in reference to Acadia Realty Limited Partnership, a Delaware limited partnership, formerly known as Mark Centers Limited Partnership, which is a majority-owned subsidiary of the trust. Lastly, the term "OP Units" is used in reference to units of limited partnership interest in the Operating Partnership.

We have issued 16,061,238 restricted common shares of beneficial interest to certain Selling Shareholders and may issue further shares to the extent certain other Selling Shareholders exchange their 10,658,081 OP Units, including 294,934 OP Units issuable upon the conversion of preferred OP Units, for an equal number of common shares. We are filing the registration statement of which this prospectus is a part to fulfill our contractual obligations to the holders of securities discussed above and to provide them with freely tradable securities.

Our common shares trade on the New York Stock Exchange under the symbol "AKR." The shares being registered pursuant to the registration statement of which this prospectus is a part are subject to certain restrictions on ownership and transfer designed to assist us in maintaining our status as a real estate investment trust ("REIT") for federal income tax purposes. See "Description of Our Common Shares--

Investing in our common shares involves various risks. In considering whether to purchase our common shares, you should carefully consider the matters discussed under "Risk Factors" beginning on page 8 of this prospectus.

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

The date of this prospectus is _____, 2000

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Restrictions on Transfer" (p.13).

The Selling Shareholders, from time to time, may offer the common shares covered by this prospectus on the New York Stock Exchange or in other markets where our common shares may trade at prices to which they agree.

The Selling Shareholders will pay any brokerage fees or commissions relating to the sales by them. See "Plan of Distribution" (p.35). The registration of the Selling Shareholders' shares does not necessarily mean that any of them will sell their shares. Certain of the Selling Shareholders are obligated by contract not to sell their common shares until November 16, 2000 unless such obligation is terminated on the occurrence of certain events.

We will not receive any proceeds from the sale of common shares by the Selling Shareholders. We have agreed to bear certain expenses of registering the common shares covered by this prospectus under Federal and state securities laws.

The Selling Shareholders and any agents or broker-dealers that participate with them in the distribution of common shares covered by this prospectus may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended, and any commissions received by them on the resale of common shares may be deemed to be underwriting commissions or discounts under the Securities Act. See "Plan of Distribution" (p.35). See "Description of Our Common Shares--Registration Rights" (p.14) for indemnification arrangements between Acadia and the Selling Shareholders.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission ("SEC") a registration statement on Form S-3 under the Securities Act to register the common shares offered in this prospectus. This prospectus is part of the registration statement. This prospectus does not contain all the information contained in the registration statement because we have omitted certain parts of the registration statement in accordance with the rules and regulations of the SEC. For further information, we refer you to the registration statement, which you may read and copy at the public reference facilities maintained by the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at the SEC's Regional Offices at 7 World Trade Center, 13th Floor, New York, New York 10048 and Citicorp Center, 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661-2511. You may obtain copies at the prescribed rates from the Public Reference Section of the SEC at its principal office in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for further information about the public reference rooms. The SEC maintains a web site that contains reports, proxy and information statements and other information regarding our company. You may access the SEC's web site at "<http://www.sec.gov>."

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. As a result, we are required to file reports, proxy statements and other information with the SEC. These materials can be copied and inspected at the locations described above. Copies of these materials can be obtained from the Public Reference Section of the SEC at 450 Judiciary Plaza, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. Our common shares are listed on the New York Stock Exchange under the symbol "AKR." You may read our reports, proxy and other information statements which we file at the offices of the NYSE at 20 Broad Street, New York, New York 10005.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934:

- o Our Annual Report on Form 10-K for the fiscal year ended December 31, 1998, filed with the SEC on March 31, 1999 (SEC File No. 001-12002);
- o Our Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, filed with the Commission on May 17, 1999;
- o Our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, filed with the Commission on August 13, 1999;
- o Our Quarterly Report on Form 10-Q for the quarter ended September 30, 1999, filed with the Commission on November 15, 1999;
- o Our Definitive Proxy Statement on Schedule 14A prepared in connection with our Annual Meeting of Shareholders held on June 16, 1999, filed with the Commission on May 3, 1999;
- o Our Report on Form 8-K filed with the Commission on January 5, 1999; and
- o The description of our common shares of beneficial interest contained in our registration statement on Form 8-A together with all amendments and reports updating such description dated May 21, 1993 (SEC File No. 33-6008).

You may request a copy of these filings (not including the exhibits to such documents unless the exhibits are specifically incorporated by reference in the information contained in this prospectus), at no cost, by writing or telephoning us at the following address:

Investor Relations
Acadia Realty Trust
20 Soundview Marketplace
Port Washington, New York 11050
Telephone requests may be directed to (516) 767-8830.

This prospectus is part of a registration statement we filed with the SEC. You should rely only on the information or representations provided in this prospectus. We have authorized no one to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document.

Statements contained in this prospectus as to the contents of any contract or document are not necessarily complete and in each instance reference is made to the copy of that contract or document filed as an exhibit to the registration statement or as an exhibit to another filing, each such statement being qualified in all respects by such reference and the exhibits and schedules thereto.

FORWARD-LOOKING INFORMATION

Certain information both included and incorporated by reference in this prospectus may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities and Exchange Act of 1934 and as such may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative thereof or other variations thereon or comparable terminology. Factors which could have a material adverse effect on the operations and future prospects of our company include, but are not limited to, changes in: economic conditions generally and the real estate market specifically, legislative/regulatory changes (including changes to laws governing the taxation of REITs), availability of capital, interest rates, competition, supply and demand for retail space and multi-family housing in our current and proposed market areas and general accounting principles, policies and guidelines applicable to REITs. These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference herein.

PROSPECTUS SUMMARY

This Summary only highlights the more detailed information appearing elsewhere in this prospectus or incorporated herein by reference. As this is a summary, it may not contain all information that is important to you. You should read this entire prospectus carefully before deciding whether to purchase our common shares.

The Company

We are a fully-integrated and self-managed real estate investment trust. We are primarily engaged in the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers, and multi-family properties. We were organized in March, 1993, and until August, 1998, our name was Mark Centers Trust. Our common shares trade on the New York Stock Exchange under the symbol "AKR."

We are formed under the laws of the State of Maryland. Our principal executive offices are located at 20 Soundview Marketplace, Port Washington, New York 11050. Our phone number is (516) 767-8830.

Securities That May Be Offered

This prospectus relates to the offer and sale from time to time by the persons listed under the "Selling Shareholders" section of this prospectus of (i) up to 16,061,238 common shares and (ii) up to 10,658,081 common shares which may be issued upon the exchange of OP Units held by certain of the Selling Shareholders including 294,933 OP Units issuable upon the conversion of preferred OP units. We are registering the common shares covered by this prospectus to satisfy our obligations under registration rights agreements with the Selling Shareholders.

We will not receive any cash proceeds from the sale of the common shares by the Selling Shareholders.

Risk Factors

Investing in our common shares involves various risks. In considering whether to purchase our common shares, you should carefully consider the matters discussed under "Risk Factors" beginning on page 8 of this prospectus.

Tax Status of the Company

Acadia has elected to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986 in each year since 1993. As long as we qualify for taxation as a REIT, we generally will not be subject to federal income tax on that portion of our ordinary income and capital gains that is distributed to our shareholders. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income and property and to federal income and excise taxes on our undistributed income. See "Risk Factors--Risk factors relating to our business as a REIT" (p.9) and "Federal Income Tax Considerations" (p.17) for a more detailed explanation.

RISK FACTORS

You should consider carefully the following risk factors together with all of the other information included or incorporated by reference in this prospectus before you decide to purchase our common shares. This section includes or refers to certain forward-looking statements. You should refer to the explanation of the qualifications and limitations on such forward-looking statements discussed on page 6 of this prospectus.

We could encounter problems as a result of our use of debt.

We borrow money to pay for the acquisition, development and operation of properties and for other general corporate purposes. Our declaration of trust (as amended) and our bylaws do not limit the amount of indebtedness that we may incur. By borrowing money, we expose ourselves to several problems, including the following:

- o inability to meet existing obligations;
- o reduced access to additional debt; and
- o loss of our property as a result of any default on existing debt.

As of September 30, 1999, Acadia had total mortgage debt of \$308.6 million of which \$249.5 million was fixed-rate and \$59.1 million was variable rate based upon either LIBOR or the lender's commercial paper rate plus certain spreads. Our mortgage indebtedness is generally nonrecourse to us. However, even with respect to nonrecourse mortgage indebtedness, we could be obligated to pay our lenders deficiencies resulting from, among other things, fraud, misapplication of funds and environmental liabilities.

A downturn in the economy could make it difficult for us to borrow money on favorable terms. If we are unable to borrow, we might need to sell some of our assets at unfavorable prices in order to pay our loans. We could encounter several problems, including:

- o insufficient cash flow necessary to meet required payments of principal and interest;
- o an increase on variable interest rates on indebtedness; and
- o the inability to refinance existing indebtedness on favorable terms or at all.

Increase in market interest rates could have an adverse effect on the price of our common shares.

One of the factors that may influence the prices for the common shares in public trading markets will be the annual yield from our distributions on the common shares as compared to yields on certain financial instruments. An increase in market interest rates will result in higher yields on certain financial instruments, which could adversely affect the market prices for our common shares.

We may suffer an uninsured loss.

We maintain comprehensive liability, fire, flood (where appropriate), extended coverage, and rental loss insurance with respect our properties with policy specifications, limits, and deductibles customarily carried for similar properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, riots or acts of war. Should an uninsured loss occur, we could lose both our investments in, and anticipated cash flow from, a property.

The loss of a key executive officer could have an adverse effect on the company.

Although we have entered into employment agreements with our Chairman and Chief Executive Officer, Ross Dworman and our President, Kenneth F. Bernstein, the loss of any of their services could have an adverse effect on our operations.

Risk factors relating to our business as a REIT:

As a real estate company, our ability to generate revenues and pay distributions to our shareholders is affected by the risks inherent in owning real property investments.

We derive most of our revenue from investments in real property. Real property investments are subject to different types and degrees of risk that may reduce the value of our assets and our ability to generate revenues. The factors that may reduce our revenues, net income and cash available for distributions to shareholders include the following:

- o local conditions, such as an oversupply of space or a reduction in demand for real estate in an area;
- o competition from other available space;
- o the ability of the owner to provide adequate maintenance;
- o insurance and variable operating costs;
- o government regulations;
- o changes in interest rate levels;
- o the availability of financing;
- o potential liability due to changes in environmental and other laws; and
- o changes in the general economic climate.

We may not be able to sell our assets if we need to do so.

Real estate investments are relatively illiquid, and therefore we may not be able to sell one or more of our properties in order to respond promptly to changes in economic or other conditions. In addition, the Internal Revenue Code limits a REIT's ability to sell properties held for fewer than four years. Our inability to sell one or more of our properties could harm our performance and ultimately our ability to make distributions to our shareholders.

We could have financial problems as a result of our tenants' financial difficulty.

Our commercial and residential tenants may, from time to time, experience downturns in their businesses/personal finances which may result in their failure to make their rental payments to us when due. Missed rental payments, in the aggregate, could impair our funds from operations and, subsequently, our ability to make distributions to our shareholders. In addition, at any time, our tenants may seek the protection of the bankruptcy laws and have their leases either rejected or terminated. Our tenants' failure to affirm their leases following bankruptcy could similarly impair our funds from operations and ability to make distributions.

Our acquisition and development of real estate could cost more than we anticipate.

We may acquire existing retail and multi-family housing properties to the extent we can acquire these properties on acceptable terms. We could incur higher than anticipated costs for improvements to these properties

to conform them to standards established for the intended market position. Once improved, the properties may not perform as expected.

We also intend to pursue retail and multi-family housing development projects. Developing properties generally carries more risk than acquiring existing properties. For example, development projects usually require governmental and other approvals, which we may not be able to obtain. Furthermore, approvals frequently require the improvement of public infrastructure or other activities to mitigate the effects of the proposed development, which may cost more than we anticipate. Our development activities will also entail other risks, including:

- o that we will devote financial and management resources to projects which may not come to fruition;
- o that we will not complete a development project as scheduled;
- o that we will incur higher construction costs than anticipated;
- o that occupancy rates and rents at a completed project will be less than anticipated; and
- o that expenses at a completed development will be higher than anticipated.

These risks may harm our results of operations and impair our ability to make distributions to our shareholders.

Integrating the aforementioned acquisition and development properties into our current systems and procedures presents a challenge to our management. Failure to do so could cause us financial harm and impair our ability to make distributions to our shareholders.

We could incur unanticipated expenses if we fail to qualify as a REIT.

We have elected to qualify as a REIT under the Internal Revenue Code. We believe that since 1993 we have satisfied the REIT qualification requirements. However, the IRS could challenge our REIT qualification for taxable years still subject to audit. Moreover, we may fail to qualify as a REIT in future years. Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations. For example, in order to qualify as a REIT, we must derive at least 95% of our gross income in any year from qualifying sources, and we must distribute annually to shareholders 95% of our REIT taxable income, excluding net capital gains. In addition, REIT qualification involves the determination of factual matters and circumstances not entirely within our control.

If we were to operate in a manner that prevented us from qualifying as a REIT, or if we were to fail to qualify for any reason, a number of adverse consequences would result. If in any taxable year we fail to qualify as a REIT, we would not be allowed to deduct distributions to shareholders in computing our taxable income. Furthermore, we would be subject to federal income tax on our taxable income at regular corporate rates. Unless entitled to statutory relief, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. As a result, the funds available for distribution to our shareholders would be reduced for each of the years involved. Although we currently intend to operate as a qualified REIT, future economic, market, legal, tax or other considerations may impair our REIT qualification or may cause our board of trustees to revoke the REIT election. See "Federal Income Tax Considerations" (p.17).

We could incur costs from environmental problems even though we did not cause, contribute to or know about them.

Because we own, operate, manage and develop real estate, for liability purposes we may be considered under the law to be an owner or operator of those properties or as having arranged for the disposal or treatment of hazardous or toxic substances. As a result, we could have to pay removal or remediation costs. Federal, state and local laws often impose liability regardless of whether the owner or operator knew of, or was responsible for, the presence of

the hazardous or toxic substances. The presence of those substances, or the failure to properly remediate them, may impair the owner's or operator's ability to sell or rent the property or to borrow using the property as collateral. A person who arranges for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removing or remediating the substances at a disposal or treatment facility, whether or not that person owns or operates the facility. Furthermore, environmental laws impose liability for release of asbestos-containing materials into the air. If we were ever held responsible for releasing asbestos-containing materials, third parties could seek recovery from us for personal injuries. Thus, we might have to pay other costs, including governmental fines and costs related to personal injuries and property damage, resulting from the environmental condition of our properties, regardless of whether we actually had knowledge of or contributed to those conditions.

Rent control/stabilization legislation may reduce the rental income we receive from residential properties.

While none of our five residential properties are located in jurisdictions which have adopted rent control/stabilization legislation, such legislation may be enacted in these jurisdictions in the future. Similarly, we may purchase additional properties in jurisdictions where such legislation is already in place. In either event, our income from residential leases could be reduced, as could our ability to recover increases in operating expenses and the costs of capital improvements.

Laws benefitting disabled persons may result in unanticipated expenses.

A number of Federal, state and local laws ensure that disabled persons have reasonable access to public buildings. For example, the Fair Housing Amendments Act of 1988 (the "FHAA") requires that apartment properties first occupied after March 13, 1990, be accessible to the handicapped. Noncompliance with the FHAA could result in an imposition of fines, an award of damages to private litigants, and/or an order to correct any non-complying feature (which could result in substantial capital expenditures). Although we believe that our properties are substantially in compliance with laws such as the FHAA, we may incur unanticipated expenses associated with such laws.

OUR COMPANY

Our company (formerly known as Mark Centers Trust) is a fully integrated and self-managed REIT focused primarily on the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers and multi-family properties. All of our assets are held by, and all of our operations are conducted through, the operating partnership (formerly known as Mark Centers Limited Partnership) and its majority owned partnerships. As of September 30, 1999, our company owned a 71% interest in the operating partnership and the Selling Shareholders owned the remaining 29% in the form of OP Units, which are exchangeable on a one-for-one basis (subject to adjustment for certain events) for common shares. Our company will at all times be the sole general partner of the operating partnership.

Our principal offices are located at 20 Soundview Marketplace, New York 11050, and our telephone number is (516) 767-8830.

DESCRIPTION OF OUR COMMON SHARES

The following description of our common shares does not purport to be complete and is qualified in its entirety by reference to our declaration of trust and bylaws, each as amended and restated, copies of which are exhibits to the registration statement of which this prospectus is a part. See "Where you can find more information" (p.5).

General

Under our declaration of trust, we have authority to issue 100,000,000 common shares, par value \$0.001 per share. All common shares, when issued, are duly authorized, fully paid and nonassessable. This means that the full price for the shares has been paid at the time of issuance and consequently that any holder of such shares will not later be required to pay us any additional money for the same. As of September 30, 1999, 26,044,615 common shares were issued and outstanding, as were 10,484,143 common OP Units which are convertible into the same number of common shares. In addition, 2,212 convertible preferred OP Units were issued at a price of \$1,000 per Unit to certain Selling Shareholders on November 18, 1999. These preferred OP Units, which are convertible into common OP Units at a conversion price of \$7.50 per common Unit, have a distribution preference and entitle the holder to a 9.0% dividend yield. Any OP Units which result from the conversion of such preferred OP Units are subject to a 12-month lock-up period ending November 16, 2000, during which time they cannot be converted into common shares.

Distributions

Common shareholders may receive distributions out of assets that we can legally use to pay distributions, when and if they are authorized and declared by our board of trustees. Each common shareholder shares in the same proportion as other common shareholders out of the assets that we can legally use to pay distributions after we pay or make adequate provision for all of our known debts and liabilities in the event we are liquidated, dissolved or our affairs are wound up.

Voting Rights

Holders of common shares have the power to vote on all matters presented to our shareholders, including the election of trustees, except as otherwise provided by Maryland law. Our declaration of trust prohibits us from merging or selling all or substantially all of our assets without the approval of a two-thirds of the outstanding shares that are entitled to vote on such matters. Holders of common shares are entitled to one vote per share.

There is no cumulative voting in the election of our trustees, which means that holders of more than 50% of the common shares voting for the election of trustees can elect all of the trustees if they choose to do so and the holders of the remaining shares cannot elect any trustees.

Other Rights

All common shares have equal dividend, liquidation and other rights, and have no preference, appraisal or exchange rights, except for any appraisal rights provided by Maryland Law. Holders of our common shares have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any of our securities.

Restrictions on Transfer

To qualify as a REIT under the Internal Revenue Code of 1986, we must satisfy certain ownership requirements. Specifically, not more than 50% in value of our outstanding common shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code of 1986 to include certain entities) during the last half of a taxable year, and the common shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of twelve months or during a proportionate part of a shorter taxable year. We must also satisfy certain income requirements to maintain our REIT status. One such requirement is that at least 75% of our company's gross income for each calendar year must consist of rents from real property and income from certain other real property investments. This is complicated by the fact that the rents received by the operating partnership will not qualify as rents from real property if we own, actually or constructively, 10% or more of the ownership interests in our lessees, within the meaning of section 856(d)(2)(B) of the Internal Revenue Code of 1986, as amended. See "Federal Income Tax Considerations--Requirements for Qualification--Income Tests" (p.19).

Because our board of trustees believes it is essential for us to continue to qualify as a REIT, our declaration of trust contains provisions aimed at satisfying the requirements described above. In regard to the ownership requirements, the declaration of trust provides that subject to certain exceptions, no person may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code of 1986, more than 4% of our outstanding common shares. The Trustees may waive this 4% limitation if evidence satisfactory to them or our tax counsel is presented that such ownership will not jeopardize our status as a REIT. As a condition of such waiver, the Trustees may require opinions of counsel satisfactory to them and/or an undertaking from the applicant with respect to preserving our REIT status.

The trustees of Mark Centers Trust waived the 4% ownership limitation in August, 1998 when certain affiliates of RD Capital, Inc. received shares in consideration of their contribution to Mark Center Limited Partnership. On two subsequent occasions, our trustees permitted investors owing in excess of 4% of the trust's outstanding shares to acquire additional shares through open market purchases transacted during specified three-month windows.

In addition, our declaration of trust provides that any purported transfer or issuance of shares or securities transferable into shares which would (i) violate the 4% limitation described above, (ii) result in shares being owned by fewer than 100 persons for purposes of the REIT provisions of the Internal Revenue Code of 1986, (iii) result in Acadia being "closely held" with the meaning of Section 856(h) of the Internal Revenue Code of 1986, or (iv) otherwise jeopardize our REIT status under the Internal Revenue Code (including a transfer which would cause Acadia to own, actually or constructively, 9.8% or more of the ownership interests in one of our lessees) will be null and void ab initio (from the beginning). Moreover, common shares transferred, or proposed to be transferred, in contravention of the above will be subject to purchase by the Acadia at a price equal to the lesser of (i) the price stipulated in the challenged transaction and (ii) the fair market value of such shares (determined in accordance with the rules set forth in our declaration of trust).

All certificates representing the common shares bear a legend referring to the restrictions described above.

The ownership limitations described above could have the effect of delaying, deferring or preventing a takeover or other transaction in which holders of some, or a majority, of common shares might receive a premium for their shares over the then prevailing market price or which such holders might believe to be otherwise in their best interest.

Registration Rights

The Selling Shareholders and certain other holders of OP Units entered into Registration Rights and Lock-Up Agreements with Acadia whereby the Selling Shareholders and OP Unit holders agreed not to sell or otherwise transfer their common shares and Units during a specified lockup period in exchange for certain registration rights. We are filing the registration statement of which this prospectus is a part pursuant to the such agreements.

The Registration Rights and Lock-Up Agreements provide that we will indemnify and hold harmless the Selling Shareholders against losses, claims, damages, or liabilities (or actions in respect thereof) to which such individuals may become subject under Federal and state securities laws which arise out of (i) any untrue statement or alleged untrue statement of a material fact contained in a registration statement (or any amendment or supplement thereto) pursuant to which their common shares were registered under the Securities Act of 1933, as amended, (ii) the omission or alleged omission from a registration statement of a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) any untrue statement or alleged untrue statement of a material fact contained in any prospectus, or (iv) the omission or alleged omission from a registration statement of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Registration Rights and Lock-Up Agreements also provide that we will reimburse certain of the Selling Shareholders (and the officers, directors or controlling persons of those Selling Shareholders) for any legal or any other expenses reasonably incurred by such individuals in connection with investigating or defending any such loss, claim, damage, liability or action.

However, the indemnity discussed above does not apply to a Selling Shareholder if the loss, claim, damage or liability arises out of (i) any untrue statement or omission made by Acadia in a registration statement, preliminary prospectus or prospectus (or any amendment or supplement thereto) in reliance upon, and in conformity with, written information furnished to Acadia by a Selling Shareholder specifically for use in, or the preparation of, such registration statement, preliminary prospectus or prospectus (or any amendment or supplement thereto), or (ii) such Selling Shareholder's failure to deliver an amended or supplemental prospectus, after having been provided copies of any such amended or supplemental prospectus by Acadia, if such loss, liability, claim, damage or expense would not have arisen had such delivery occurred.

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is American Stock Transfer & Trust Company with has an address at 40 Wall Street, New York, NY 10005.

Declaration of Trust and Bylaw Provisions and Certain Provisions of Maryland Law

Number of Trustees; Election of Trustees, Removal of Trustees, the Filling of Vacancies. Our declaration of trust provides that the board of trustees will consist of not less than two nor more than fifteen persons, and that the number of trustees will be set by the trustees then in office. Our board currently consists of six trustees, each of whom serves until the next annual meeting of shareholders and until his successor is duly elected and qualified. Election of each trustee requires the approval of a plurality of the votes cast by the holders of common shares in person or by proxy at our annual meeting. The board of trustees does not have a nominating committee. Our bylaws provide that the shareholders may, at any time, remove any trustee, with or without cause, by the affirmative vote of a majority of all the votes entitled to be cast on the matter and may elect a successor to fill any resulting vacancy for the balance of the term of the removed trustee. Any vacancy (including a vacancy created by an increase in the number of trustees) will be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the trustees.

Limitation of Liability and Indemnification of Trustees and Officers. Our bylaws and declaration of trust authorize our company, to the extent permitted under Maryland law, to indemnify its trustees and officers in their capacity as such. Section 8-301(15) of the Maryland General Corporation Law ("MGCL") permits a Maryland REIT to indemnify or advance expenses to trustees and officers to the same extent as is permitted for directors and officers of a Maryland corporation under the MGCL. The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our declaration of trust does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and a written undertaking by such director or officer on his or her behalf to repay the amount paid or reimbursed by the corporation if it shall ultimately be determined that the standard of conduct was not met.

Our bylaws also permit the company, subject the approval of our board of trustees, to indemnify and advance expenses to any person who served as a predecessor of the company in any of the capacities described above and to any employee or agent of the company or a predecessor of the company.

In addition to the above, our company has purchased and maintains insurance on behalf of all of its trustees and executive officers against liability asserted against or incurred by them in their official capacities with the company, whether or not the company is required or has the power to indemnify them against the same liability.

Business Combinations. Section 8-301(14) of the MGCL permits a Maryland REIT to enter to a business combination (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) on the same terms as a Maryland corporation under the MGCL. Under the MGCL, certain business combinations between a Maryland corporation and any person who beneficially owns 10% or more of the voting power of such corporation's shares, or an affiliate of such corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting shares of such corporation (an "Interested Stockholder") or an affiliate thereof, are prohibited for five years after the most recent date on which the Interested Stockholder becomes an Interested Stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of such corporation and (b) two-thirds of the votes entitled to be cast by holders of shares of voting stock of such corporation other than the shares held by the Interested Stockholder with whom (or with whose affiliate) the business combination is to be affected, unless, among other conditions, the corporation's common shareholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares.

Control Share Acquisitions. The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by officers or by directors who are employees of the corporation. "Control Shares" are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise

voting power in electing directors within one of the following ranges of voting power: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. Control Shares do not include shares which the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition, and certain limitations and restrictions otherwise applicable to the exercise of dissenters' rights do not apply in the context of a control share acquisition.

The foregoing does not apply to shares acquired in a merger, consolidation or share exchange, if the corporation is a party to the transaction, or to acquisitions approved or exempted by the charter or bylaws of the corporation. Pursuant to the MGCL, the company has exempted control share acquisitions involving trustees and employees of the company and any person approved by the trustees of the company in their sole discretion.

Amendments to Our Declaration of Trust. In general, the declaration of trust may be amended by the affirmative vote or written consent of the holders of not less than a majority of the common shares then outstanding and entitled to vote thereon. However, amendments with respect to certain provisions relating to the ownership requirements, reorganizations and certain mergers or consolidations or the sale of substantially all of the company's assets, which amendments require the affirmative vote or written consent of the holders of not less than two-thirds of the common shares then outstanding and entitled to vote thereon. The Trustees of our company, by a two-thirds vote, may amend the provisions of the declaration of trust from time to time to effect any change deemed necessary by the Trustees to allow Acadia to qualify and continue to qualify as a REIT

Dissolution of Our Company or its REIT Status. The declaration of trust permits the termination and the discontinuation of our operations by the affirmative vote of the holders of not less than a majority of the outstanding shares entitled to vote at a meeting of shareholders called for that purpose. In addition, the declaration of trust permits the Trustees to terminate our REIT status at any time.

Anti-Takeover Effect of Certain Provisions of Maryland Law and of the Declaration of Trust. The limitation on ownership of common shares set forth in our declaration of trust, as well as the provisions of the MGCL dealing with business combinations and control share acquisitions could have the effect of discouraging offers to acquire Acadia or of hampering the consummation of a contemplated acquisition.

USE OF PROCEEDS

We will not receive any proceeds from the sale of common shares by Selling Shareholders.

INTERESTS OF NAMED EXPERTS AND COUNSEL

Martin L. Edelman, a trustee of the company, is counsel to the law firm of Battle Fowler LLP. Battle Fowler LLP is rendering an opinion as to certain tax matters in the registration statement of which this prospectus is a part.

FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of material federal income tax matters relating to the operations of our company that may be relevant to prospective Acadia shareholders. It is based upon current law and is not tax advice. This discussion does not address all aspects of taxation that may be relevant to particular shareholders in light of their personal investment or tax circumstances, or to certain types of shareholders (including, without limitation, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, foreign corporations and persons who are not citizens or residents of the United States) subject to special treatment under the federal income tax laws, nor does it give a detailed discussion of any state, local or foreign tax considerations. In the opinion of our tax counsel, the following discussion accurately reflects the federal income tax considerations relating to the operations of the company that are likely to be material to an Acadia shareholder.

EACH PROSPECTIVE SHAREHOLDER OF THE COMPANY IS ENCOURAGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO IT OF THE PURCHASE, OWNERSHIP AND SALE OF THE COMPANY'S COMMON SHARES AND OF THE COMPANY'S ELECTION TO BE TAXED AS A REIT, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

General. We made an election to be taxed as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 1993. We believe the company is organized and operates in such a manner as to qualify for taxation as a REIT under the Internal Revenue Code of 1986. We intend to continue to operate in such a manner. However, no assurance can be given that we will operate in a manner so as to qualify or remain qualified.

The requirements relating to the federal income tax treatment of REITs and their shareholders are highly technical and complex. The following discussion sets forth only the material aspects of those requirements. This summary is qualified in its entirety by the applicable Code provisions and Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof.

Opinion of Our Tax Counsel. In the opinion of our tax counsel, commencing with the taxable year ended December 31, 1999, we have been organized and have operated in conformity with the requirements for qualification as a REIT within the meaning of the Internal Revenue Code of 1986 and our proposed method of operation of the company will enable Acadia to continue to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code of 1986. It must be emphasized that the opinion of our tax counsel is based on various assumptions and is conditioned upon certain representations made by the company and others as to factual matters. Moreover, such qualification and taxation as a REIT depends upon our ability to meet, through actual annual operating results, the distribution levels, diversity of share ownership and the various other qualification tests imposed under the Internal Revenue Code of 1986 that are discussed below, the results of which have not been and will not be reviewed by our tax counsel. Accordingly, no assurance can be given that the actual results of the company's operations for any one taxable year will satisfy such requirements.

Taxation of Our Company. As long as we qualify to be taxed as a REIT, we generally will not be subject to federal corporate income taxes on that portion of its ordinary income or capital gain that is distributed currently to shareholders. This is because the REIT provisions of the Internal Revenue Code of 1986 generally allow a REIT to deduct dividends paid to its shareholders. This deduction for dividends paid to shareholders substantially eliminates the federal "double taxation" on earnings (once at the corporate level and once again at the shareholder level) that generally results from investment in a corporation.

Even if we qualify to be taxed as a REIT, we may be subject to federal income tax in the following circumstances. First, a REIT will be taxed at regular corporate rates on any undistributed REIT taxable income and undistributed net capital gains. Second, under certain circumstances, a REIT may be subject to the "alternative minimum tax" on its items of tax preference, if any. Third, if a REIT has (i) net income from the sale or other disposition of "foreclosure property" (generally, property acquired by reason of a default on a lease or an indebtedness held by a REIT) that is held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying net income from foreclosure property, it will be subject to tax at the highest corporate rate on such income. Fourth, if a REIT has net income from a "prohibited transaction" (generally, a sale or other disposition of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property), such income will be subject to a 100% tax. Fifth, if a REIT should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), and has nonetheless maintained its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on the net income attributable to the greater of the amount by which the REIT fails the 75% or 95% test, multiplied by a fraction intended to reflect the REIT's profitability. Sixth, if a REIT should fail to distribute with respect to each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior periods, the REIT will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, if a REIT acquires any asset from a C corporation (i.e., a corporation generally subject to a full corporate-level tax) in a transaction in which the basis of the asset in the REIT's hands is determined by reference to the basis of the asset (or any other property) in the hands of the C corporation and the REIT recognizes gain on the disposition of such asset during the ten-year period beginning on the date on which such asset was acquired by the REIT, then the excess of the fair market value of such property at the beginning of the applicable ten-year period over the REIT's adjusted basis in such asset as of the beginning of such ten-year period, or built-in gain, will generally be subject to a tax at the highest regular corporate rate.

Requirements for Qualification. To qualify as a REIT under the Internal Revenue Code of 1986, an enterprise must elect to be so treated and must meet the requirements, discussed below, relating to its organization, sources of income, nature of assets, and distributions of income to shareholders.

Organizational Requirements. The Internal Revenue Code of 1986 defines a REIT as a corporation, trust or association: (i) that is managed by one or more trustees or directors; (ii) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest; (iii) that would be taxable as a domestic corporation but for the REIT provisions of the Internal Revenue Code of 1986; (iv) that is neither a financial institution nor an insurance company subject to certain provisions of the Internal Revenue Code of 1986; (v) the beneficial ownership of which is held by 100 or more persons; and (vi) during the last half of each taxable year not more than 50% in value of the outstanding shares owned, directly or indirectly through the application of certain attribution rules, by five or fewer individuals (as defined in the Internal Revenue Code of 1986 to include certain entities). In addition, certain other tests, described below, regarding the nature of a REIT's income and assets, also must be satisfied. The Code provides that conditions (i) through (iv), inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (v) and (vi) will not apply until after the first taxable year for which an election is made to be taxed as a REIT.

For taxable years beginning after 1997, if a REIT complies with Treasury Regulations that provide procedures for ascertaining the actual ownership of its shares for such taxable year and the REIT did not know (and with the exercise of reasonable diligence could not have known) that it failed to meet the requirement of condition

(vi) above for such taxable year, the REIT will be treated as having met the requirement of condition (vi) for such year.

We have satisfied the requirements set forth in (i) through (iv) above and believe that we have sufficient diversity of share ownership to allow it to satisfy conditions (v) and (vi) above. Our declaration of trust includes certain restrictions regarding transfers of common shares that are intended to assist the company in satisfying the share ownership requirements described in (v) and (vi) above. See "Description of our Common Shares--Restrictions on Transfer" (p.13).

In addition, an enterprise may not elect to become a REIT unless its taxable year is the calendar year. Acadia's taxable year is the calendar year.

In the case of a REIT that is a partner in a partnership, such REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of the REIT requirements, including satisfying the income and asset tests described herein. Thus, Acadia's proportionate share of the assets, liabilities and items of income of the operating partnership, and of our subsidiary partnerships, limited liability companies, joint ventures and business trusts in which the company or the operating partnership have and will have an interest are and will be treated as assets, liabilities and items of income of Acadia for purposes of applying the requirements described herein, provided that the operating partnership and our subsidiary partnerships are treated as partnerships for federal income tax purposes. See "--Income Taxation of the operating partnership, the Subsidiary Partnerships and Their Partners" (p.24).

Income Tests. In order for us to maintain qualification as a REIT, we must satisfy two gross income tests annually. First, at least 75% of our gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including "rents from real property," dividends from qualified REITs and, in certain circumstances, interest) or from "qualified temporary investment income" (generally, income attributable to the temporary investment of new capital received by the REIT). Second, at least 95% of our gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property investments and from dividends, interest, and gain from the sale or disposition of stock or securities or from any combination of the foregoing. In addition, for taxable years prior to 1998, short-term gain from the sale or other disposition of stock or securities, gain from prohibited transactions and gain on the sale or other disposition of real property held for less than four years (apart from involuntary conversions and sales of foreclosure property) must have represented less than 30% of the gross income of our predecessor (including gross income from prohibited transactions) for each taxable year.

Substantially all of our income is expected to be rental income from rents. In order for such income to qualify as "rents from real property" for purposes of satisfying the 75% and 95% gross income tests, we must satisfy several conditions. First, the amount of rent must not be based in whole or in part on the income or profits of any person, although rents generally will qualify as rents from real property if they are based on a fixed percentage of receipts or sales. Second, rents received from a tenant will not qualify as "rents from real property" if the company, or an owner of 10% or more of the company, directly or constructively, owns 10% or more of such tenant (a "Related Party Tenant"). Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, the portion of rent attributable to such personal property will not qualify as "rents from real property." Finally we generally must not operate or manage the property or furnish or render services to the tenants of such property, other than through an "independent contractor" from whom we derive no income. However, the "independent contractor" requirement does not apply to the extent the services rendered by us are customarily furnished or rendered in connection with the rental of the real property in the geographic area in which the property is located. Based on our experience we believe that all services provided to tenants by us will be considered "usually or customarily rendered" in connection with the rental of retail and multi-family space, although there can be no assurance that the IRS will not contend otherwise.

We believe that our real estate investments, which include an allocable share of income from the operating partnership, will give rise to income, substantially all of which will qualify as "rents from real property" for purposes of the 75% and 95% gross income tests. We will not (i) charge rent for any property that is based in whole or in part on the income or profits of any person (other than being based on a percentage of receipts of sales); (ii) receive rents in excess of a de minimis amount from Related Party Tenants; (iii) derive more than a de minimis amount of rents attributable to personal property which constitute greater than 15% of the total rents received under the lease; or (iv) perform non-customary services considered to be rendered to the occupant of property, other than through an independent contractor from whom we derive no income.

We may receive fees in exchange for the performance of certain management activities for third parties with respect to properties in which we do not own an interest. Such fees will result in nonqualifying income under the 95% and 75% gross income tests. If the sum of the income realized by us (whether directly or through our interest in the operating partnership or our subsidiary partnerships) which does not satisfy the requirements of the 95% gross income test (collectively, "Non-Qualifying Income") exceeds 5% of our gross income for any taxable year, our status as a REIT would be jeopardized. We have represented that the amount of Non-Qualifying Income in any taxable year, including such fees, will not exceed 5% of our annual gross income for any taxable year.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for such year if we are entitled to relief under certain provisions of the Internal Revenue Code of 1986. These relief provisions generally will be available if (i) the failure to meet such tests was due to reasonable cause and not due to willful neglect, (ii) a schedule of the sources of qualifying income is attached to the federal income tax return of the company for such taxable year, and (iii) any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. As discussed above in "--Taxation of our company," even if these relief provisions apply, a tax would be imposed with respect to the excess net income. No similar relief provision would apply if the 30% income test had been failed for a taxable year prior to 1998 and, in such case, Acadia would cease to qualify as a REIT. See "--Failure to Qualify" (p.21).

Asset Tests. In order for us to qualify as a REIT, at the close of each quarter of its taxable year we must also satisfy three tests relating to the nature of the our assets. First, at least 75% of the value of its total assets must be represented by real estate assets (which for this purpose include (i) our allocable share of real estate assets held by partnerships in which the company or a "qualified REIT subsidiary" owns an interest, (ii) stock or debt instruments purchased with the proceeds of a share offering or a long-term (at least five years) debt offering and held for not more than one year from the date the company receives such proceeds, and (iii) shares in qualified REITs and cash, cash items and government securities. Second, not more than 25% of our total assets may be represented by securities other than those in the 75% asset class. Third, of the investments included in the 25% asset class, the value of any one issuer's securities may not exceed 5% of the value of our total assets, and the company may not own more than 10% of any one issuer's outstanding voting securities (excluding securities of a qualified REIT subsidiary or another REIT).

We anticipate that we will be able to comply with these asset tests. Acadia is currently deemed to, and will continue to be deemed to, hold directly its proportionate share of all real estate and other assets of the operating partnership and our subsidiary partnerships, and it should be considered to hold its proportionate share of all assets deemed owned by those partnerships through the partnerships' ownership of partnership interests in other partnerships. As a result, the company intends to hold more than 75% of its assets as real estate assets. In addition, we do not plan to hold any securities representing more than 10% of any one issuer's voting securities, other than any qualified REIT subsidiary, nor securities of any one issuer exceeding 5% of the value of our gross assets.

After initially meeting the asset tests at the close of any quarter, we will not lose our REIT status for failing to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient nonqualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests and will take such other

action within 30 days after the close of any quarter as may be required to cure any noncompliance. However, there can be no assurance that such other action always will be successful.

Annual Distribution Requirements. In order to be taxed as a REIT, we will be required to meet certain annual distribution requirements. We will have to distribute dividends (other than capital gain dividends) to our shareholders in an amount at least equal to (1) the sum of (a) 95% of our "REIT taxable income" (computed without regard to the dividends paid deduction and the company's net capital gain) and (b) 95% of the net income, if any, from foreclosure property in excess of the special tax on income from foreclosure property, minus (2) the sum of certain items of noncash income. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the company timely files its tax return for such year and if paid on or before the first regular dividend payment after such declaration.

To the extent that we do not distribute all of our net capital gain or distribute at least 95% (but less than 100%) of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed portion, at regular ordinary and capital gains corporate tax rates. Furthermore, if we fail to distribute for each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year, and (c) any undistributed ordinary income and capital gain net income from prior periods, we will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. We intend to make timely distributions sufficient to satisfy this annual distribution requirement.

We expect that our taxable income typically will be less than our cash flow, due to the allowance of depreciation and other noncash charges in computing our taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable it to satisfy the 95% distribution requirement.

It is possible that from time to time we may not have sufficient cash or other liquid assets to meet the 95% distribution requirement due to timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of such income and deduction of such expenses in arriving at our taxable income if the amount of nondeductible expenses such as principal amortization or capital expenditures exceeds the amount of noncash deductions. In the event that such situation occurs, in order to meet the 95% distribution requirement, we may find it necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of consent dividends. If the amount of nondeductible expenses exceeds noncash deductions, we may refinance our indebtedness to reduce principal payments and borrow funds for capital expenditures.

Under certain circumstances in which an adjustment is made that affects the amount that should have been distributed for a prior taxable year, we may be able to rectify the failure to meet such distribution requirement by paying "deficiency dividends" to shareholders in the later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends; however, we will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Failure to Qualify. If Acadia fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, we would be subject to tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Distributions to shareholders in any year in which we fail to qualify will not be deductible by us nor will they be required to be made. In such event, to the extent of current or accumulated earnings and profits, all distributions to shareholders will be taxable as ordinary income, and subject to certain limitations of the Internal Revenue Code of 1986, corporate distributees may be eligible for the dividends-received deduction. Unless entitled to relief under specific statutory provisions, we also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances we would be entitled to such statutory relief.

Taxation of U.S. Shareholders of the Company. As used in this prospectus, the term "U.S. Shareholder" means a holder of our common shares that (for United States federal income tax purposes) (i) is a citizen or resident of the United States, (ii) is a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) is an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) is a trust if a United States court is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. For any taxable year for which Acadia qualifies for taxation as a REIT, amounts distributed to taxable U.S. Shareholders will be taxed as follows:

Distributions Generally. Distributions to U.S. Shareholders, other than capital gain dividends discussed below, will be taxable as ordinary income to such holders up to the amount of the company's current or accumulated earnings and profits. Such distributions are not eligible for the dividends-received deduction for corporations. To the extent that the Acadia makes distributions in excess of its current or accumulated earnings and profits, such distributions will first be treated as a tax-free return of capital, reducing the tax basis in the U.S. Shareholders' shares, and distributions in excess of the U.S. Shareholders' tax basis in their respective shares will be taxable as an amount realized from the sale of such shares. Dividends declared by the company in October, November, or December of any year payable to a shareholder of record on a specified date in any such month will be treated as both paid by the company and received by the shareholder on December 31 of such year, provided that the dividend is actually paid by the company during January of the following calendar year. Shareholders may not include on their own income tax returns any tax losses of the company.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution by the company up to the greater of our current or accumulated earnings and profits. As a result, shareholders may be required to treat certain distributions that would otherwise result in a tax-free return of capital as taxable dividends. Moreover, any "deficiency dividend" will be treated as a "dividend" (an ordinary dividend or a capital gain dividend, as the case may be), regardless of the company's earnings and profits.

Capital Gain Dividends. Dividends to U.S. Shareholders that are properly designated by us as capital gain dividends will be treated as long-term capital gain (to the extent they do not exceed the company's actual net capital gain) for the taxable year without regard to the period for which the shareholder has held his shares. Shareholders, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income. Capital gain dividends are not eligible for the dividends-received deduction for corporations.

Individual U.S. Shareholders and U.S. Shareholders that are estates and trusts currently are subject to federal income tax on net capital gains at different tax rates depending upon the nature of the gain and the holding period of the asset disposed of. Although a REIT is taxed on its undistributed net capital gains, for taxable years beginning after 1997, a REIT may elect to include all or a portion of such undistributed net capital gains in the income of its shareholders. In such event, the shareholder will receive a credit or refund for the amount of tax paid by the REIT on such undistributed net capital gains.

Passive Activity and Loss; Investment Interest Limitations. Distributions by us and gain from the disposition of common shares ordinarily will not be treated as passive activity income, and therefore, U.S. Shareholders generally will not be able to apply any "passive losses" against such income. Dividends from the company (to the extent they do not constitute a return of capital) generally will be treated as investment income for purposes of the investment interest limitation. Net capital gain from the disposition of common shares and capital gain dividends generally will be excluded from investment income unless the taxpayer elects to have the gain taxed at ordinary rates.

Dispositions of Common Shares. A U.S. Shareholder will recognize gain or loss on the sale or exchange of common shares to the extent of the difference between the amount realized on such sale or exchange and the holder's tax basis in such shares. Such gain or loss generally will constitute long-term capital gain or loss if the holder has held such shares for more than one year and, in the case of an individual, will be taxed at a lower rate. Losses incurred on the sale or exchange of common shares held for six months or less (after applying certain holding period

rules), however, generally will be deemed long-term capital loss to the extent of any long-term capital gain dividends received by the U.S. Shareholder with respect to such shares.

Treatment of Tax-Exempt U.S. Shareholders. The Internal Revenue Service has ruled that amounts distributed by a REIT out of its earnings and profits to a tax-exempt pension trust did not constitute unrelated business taxable income. Although rulings are merely interpretations of law by the Internal Revenue Service and may be revoked or modified, based on this analysis, indebtedness incurred by us in connection with the acquisition of an investment should not cause any income derived from the investment to be treated as unrelated business taxable income upon the distribution of such income as dividends to a tax-exempt entity. A tax-exempt entity that incurs indebtedness to finance its purchase of shares, however, will be subject to unrelated business taxable income by virtue of the debt-financed income rules.

In addition, tax-exempt pension and certain other tax-exempt trusts that hold more than 10% (by value) of the interests in a REIT may be required to treat a percentage of REIT dividends as unrelated business taxable income. The requirement applies only if (i) the qualification of the REIT depends upon the application of a "look-through" exception to the restriction on REIT shareholdings by five or fewer individuals, including such trusts and (ii) the REIT is "predominantly held" by such trusts; i.e., either (A) at least one such trust holds more than 25% (by value) of the interests in the REIT or (B) one or more such trusts (each of whom own more than 10% by value of the interests in the REIT) hold in the aggregate more than 50% (by value) of the interests in the REIT. It is not anticipated that our REIT qualification will depend upon application of the "look-through" exception or that we will be "predominantly held" by such trusts.

Special Tax Considerations for Foreign Shareholders. The rules governing United States federal income taxation of non-resident alien individuals, foreign corporations, foreign partnerships, and foreign trusts and estates (collectively, "Non-U.S. Shareholders") are complex, and the following discussion is intended only as a summary of such rules. Prospective Non-U.S. Shareholders should consult with their own tax advisors to determine the impact of federal, state, and local income tax laws on an investment in the company, including any reporting requirements, as well as the tax treatment of such an investment under their home country laws.

In general, Non-U.S. Shareholders will be subject to United States federal income tax with respect to their investment in the company if such investment is "effectively connected" with the Non-U.S. Shareholder's conduct of a trade or business in the United States. A corporate Non-U.S. Shareholder who receives income that is (or is treated as) effectively connected with a United States trade or business also may be subject to the branch profits tax under section 884 of the Internal Revenue Code of 1986 which is payable in addition to United States corporate income tax. The following discussion applies to Non-U.S. Shareholders whose investment in the company is not so effectively connected. We expect to withhold United States income tax, as described below, on the gross amount of any distributions paid to a Non-U.S. Shareholder unless (i) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate is filed with the company, or (ii) the Non-U.S. Shareholder files an Internal Revenue Service Form 4224 or applicable successor form with the company, claiming that the distribution is "effectively connected" income.

A distribution by us that is not attributable to gain from the sale or exchange by us of a United States real property interest and that is not designated by us as a capital gain dividend will be treated as an ordinary income dividend to the extent made out of current or accumulated earnings and profits. Generally, an ordinary income dividend will be subject to a United States withholding tax equal to 30% of the gross amount of the distribution unless such tax is reduced or eliminated by an applicable tax treaty. A distribution of cash in excess of our earnings and profits will be treated first as a return of capital that will reduce a Non-U.S. Shareholder's basis in its holding of our common shares (but not below zero) and then as gain from the disposition of such shares, the tax treatment of which is described under the rules discussed below with respect to dispositions of shares.

Distributions by us that are attributable to gain from the sale or exchange of a United States real property interest will be taxed to a Non-U.S. Shareholder under the Foreign Investment in Real Property Tax Act of 1980. Under the Foreign Investment in Real Property Tax Act, such distributions are taxed to a Non-U.S. Shareholder as

if such distributions were gains "effectively connected" with a United States trade or business. Accordingly, a Non- U.S. Shareholder will be taxed at the normal capital gain rates applicable to a U.S. Shareholder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals). Distributions subject to the Foreign Investment in Real Property Tax Act also may be subject to a 30% branch profits tax in the hands of a foreign corporate shareholder that is not entitled to treaty exemption.

We are required to withhold from distributions to Non-U.S. Shareholders, and remit to the Internal Revenue Service, (i) 35% of designated capital gain dividends (or, if greater, 35% of the amount of any distributions that could be designated as capital gain dividends) and (ii) 30% of ordinary dividends paid out of earnings and profits. In addition, if we designate prior distributions as capital gain dividends, subsequent distributions, up to the amount of such prior distributions not withheld against, will be treated as capital gain dividends for purposes of withholding. A distribution in excess of the company's earnings and profits may be subject to 30% dividend withholding if at the time of the distribution it cannot be determined whether the distribution will be in an amount in excess of our current or accumulated earnings and profits. Tax treaties may reduce our withholding obligations. If the amount withheld by us with respect to a distribution to a Non-U.S. Shareholder exceeds the shareholder's United States tax liability with respect to such distribution (as determined under the rules described in the two preceding paragraphs), the Non- U.S. Shareholder may file for a refund of such excess from the Internal Revenue Service. It should be noted that the 35% withholding tax rate on capital gain dividends currently corresponds to the maximum income tax rate applicable to corporations, but is higher than the 20% maximum rate on capital gains of individuals.

Unless our common shares constitute a "United States real property interest" within the meaning of the Foreign Investment in Real Property Tax Act or are effectively connected with a U.S. trade or business, a sale of such shares by a Non-U.S. Shareholder generally will not be subject to United States taxation. Our common shares will not constitute a United States real property interest if the company is a "domestically-controlled REIT." A domestically-controlled REIT is a REIT in which at all times during a specified testing period less than 50% in value of its shares is held directly or indirectly by Non-U.S. Shareholders. It is currently believed that we are a domestically-controlled REIT, and therefore that the sale of shares in our company will not be subject to taxation under the Foreign Investment in Real Property Tax Act. However, because the common shares are publicly traded, no assurance can be given that the company will continue to be a domestically-controlled REIT. Notwithstanding the foregoing, capital gain not subject to the Foreign Investment in Real Property Tax Act will be taxable to a Non-U.S. Shareholder if the Non-U.S. Shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and certain other conditions apply, in which case the nonresident alien individual will be subject to a 30% tax on such individual's capital gains. If our company did not constitute a domestically- controlled REIT, whether a Non-U.S. Shareholder's, sale of common shares would be subject to tax under the Foreign Investment in Real Property Tax Act as a sale of a United States real property interest would depend on whether the shares were "regularly traded" (as defined by applicable Treasury Regulations) on an established securities market (e.g., the NYSE) and on the size of the Selling Shareholder's interest in the company. If the gain on the sale of the company's shares were subject to taxation under the Foreign Investment in Real Property Tax Act, the Non-U.S. Shareholder would be subject to the same treatment as a U.S. Shareholder with respect to such gain (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In any event, a purchaser of common shares from a Non-U.S. Shareholder will not be required under the Foreign Investment in Real Property Tax Act to withhold on the purchase price if the purchased common shares are "regularly traded" on an established securities market or if our company is a domestically-controlled REIT. Otherwise, under the Foreign Investment in Real Property Tax Act the purchaser of our common shares may be required to withhold 10% of the purchase price and remit such amount to the Internal Revenue Service.

Income Taxation of the Operating Partnership, our Subsidiary Partnerships and Their Partners. The following discussion summarizes certain federal income tax considerations applicable to our investment in the operating partnership and the indirect interest of our company in our subsidiary partnerships.

Classification of the Operating Partnership and Our Subsidiary Partnerships. We will be entitled to include in our income our distributive share of the income and to deduct our distributive share of the losses of the operating partnership (including the operating partnership's share of the income or losses of our subsidiary partnerships) only

if the operating partnership (or our subsidiary partnerships) is classified for federal income tax purposes as partnerships or, in the case of certain of our subsidiary partnerships that are single-member limited liability companies, are disregarded as an entity separate from such member, rather than as associations taxable as corporations. With certain exceptions, an unincorporated domestic organization formed on or after January 1, 1997 that has two or more members will be treated as a partnership for federal income tax purposes absent an election by such organization to be treated as an association taxable as a corporation. Such an organization formed prior to January 1, 1997 was treated as a partnership for federal income tax purposes rather than as a corporation for periods prior to January 1, 1997 only if it had no more than two of the four corporate characteristics that the Treasury Regulations applicable to such organizations used to distinguish a partnership from a corporation for tax purposes. These four characteristics were continuity of life, centralization of management, limited liability, and free transferability of interests. Unless such organization elects otherwise, the classification claimed by the organization prior to January 1, 1997 will continue for periods on or after January 1, 1997, and such classification will be respected for all prior periods if the organization had a reasonable basis for such classification, the organization and all members of the organization recognized the federal tax consequences of any change in the organization's classification within the 60 months prior to January 1, 1997, and neither the organization nor any member was notified in writing on or before May 8, 1996 that the classification of the organization was under examination.

We expect that the operating partnership and all of our subsidiary partnerships formed on and after January 1, 1997 either will have two or more members at all times or, in the case of certain of our subsidiary partnerships, will have a single member, and that none of those organizations will elect to be treated as an association for federal income tax purposes. In addition, our subsidiary partnerships in existence prior to January 1, 1997 and owned, directly or indirectly, by the company and its predecessor claimed to be partnerships for all periods prior to January 1, 1997 and were not notified in writing on or before May 8, 1996 that such classification was under examination. In the opinion of our tax counsel, which is based on the provisions of the partnership agreement of the operating partnership and on certain factual assumptions and representations, the operating partnership and our subsidiary partnerships have been, continue to be and will be, treated as partnerships for federal income tax purposes or, in the case of those subsidiary partnerships that are single-member limited liability companies, will be disregarded as an entity separate from such member. However, neither the operating partnership nor any of our subsidiary partnerships have requested, nor do they intend to request, a ruling from the Internal Revenue Service that they will be treated as partnerships or disregarded, as applicable, for federal income tax purposes. Our tax counsel's opinion is not binding on the Internal Revenue Service or the courts.

A publicly-traded partnership is a partnership whose interests are traded on an established securities market or are readily tradeable on a secondary market (or the substantial equivalent thereof). A publicly traded partnership will be treated as a corporation for federal income tax purposes unless at least 90% of such partnership's gross income for each taxable year consists of "qualifying income," which generally includes any income that is qualifying income for purposes of the 95% gross income test applicable to REITs. It is unclear whether the right of unit holders in the operating partnership to exchange their units for shares of the company would be treated as the "substantial equivalent" of the units being readily tradeable. However, because it is anticipated that the operating partnership will meet the Qualifying Income Exception, it should not be treated as a corporation under the publicly-traded partnership rules. In addition, Treasury Regulations provide certain safe harbors that, if applicable, will cause partnership interests to be treated as interests that are not readily tradeable on a secondary market or the substantial equivalent thereof. If for any reason the operating partnership or one of our subsidiary partnerships were taxable as a corporation for federal income tax purposes, our company would not be able to satisfy the requirements for REIT status.

Partners, Not Partnerships, Subject to Tax. A partnership is not a taxable entity for federal income tax purposes. Rather, a partner is required to take into account its allocable share of a partnership's income, gains, losses, deductions, and credits for any taxable year of the partnership ending within or with the taxable year of the partner, without regard to whether the partner has received or will receive any distributions from the partnership.

Partnership Allocations. Although a partnership agreement will generally determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes under section 704(b) of the Internal Revenue Code of 1986 if they do not comply with the provisions of section 704(b) of the Internal Revenue Code of 1986 and the Treasury Regulations promulgated thereunder as to substantial economic effect.

If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The allocations of taxable income and loss of the operating partnership and our subsidiary partnerships are intended to comply with the requirements of section 704(b) of the Internal Revenue Code of 1986 and the Treasury Regulations promulgated thereunder.

Sale of Partnership Property. Generally, any gain realized by a partnership on the sale of property held by the partnership for more than one year and allocated to a partner will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. However, under the REIT requirements imposed by the Internal Revenue Code of 1986, our share, as a partner, of any gain realized by the operating partnership or our subsidiary partnerships on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of a trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. See "--Taxation of Our Company" (p.18).

Information Reporting Requirements and Backup Withholding Tax. We will report to our U.S. Shareholders and the Internal Revenue Service the amount of distributions paid during each calendar year and the amount of tax withheld, if any. Under certain circumstances, U.S. Shareholders may be subject to backup withholding at a rate of 31% with respect to distributions paid. Backup withholding will apply only if the shareholder (i) fails to furnish its taxpayer identification number (which, for an individual, would be such individual's Social Security number), (ii) furnishes an incorrect taxpayer identification number, (iii) is notified by the Internal Revenue Service that it has failed properly to report payments of interest and dividends, or (iv) under certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct taxpayer identification number and has not been notified by the Internal Revenue Service that it is subject to backup withholding for failure to report interest and dividend payments. Backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations. U.S. Shareholders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption. Backup withholding is not an additional tax. Rather, the amount of any backup withholding with respect to a payment to a U.S. Shareholder will be allowed as a credit against such U.S. Shareholder's United States federal income tax liability and may entitle such U.S. Shareholder to a refund, provided that the required information is furnished to the Internal Revenue Service.

Additional issues may arise pertaining to information reporting and backup withholding with respect to Non- U.S. Shareholders. Non-U.S. Shareholders should consult their tax advisors with respect to any such information reporting and backup withholding requirements.

State and Local Tax Considerations. We are, and our shareholders may be, subject to state or local taxation in various state or local jurisdictions, including those in which the company, its shareholders, the operating partnership or our subsidiary partnerships transact business or reside. The state and local tax treatment of the company, the operating partnership, our subsidiary partnerships and our shareholders may not conform to the federal income tax consequences discussed above. Consequently, prospective shareholders should consult their own tax advisors regarding the effect of state and local tax laws on their investment in the company.

Possible Federal Tax Developments. The rules dealing with federal income taxation are constantly under review by the Internal Revenue Service, the Treasury Department, Congress and the courts. New federal tax legislation or other provisions may be enacted into law or new interpretations, rulings or Treasury Regulations could be adopted or judicial decisions rendered, all of which could affect the taxation of the company and its shareholders. No prediction can be made as to the likelihood of passage of any new tax legislation or other provisions either directly

or indirectly affecting the company and its stockholders. Consequently, the tax treatment described herein may be modified prospectively or retroactively by such legislative, judicial or administrative action.

SELLING SHAREHOLDERS

As described elsewhere in this prospectus, the Selling Shareholders are persons who either have received our restricted common shares or may receive common shares in exchange for their OP Units. The following table sets forth, as of March 2, 2000 the name of each Selling Shareholder, the number of common shares beneficially owned by each Selling Shareholder, and the number and percentage of our common shares to be beneficially owned by each Selling Shareholder following the offering to which this prospectus relates. Since Selling Shareholders may sell all, some or none of their shares that are to be offered by this prospectus, no estimate can be made of the aggregate number of common shares offered by this prospectus, or the aggregate number of common shares that will be owned by each Selling Shareholder upon completion of the offering to which this prospectus relates. Except as otherwise noted below, none of the Selling Shareholders has, within the past three years, had any position, office or other material relationship with Acadia.

The common shares offered by this prospectus may be offered from time to time directly by the Selling Shareholders named below or by pledgees, donees, transferees or other successors in interest thereto:

| Name | Shares Beneficially Owned Prior to this Offering(1) | Maximum Number of Shares Which May Be Sold Hereunder | Number of Shares to Be Beneficially Owned After this Offering(2) | Percentage to Be Beneficially Owned After the Offering(2) |
|--|---|--|--|---|
| RD New York VI, LLC | 134,661(3) | 134,661 | 0 | * |
| Yale University | 6,138,492(4) | 6,138,492 | 0 | * |
| Yale University Retirement Plan for Staff Employees | 403,994(5) | 403,994 | 0 | * |
| Vanderbilt University | 1,346,647(5) | 1,346,647 | 0 | * |
| Carnegie Corporation of New York | 942,653(5) | 942,653 | 0 | * |
| Howard Hughes Medical Institute | 2,266,667(6) | 2,266,667 | 0 | * |
| Harvard Private Capital Realty, Inc. | 2,000,000(6)(7) | 2,000,000 | 0 | * |
| The Board of Trustees of the Leland Stanford Junior University | 2,133,333(6) | 2,133,333 | 0 | * |
| TRW Master Trust | 1,200,000(6) | 1,200,000 | 0 | * |
| Five Arrows Realty Securities LLC | 3,266,667(8)(9) | 2,266,667 | 1,000,000 | 3.89(10) |
| Chestnut Hill Trust | 76,426(11) | 76,426 | 0 | * |
| Naperville Associates | 166,248(12) | 166,248 | 0 | * |
| Global Investors Corp. | 468,072(13) | 468,072 | 0 | * |
| Jack Nash | 364,393(14) | 364,393 | 0 | * |
| Brown University | 685,997(15) | 685,997 | 0 | * |

| Name | Shares Beneficially Owned Prior to this Offering(1) | Maximum Number of Shares Which May Be Sold Hereunder | Number of Shares to Be Beneficially Owned After this Offering(2) | Percentage to Be Beneficially Owned After the Offering(2) |
|---|---|--|--|---|
| Halil Bezman | 225,288(16) | 225,288 | 0 | * |
| SRRD Associates, L.P. | 731,089(16) | 731,089 | 0 | * |
| Samada Limited (as Trustee of the Forest Trust) | 1,855,974(17) | 1,855,974 | 0 | * |
| Pragusa One Inc. | 892,030(18) | 892,030 | 0 | * |
| L & J Realty Company | 2,000 | 2,000 | 0 | * |
| Ross Dworman(19) | 799,149(20) | 595,149 | 204,000 | * |
| Kenneth Bernstein(21) | 395,223(22) | 261,691 | 133,532 | * |
| RD Woonsocket, Inc.(23) | 7,540 | 7,540 | 0 | * |
| RD Abington, Inc.(23) | 3,684 | 3,684 | 0 | * |
| RD Missouri, Inc.(23) | 2,883 | 2,883 | 0 | * |
| RD Merrillville, Inc.(23) | 7,799 | 7,799 | 0 | * |
| RD Elmwood, Inc.(23) | 5,205 | 5,205 | 0 | * |
| RD Village, Inc.(23) | 9,545 | 9,545 | 0 | * |
| RD Marley, Inc.(23) | 6,807 | 6,807 | 0 | * |
| RD Soundview Inc.(23) | 6,323 | 6,323 | 0 | * |
| RD Bloomfield Inc.(23) | 5,399 | 5,399 | 0 | * |
| RD Hobson, Inc.(24) | 5,189 | 5,189 | 0 | * |
| RD Townline, Inc.(24) | 5,036 | 5,036 | 0 | * |
| RD Whitegate, Inc.(24) | 1,650 | 1,650 | 0 | * |
| RD Crossroads Inc.(24) | 8,443 | 8,443 | 0 | * |
| RD Smithtown Inc.(24) | 7,642 | 7,642 | 0 | * |
| RD New York, LLC(25) | 103,936 | 103,936 | 0 | * |
| Homkor Colony, L.P. | 31,333 | 31,333 | 0 | * |
| G.O. Associates Limited Partnership | 38,877(26) | 38,877 | 0 | * |
| Great Universal Capital Corp. | 220,300 | 220,300 | 0 | * |
| Cheerful Corp. | 118,391(27) | 118,391 | 0 | * |

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| Name | Shares Beneficially Owned Prior to this Offering(1) | Maximum Number of Shares Which May Be Sold Hereunder | Number of Shares to Be Beneficially Owned After this Offering(2) | Percentage to Be Beneficially Owned After the Offering(2) |
|------------------------------|---|--|--|---|
| Wanda Dworman | 8,475(27) | 8,475 | 0 | * |
| David Dworman | 2,825(27) | 2,825 | 0 | * |
| Evan Frazier Partners(28) | 19,739 | 19,739 | 0 | * |
| Evan Frazier Realty LLC(29) | 294,434 | 294,434 | 0 | * |
| RD Greenbelt, Inc.(30) | 55,011 | 55,011 | 0 | * |
| KAL Partners, L.P. | 102,068 | 102,068 | 0 | * |
| Michael A. Young | 34,005 | 34,005 | 0 | * |
| Mindy White(31) | 17,029 | 17,029 | 0 | * |
| S&J Roth Revocable Trust | 25,517 | 25,517 | 0 | * |
| Rabinowitz Family 1991 Trust | 21,247 | 21,247 | 0 | * |
| Rabinowitz Family 1986 Trust | 21,247 | 21,247 | 0 | * |
| Perry Kamerman(32) | 154,866(33) | 50,000 | 104,866 | * |
| Joel Braun(34) | 84,334(35) | 6,667 | 77,667 | * |
| Eric Newberg | 8,000 | 8,000 | 0 | * |
| Robert Masters(36) | 66,888(37) | 4,667 | 62,221 | * |
| Jay A. Kaiser | 38,667(38) | 38,667(39) | 0 | * |
| H. Robert Holmes | 25,067(38) | 25,067(39) | 0 | * |
| Steve Bollerman | 1,333(38) | 1,333(39) | 0 | * |
| AmCap Incorporated | 44,267(38) | 44,267(39) | 0 | * |
| Lennox Securities, Inc. | 185,600(38) | 185,600(39) | 0 | * |
| TOTALS | | 26,719,319 | -- | -- |

(*) Less than 1%.

(1) Beneficial ownership based upon information provided by the respective Selling Shareholders and is based upon a common share price of \$7.50. Beneficial ownership will differ at alternate share prices due to allocations of distributions as provided in the various partnership agreements of the partnerships which are currently the

record owners of these shares as noted in the applicable footnotes. Assumes that all OP Units held by or attributable to the person are exchanged for common shares.

- (2) Assumes sale of all common shares registered hereunder.
- (3) As of the date of this prospectus, the record owner of 134,395 of these common shares is RD Properties, L.P. VI, the record owner of 133 common shares is RD Properties, L.P. VIA, and the record owner of the remaining 133 common shares is RD Properties, L.P., VIB. All three limited partnerships are expected to distribute their shares to their partners, including the Selling Shareholder, in accordance with the terms of their respective partnership agreements, prior to their resale pursuant to this prospectus. The LLC is 80% owned by Dworman and 20% owned by Mr. Bernstein.
- (4) As of the date of this prospectus, the record owner of 3,366,616 of these common shares is RD Properties, L.P. VI, and the record owner of the remaining 2,771,876 common shares is RD Properties, L.P. V. Both limited partnerships are expected to distribute their shares to their partners, including the Selling Shareholder, in accordance with the terms of their respective partnership agreements, prior to their resale pursuant to this prospectus.
- (5) As of the date of this prospectus, the record owner of these common shares is RD Properties, L.P. VI, which is expected to distribute its shares to its partners, including the Selling Shareholder, in accordance with the terms of its partnership agreement, prior to their resale pursuant to this prospectus.
- (6) As of the date of this prospectus, the record owner of these common shares is RD Properties, L.P. VIA, which is expected to distribute its shares to its partners, including the Selling Shareholder, in accordance with the terms of its partnership agreement, prior to their resale pursuant to this prospectus.
- (7) Charlesbank Capital Partners, LLC ("Charlesbank"), a Massachusetts limited liability company, pursuant to an agreement among Charlesbank, the President and Fellows of Harvard College and certain individuals, has sole power to direct the vote of these shares and may be deemed the beneficial owner of these shares.
- (8) As of the date of this prospectus, the record owner of 2,266,667 of these common shares is RD Properties, L.P. VIB, which is expected to distribute its shares to its partners, including the Selling Shareholder, in accordance with the terms of its partnership agreement, prior to their resale pursuant to this prospectus. In a series of open market purchases between September 3, 1998 and April 20, 1999, Five Arrows Realty Securities L.L.C. acquired 1,000,000 common shares as reported in the statement on Schedule 13D filed by Acadia on September 15, 1998, as amended by Amendment No.1 on May 21, 1999, and Amendment No. 2 on May 24, 1999.
- (9) Rothschild Realty Investors II L.L.C., a Delaware limited liability company and sole managing member of Five Arrows Realty Securities L.L.C., may be deemed the beneficial owner of these shares.
- (10) Assumes the Selling Shareholder sold all its shares which are covered by this prospectus (i.e., 2,266,667) and no Selling Shareholder who holds OP Units has converted such OP Units to common shares.
- (11) As of the date of this prospectus, the record owner of 60,267 of these common shares is RD Properties, L.P. II, the record owner of 4,520 common shares is Columbia VGH Investors and the record owner of the remaining 11,639 common shares is RD Bloomfield Associates Limited Partnership II.
- (12) As of the date of this prospectus, the record owner of 60,267 of these common shares is RD Properties, L.P. II, and the record owner of the remaining 105,981 common shares is RD Bloomfield Associates Limited Partnership II. Both limited partnerships are expected to distribute their shares to their partners, including the Selling Shareholder, in accordance with the terms of their respective partnership agreements, prior to their resale pursuant to this prospectus.

- (13) As of the date of this prospectus, the record owner of 362,091 of these common shares is RD Properties, L.P. II and the record owner of the remaining 105,981 common shares is RD Bloomfield Associates Limited Partnership II.
- (14) As of the date of this prospectus, the record owner of 60,267 of these common shares is RD Properties, L.P. II, the record owner of 48,024 common shares is Columbia VGH Investors, the record owner of 105,981 common shares is RD Bloomfield Associates Limited Partnership II and the record owner of the remaining 150,121 common shares is RD Properties, L.P. III.
- (15) As of the date of this prospectus, the record owner of 120,663 of these common shares is RD Properties, L.P. II, the record owner of 300,242 common shares is RD Properties, L.P. III, the record owner of 138,603 common shares is RD Properties, L.P., V, the record owner of 31,074 common shares is Columbia VGH Investors and the record owner of the remaining 95,415 common shares is RD Bloomfield Associates, L.P. II. All five limited partnerships are expected to distribute their shares to their partners, including the Selling Shareholder, in accordance with the terms of their respective partnership agreements, prior to their resale pursuant to this prospectus.
- (16) As of the date of this prospectus, the record owner of these common shares is RD Properties, L.P. III, which is expected to distribute its shares to its partners, including the Selling Shareholder, in accordance with the terms of its partnership agreement, prior to their resale pursuant to this prospectus.
- (17) As of the date of this prospectus, the record owner of 300,242 of these common shares is RD Properties, L.P. III, and the record owner of the remaining 1,555,732 common shares is RD Properties, L.P. IV. Both limited partnerships are expected to distribute their shares to their partners, including the Selling Shareholder, in accordance with the terms of their respective partnership agreements, prior to their resale pursuant to this prospectus.
- (18) As of the date of this prospectus, the record owner of 225,288 of these common shares is RD Properties, L.P. III, and the record owner of the remaining 666,742 common shares is RD Properties, L.P. IV. Both limited partnerships are expected to distribute their shares to their partners, including the Selling Shareholder, in accordance with the terms of their respective partnership agreements, prior to their resale pursuant to this prospectus.
- (19) Mr. Dworman is currently Chairman and Chief Executive Officer of Acadia.
- (20) Reflects the common shares beneficially owned by Mr. Dworman in his individual capacity (either directly or indirectly). The 737,399 common shares he directly owns in his individual capacity include: (i) 533,399 shares issuable upon the conversion of OP Units, (ii) 200,000 shares issuable upon the exercise of stock options and (iii) 4,000 shares purchased on the open market. The 61,750 common shares he indirectly owns in his individual capacity (through his equity interests in various limited partnerships) are attributable to him as follows:

| Partnership Name | Beneficial Interest |
|---------------------------|---------------------|
| ----- | ----- |
| RD Properties, L.P. II | 11,578 |
| RD Town Square Associates | 5,362 |
| Columbia VGH Investors | 1,129 |
| RD Properties, L.P. III | 21,233 |
| RD Properties, L.P. IV | 22,448 |
| | ----- |

Partnership Name

Beneficial Interest

61,750
=====

In the aggregate, Mr. Dworman is deemed to beneficially own 14,086,915 common shares, which in addition to the shares held by Mr. Dworman in his individual capacity (x) as noted above (799,149) or (y) as noted in footnote (26) (3,887), include:

- (i) 12,848,990 shares which represent 80% of the total common shares of RD Properties, L.P. VI, RD Properties, L.P. VIA and RD Properties, L.P. VIB (collectively the "RD Funds") which Mr. Dworman is deemed to beneficially own as an 80% managing member of RD New York VI LLC, the general partner of the RD Funds and indirect owner of 134,661 shares. Mr. Dworman's 80% share of the 134,661 shares is 107,728.
 - (ii) 55,185 common shares beneficially owned by Mr. Dworman by virtue of his 100% equity interest in those entities designated by footnote (23).
 - (iii) 22,368 common shares beneficially owned by Mr. Dworman by virtue of his 80% equity interest in those entities designated by footnote (24).
 - (iv) 83,149 common shares beneficially owned by Mr. Dworman by virtue of his 80% equity interest in RD New York LLC as described in footnote (25).
 - (v) 15,791 common shares beneficially owned by Mr. Dworman virtue of his 80% equity interest in Evan Frazier Partners as described in footnote (28).
 - (vi) 214,937 common shares beneficially owned by Mr. Dworman by virtue of his 73% interest in Evan Frazier Realty LLC as described in footnote (29).
 - (vii) 43,459 common shares beneficially owned by Mr. Dworman by virtue of his 79% equity interest in RD Greenbelt, Inc. as described in footnote (30).
 - (viii) Mr. Dworman owns 3,499 common shares and 388 shares, respectively, in his own name through the partnership described in footnote 26 and through RD G.O. Properties, Inc., a wholly owned corporation.
- (21) Mr. Bernstein is currently President of the trust.
- (22) Reflects the common shares beneficially owned by Mr. Bernstein in his individual capacity. These shares include: (i) 261,691 shares issuable upon the conversion of OP Units, (ii) 100,000 shares issuable upon the exercise of stock options, (iii) 25,532 restricted shares issued to Mr. Bernstein on January 3, 2000 (which shares are not being registered under this registration statement) and (iv) 8,000 shares purchased on the open market. In the aggregate, Mr. Bernstein is deemed to beneficially own 3,711,182 common shares which, in addition to the shares held by Mr. Bernstein in his individual capacity, include:
- (i) 3,212,248 shares which represent 20% of the total common shares of the RD Funds which Mr. Bernstein is deemed to beneficially own as a 20% managing member of RD New York VI LLC, the general partner of the RD Funds and owner of 134,661 shares. Mr. Bernstein's 20% share of the 134,551 shares is 26,933.
 - (ii) 5,593 common shares beneficially owned by Mr. Bernstein by virtue of his 20% equity interest in those entities designated by footnote (24).

- (iii) 20,787 common shares beneficially owned by Mr. Bernstein by virtue of his 20% equity interest in RD New York LLC as described in footnote (25).
 - (iv) 3,948 common shares beneficially owned by Mr. Bernstein by virtue of his 20% equity interest in Evan Frazier Partners as described in footnote (28).
 - (v) 61,831 common shares beneficially owned by Mr. Bernstein by virtue of his 21% interest in Evan Frazier Realty LLC as described in footnote (29).
 - (vi) 11,552 common shares beneficially owned by Mr. Bernstein by virtue of his 21% interest in RD Greenbelt, Inc. as described in footnote (30).
- (23) Mr. Dworman is the sole shareholder of this corporation.
- (24) Messrs. Dworman and Bernstein own 80% and 20%, respectively, of the issued and outstanding shares.
- (25) Messrs. Dworman and Bernstein own 80% and 20%, respectively, of this limited liability corporation.
- (26) Mr. Dworman owns 3,499 common shares and 388 shares, respectively, through this partnership in his own name and through RD G.O. Properties, Inc., a wholly owned corporation.
- (27) As of the date of this prospectus, the record owner of these common shares in Columbia VGH Investors.
- (28) Messrs. Dworman and Bernstein own 80% and 20%, respectively, of this partnership.
- (29) Messrs. Dworman and Bernstein own 73% and 21%, respectively, of this partnership.
- (30) Messrs. Dworman and Bernstein own 79% and 21%, respectively, of the issued and outstanding shares.
- (31) Mrs. White is married to Gregory White, a trustee of Acadia.
- (32) Mr. Kamerman is currently a Senior Vice President and Treasurer of Acadia.
- (33) These shares include: (i) 50,000 shares issuable upon the conversion of OP Units, (ii) 103,334 shares issuable upon the exercise of stock options and (iii) 1,532 restricted shares issued to Mr. Kamerman on January 3, 2000 (which shares are not being registered under this registration statement).
- (34) Mr. Braun is currently a Senior Vice President of Acadia.
- (35) These shares include: (i) 6,667 shares issuable upon the conversion of OP Units, (ii) 76,667 shares issuable upon the exercise of stock options and (iii) 1,000 shares purchased on the open market.
- (36) Mr. Masters is currently a Senior Vice President and General Counsel of Acadia.
- (37) These shares include: (i) 4,667 shares issuable upon the conversion of OP Units, (ii) 56,667 shares issuable upon the exercise of stock options, (iii) 2,554 restricted shares issued to Mr. Masters on January 3, 2000 (which shares are not being registered under this registration statement) and (iv) 3,000 shares purchased on the open market.
- (38) As of the date of this prospectus, this Selling Shareholder holds preferred OP Units which were issued pursuant to a certain Agreement of Contribution dated November 8, 1999. Preferred OP Units are convertible into regular OP Units at a rate of approximately 133.33 regular OP Units for each preferred OP Unit. Regular OP

Units are convertible into common shares on a one-for-one basis. Amounts set forth in the table reflect the "as converted" number of common shares held by each Selling Shareholder as of the date of this prospectus.

- (39) These shares are subject to a lock-up agreement that, subject to certain limited exceptions, would prohibit the sale or other disposition of such common shares pursuant to this prospectus or otherwise until November 16, 2000.

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PLAN OF DISTRIBUTION

This prospectus relates to the offer and sale from time to time by the persons listed under the Selling Shareholders section of this prospectus of up to 26,719,319 common shares. We have issued 16,061,238 restricted common shares to certain Selling Shareholders and may issue further shares to the extent certain other Selling Shareholders exchange their 10,658,081 OP Units, including 294,934 OP Units issuable upon the conversion of preferred OP Units, held by them in our subsidiary, the operating partnership, for an equal number of common shares. We have registered the Selling Shareholders' common shares for resale to provide them with freely tradeable securities. However, registration of their shares does not necessarily mean that they will offer or sell any of their shares. We will not receive any proceeds from the offering or sale of their shares.

Selling Shareholders (or pledgees, donees, transferees or other successors in interest) may sell the common shares to which this prospectus relates from time to time on the New York Stock Exchange, where our common shares are listed for trading, in other markets where our common shares are traded, in negotiated transactions, through underwriters or dealers, directly to one or more purchasers, through agents or in a combination of such methods of sale. They will sell the common shares at prices which are current when the sales take place or at other prices to which they agree. All costs, expenses and fees in connection with the registration of the common shares offered hereby will be borne by us. Brokerage commissions and similar selling expenses, if any, attributable to the sale of common shares offered hereby will be borne by the Selling Shareholders.

The Selling Shareholders may effect such transactions by selling the common shares offered hereby directly to purchasers or through broker-dealers, which may act as agents or principals. Such broker-dealers may receive compensation in the form of discounts, concessions, or commissions from the Selling Shareholders and/or the purchasers of the common shares offered hereby for whom such broker-dealers may act as agents or to whom they sell as principal, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

In connection with an underwritten offering, underwriters or agents may receive compensation in the form of discounts, concessions or commissions from a Selling Shareholder or from purchasers of the shares which are the subject of this prospectus for whom they may act as agents, and underwriters may sell the shares which are the subject of this prospectus to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. We have agreed to indemnify each Selling Shareholder against certain liabilities, including liabilities arising under the Securities Act. The Selling Shareholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the common shares offered hereby against certain liabilities, including liabilities arising under the Securities Act.

The shares which are the subject of this prospectus may be sold directly or through broker-dealers acting as principal or agent, or pursuant to a distribution by one or more underwriters on a firm commitment or best-efforts basis. The methods by which the shares which are the subject of this prospectus may be sold include: (a) a block trade in which the broker-dealer so engaged will attempt to sell such shares as agent but may position and resell a portion of the block as principal to facilitate the transaction; (b) purchases by a broker-dealer as principal and resale by such broker-dealer for its account pursuant to this prospectus; (c) ordinary brokerage transactions and transactions in which the broker solicits purchasers; (d) an exchange distribution in accordance with the rules of the New York Stock Exchange; (e) privately negotiated transactions; and (f) underwritten transactions. The Selling Shareholders and any underwriters, dealers or agents participating in the distribution of the shares which are the subject of this prospectus may be deemed to be "underwriters" within the meaning of the Securities Act, and any profit on the sale of such shares by the Selling Shareholders and any commissions received by any such broker-dealers may be deemed to be underwriting commissions under the Securities Act. None of the Selling Shareholders has informed us as to their plan of distribution.

EXPERTS

The financial statements and schedule included in the annual report on form 10-K for the fiscal year ended December 31, 1998 incorporated by reference in this prospectus and elsewhere in this registration statement have been audited by Ernst & Young LLP. These audited financial statements are incorporated in this prospectus by reference in reliance upon the authority of Ernst & Young LLP as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Battle Fowler LLP, New York, New York. The validity of the common shares offered hereby will be passed upon for us by Berliner, Corcoran & Rowe L.L.P., Washington, D.C. In addition, the description of federal income tax matters contained in the section of this prospectus entitled "Federal Income Tax Considerations" is based on the opinion of Battle Fowler LLP.

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No dealer, salesperson or other individual has been authorized to give any information or make any representations not contained in this prospectus in connection with the offering covered by this prospectus. If given or made, such information or representation must not be relied upon as having been authorized by Acadia or the Selling Shareholders. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, the common shares in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has not been any change in the facts set forth in this prospectus or in the affairs of our company since the date hereof.

26,719,319 Shares

Acadia Realty Trust

Common Shares

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PROSPECTUS

Prospectus

, 2000

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

Set forth below is an estimate of the approximate amount of the fees and expenses (other than underwriting commissions and discounts) payable by the Registrant in connection with the issuance and distribution of the common shares.

| | |
|-----------------------------------|-------------|
| SEC registration fee..... | \$35,489.94 |
| Printing expenses..... | \$700.00 |
| Accounting fees and expenses..... | \$3,500.00 |
| Legal fees and expenses..... | \$40,000.00 |
| Miscellaneous expenses..... | \$10,000.00 |
| Total..... | \$89,689.94 |
| | ===== |

Item 15. Indemnification of Directors and Officers.

Our bylaws and declaration of trust authorize our company, to the extent permitted under Maryland law, to indemnify its trustees and officers in their capacity as such. Section 8-301(15) of the Maryland General Corporation Law ("MGCL") permits a Maryland REIT to indemnify or advance expenses to trustees and officers to the same extent as is permitted for directors and officers of a Maryland corporation under the MGCL. The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our declaration of trust does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and a written undertaking by such director or officer on his or her behalf to repay the amount paid or reimbursed by the corporation if it shall ultimately be determined that the standard of conduct was not met.

Our bylaws also permit the company, subject to the approval of our board of trustees, to indemnify and advance expenses to any person who served as a predecessor of the company in any of the capacities described above and to any employee or agent of the company or a predecessor of the company.

In addition to the above, our company has purchased and maintains insurance on behalf of all of its trustees and executive officers against liability asserted against or incurred by them in their official capacities with the company, whether or not the company is required or has the power to indemnify them against the same liability.

Item 16. Exhibits.

| | | |
|---------|---|--|
| 3.1(a) | Declaration of Trust of the registrant, as amended | Incorporated by reference to the copy thereof filed as an exhibit to the registrant's Form 10-K for the fiscal year ended December 31, 1994, filed with the SEC on March 17, 1995 (SEC File No. 001-12002) |
| 3.1(b) | Fourth Amendment to Declaration of Trust of the registrant | Incorporated by reference to the copy thereof filed as an Exhibit to the registrant's Form 10-Q for the quarter ended September 30, 1998, filed with the SEC on November 16, 1998 |
| 3.2 | Bylaws of the registrant | Incorporated by reference to the copy thereof filed as an exhibit to the registrant's Form S-11 filed with the SEC on March 25, 1993 (SEC File No. 33-60008) |
| 4.1 | Specimen Share Certificate | Incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the registrant's registration statement on Form S-11 filed with the SEC on May 23, 1993 |
| 5.1 | Opinion of Berliner, Corcoran & Rowe L.L.P. regarding the legality of the securities being registered | Filed herewith |
| 8.1 | Opinion of Battle Fowler LLP regarding certain tax matters | Filed herewith |
| 10.1(a) | Agreement of Limited Partnership of the operating partnership | Incorporated by reference to the copy thereof filed as an exhibit to Amendment No.3 to the registrant's Form S-11 filed with the SEC on March 25, 1993. |
| 10.1(b) | First, Second and Third Amendments to the Agreement of Limited Partnership of the operating partnership | Incorporated by reference to the copy thereof filed as an exhibit to the registrant's Form 10-K for the fiscal year ended December 31, 1998, filed with the SEC on March 31, 1999 |
| 10.1(c) | Amended and Restated Agreement of Limited Partnership of the operating partnership | Filed herewith |
| 10.1(d) | First and Second Amendments to the Amended and Restated Agreement of Limited Partnership of the operating partnership | Filed herewith |
| 23.1 | Consent of Berliner, Corcoran & Rowe L.L.P. (included in Exhibit 5.1) | Filed herewith |
| 23.2 | Consent of Battle Fowler LLP (included in Exhibit 8.1) | Filed herewith |
| 23.3 | Consent of Ernst & Young LLP (New York, New York) | Filed herewith |

| | | |
|---------|--|----------------|
| 24.1 | Power of Attorney (included on signature page hereto) | Filed herewith |
| 99.1(a) | Registration Rights and Lock-Up Agreement (RD Capital Transaction) | Filed herewith |
| 99.1(b) | Registration Rights and Lock-Up Agreement (Pacesetter Transaction) | Filed herewith |

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement;
- (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of a prospectus pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referred to in Item 15 of this Registration Statement, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such

director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question as to whether such indemnification by it is against public policy as expressed in the act, and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Acadia Realty Trust certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Port Washington, State of New York, on this 2nd day of March, 2000.

ACADIA REALTY TRUST
A Maryland real estate investment trust (registrant)

By: /s/ Ross Dworman

Name: Ross Dworman
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ross Dworman and Kenneth F. Bernstein, and each of them, his true and lawful attorneys-in-fact and agents, with full power or substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

| Signature ----- | Title ----- | Date ----- |
|---|--|---------------|
| /s/ Ross Dworman ----- Ross Dworman | Chairman of the Board of Trustees and Chief Executive Officer (Principal Executive Officer) | March 2, 2000 |
| /s/ Kenneth F. Bernstein ----- Kenneth F. Bernstein | President and Trustee | March 2, 2000 |
| /s/ Perry S. Kamerman ----- Perry S. Kamerman | Treasurer and Senior Vice President | March 2, 2000 |
| /s/ Martin L. Edelman ----- Martin L. Edelman | Trustee | March 2, 2000 |
| /s/ Marvin L. Levine ----- Marvin L. Levine | Trustee | March 2, 2000 |
| /s/ Lawrence J. Longua ----- Lawrence J. Longua | Trustee | March 2, 2000 |
| /s/ Gregory White ----- Gregory White | Trustee | March 2, 2000 |

EXHIBIT INDEX

| Exhibit No. ----- | Description ----- |
|----------------------|---|
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| 3.1(b) | Fourth Amendment to Declaration of Trust of the registrant |
| 3.2 | Bylaws of the registrant |
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OPINION OF BERLINER, CORCORAN & ROWE L.L.P.

BERLINER CORCORAN & ROWE L.L.P.
ATTORNEY-AT-LAW
1101 SEVENTEENTH STREET N.W.
SUITE 1100
WASHINGTON, D.C. 20036-4798
TELEPHONE (202) 293-5555 FAX (202) 290-9035
E-mail BCR@BCR-DC.com

March 1, 2000

Acadia Realty Trust
20 Soundview Marketplace
Port Washington, New York 11050

re: Acadia Realty Trust Registration of Common Shares of Beneficial
Interest on Form S-3

Ladies and Gentlemen:

We have acted as special counsel for Acadia Realty Trust, a Maryland real estate investment trust (the "Trust"), in connection with the preparation and filing of a registration statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended, pursuant to which the Trust intends to register an aggregate of 26,719,319 shares of its Common Shares of Beneficial Interest, par value \$.001 per share ("Common Shares"), for resale by the "Selling Shareholders" listed in the Registration Statement and the prospectus included therein. This opinion is being furnished to you as a supporting document for such Registration Statement.

In this connection we have examined and considered the original or copies, certified or otherwise identified to our satisfaction, of the following:

(i) The Declaration of Trust of the Trust including all amendments thereto, as in effect on the date hereof,

(ii) The By-Laws of the Trust, including all amendments thereto, as in effect on the date hereof,

(iii) The Resolutions of the Board of Trustees of the Trust, adopted at meetings of the Board of Trustees on April 14, 1998 and May 28, 1998, which among other things: (a) authorize the issuance of such number of Common Shares and limited partnership interests in Acadia Realty Limited Partnership ("OP Units") as is necessary to effectuate the transactions contemplated by the Contribution and Share Purchase Agreement dated April 15, 1998 (the "RDC Transaction") and (b) reserve for issuance such number of Common Shares as is necessary to effectuate the RDC Transaction,

BERLINER, CORCORAN & ROWE
Acadia Realty Trust

2

March 1, 2000

(iv) The Resolutions of the Board of Trustees of the Trust, adopted pursuant to Unanimous Written Consent of the Trustees on February 17, 2000, which, among other things: (a) authorize the issuance of such number of Common Shares and OP Units as is necessary to effectuate the transactions contemplated by the Agreement of Contribution dated November 8, 1999 (the "Pacesetter Transaction"), (b) reserve for issuance such number of Common Shares and OP Units as is necessary to effectuate the Pacesetter Transaction, and (c) authorize the filing of the Registration Statement,

(v) The Registration Statement filed with the Securities and Exchange Commission, and

(vi) The Certificate of the Secretary of the Trust dated
March 1, 2000.

In addition, we have obtained from public officials, officers and other representatives of the Trust, and others such certificates, documents and assurances as we considered necessary or appropriate for purposes of rendering this opinion. In our examination of the documents listed in (i)-(vi) above and the other certificates and documents referred to herein, we have assumed the legal capacity of all natural persons, the genuineness of all signatures on documents not executed in our presence and facsimile or photostatic copies of which we reviewed, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents. Without limiting the generality of the foregoing we have relied upon the representations of the Trust as to the accuracy and completeness

of (i) the Declaration of Trust and the By-laws of the Trust; (ii) the Registration Statement; and (iii) the representations of the Trust that (a) the resolutions of the Trustees, dated April 14, 1998 and May 28, 1998, (b) the resolutions of the Trustees dated February 17, 2000, (c) the Declaration of Trust, and (d) the By-laws of the Trust have not been rescinded, modified or revoked and no proceedings for the amendment, modification, or rescission of any of such documents are pending or contemplated.

Based upon the assumptions, qualifications, and limitations set forth herein, and relying upon the statements of fact contained in the documents that we have examined, we are of the opinion, as of the date hereof, that when the Registration Statement becomes effective and any conditions for the issuance of Common Shares have been complied with (including, for example, conversion of OP Units in accordance with the Amended and Restated Agreement of Limited Partnership of Acadia Realty Limited Partnership and conversion of OP Units converted from preferred OP Units), the Common Shares shall constitute legally issued, fully paid and nonassessable, and valid and binding obligations of the Trust.

In addition to the assumptions set forth above, the opinions set forth herein are also subject to the following qualifications and limitations:

(a) The opinions expressed in this letter are based upon the assumption that the Trust will keep the Registration Statement effective.

(b) The opinions expressed in this letter are specifically limited to the matters set forth in this letter and no other opinions should be inferred beyond the matters expressly stated herein.

(c) The opinions expressed in this letter are based on the laws of the jurisdictions referred to in the next paragraph as they may be in effect on the date hereof and we assume no obligation to supplement this opinion if any applicable laws change after the date hereof.

The opinions herein expressed are limited in all respects solely to matters governed by the internal laws of the State of Maryland, and the federal laws of the United States of America, insofar as each may be applicable. We express no opinion herein with respect to matters of local, county or municipal law, or with respect to the laws, regulations, or ordinances of local agencies within any state. Subject to the foregoing, any reference herein to "law" means applicable constitutions, statutes, regulations and judicial decisions. To the extent that this opinion relates to the laws of the State of Maryland, it is based upon the opinion of members of this firm who are members of the bar of that State.

This opinion letter is rendered solely to you in connection with the above referenced matter and may not be relied upon by you for any other purpose or delivered to, or quoted or relied upon by, any other person without our prior written consent. This opinion letter is rendered as of the date hereof, and we assume no obligation to advise you of any facts, circumstances, events or developments that may be brought to our attention in the future, which facts, circumstances, events or developments may alter, affect or modify the opinions or beliefs expressed herein.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the Registration Statement and the prospectus included therein.

Very truly yours,

/s/ Berliner, Corcoran & Rowe, L.L.P.

OPINION OF BATTLE FOWLER LLP

212-856-7188

212-856-7810

rotoole@battlefowler.com

March 1, 2000

Acadia Realty Trust
20 Soundview Marketplace
Port Washington, NY 11050

Re: Tax opinion

Gentlemen:

We have acted as counsel to Acadia Realty Trust, a Maryland real estate investment trust (the "Company"), in connection with the registration of up to 26,719,319 common shares of beneficial interest of the Company (the "Shares"), \$0.001 par value. The Shares may be offered for sale by selling stockholders (the "Offering") pursuant to a registration statement (the "Registration Statement") to be filed by the Company with the Securities and Exchange Commission on Form S-3. All of the net proceeds of the Offering will be retained by the selling stockholders and none of the net proceeds of the Offering will be contributed to the Company or to Acadia Realty Limited Partnership, a Delaware limited partnership (the "Operating Partnership"). You have requested our opinion as to certain federal income tax matters in connection with the Offering.

The Operating Partnership owns equity interests in existing shopping centers (and certain other real property) and associated personal property (the "Properties"). The Operating Partnership owns some of the Properties directly and owns the remaining Properties through limited liability companies or subsidiary partnerships (collectively, the "Subsidiary Partnerships").

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Acadia Realty Trust

March 1, 2000

In connection with the opinions rendered below, we have examined the following:

1. the Declaration of Trust of the Company, as amended, as filed with the Secretary of State of Maryland;
2. the Company's Amended Bylaws;
3. the Registration Statement, including the prospectus contained as part of the Registration Statement (the "Prospectus");
4. the Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of March 22, 1999 (the "Operating Partnership Agreement"), among the Company, as general partner and several other limited partners;
5. the first and second amendments to the Operating Partnership Agreement dated, respectively, as of November 15, 1999 and November 18, 1999;
6. the partnership agreements or operating agreements of the Subsidiary Partnerships; and
7. such other documents as we have deemed necessary or appropriate for purposes of this opinion.

In connection with the opinions rendered below, we have assumed generally that:

1. each of the documents referred to above has been duly authorized, executed, and delivered; is authentic, if an original, or is accurate, if a copy; and has not been amended;

2. during each taxable year, including its short taxable year ending December 31, 1993, the Company has operated and will operate in such a manner that will make the representations contained in the Representation Letter, dated March 1, 2000 and executed by the President of the Company (the "Representation Letter"), true for such years;

3. the Company will not make any amendments to its organizational documents or the Operating Partnership Agreement, after the date of this opinion, that would affect the Company's qualification as a real estate investment trust (a "REIT") for any taxable year; and

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4. neither the Operating Partnership or any Subsidiary Partnership will make an election to be taxed as an association taxable as a corporation or other than as a partnership pursuant to Treasury Regulation ss.301.7701-3(c).

In connection with the opinions rendered below, we also have relied upon the correctness of the representations contained in the Representation Letter.

For purposes of our opinions, we made such factual and legal inquiries, including examination of the documents set forth above, as we have deemed necessary or appropriate for purposes of our opinion. For purposes of rendering our opinion, however, we have not made an independent investigation of the facts contained in the documents and assumptions set forth above, the representations set forth in the Representation Letter, or the Prospectus. We consequently have relied upon the representations in the Representation Letter that the information presented in such documents or otherwise furnished to us is accurate and complete in all material respects relevant to our opinion.

We have acted as counsel to the Company since August 12, 1998. Accordingly, the first full taxable year for which we have acted as counsel to the Company is the taxable year ending December 31, 1999, and our opinion rendered below does not address any period before January 1, 1999. We have assumed that, for periods prior to January 1, 1999, the Company qualified to be taxed as a REIT pursuant to sections 856 through 860 of the Code and that the Operating Partnership and the Subsidiary Partnerships were properly treated for federal income tax purposes as partnerships and not as associations taxable as corporations or as publicly traded partnerships.

In addition, to the extent that any of the representations provided to us in the Representation Letter are with respect to matters set forth in the Internal Revenue Code of 1986, as amended (the "Code"), or the Treasury regulations thereunder (the "Regulations"), we have reviewed with the individual making such representation the relevant portion of the Code and the applicable Regulations and are reasonably satisfied that such individual understands such provisions and is capable of making such representations.

Based on the documents and assumptions set forth above, the representations set forth in the Representation Letter, and the discussion in the Prospectus under the caption "Federal Income Tax Considerations" (which is incorporated herein by reference), we are of the opinion that:

(a) commencing with the Company's taxable year ending December 31, 1999, the Company qualified and will qualify to be taxed as a REIT pursuant to sections 856 through 860 of the Code, and the Company's proposed method of operation will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code;

(b) the descriptions of the law and the legal conclusions contained in the Prospectus under the caption "Federal Income Tax Considerations" are correct in all material respects, and the discussion contained therein fairly summarizes the federal tax considerations that are material to a holder of the Common Shares; and

(c) the Operating Partnership and the Subsidiary Partnerships will be treated for federal income tax purposes as partnerships and not as associations taxable as corporations or as publicly traded partnerships.

We assume no obligation to advise you of any changes in our opinion subsequent to the delivery of this opinion letter. The Company's qualification and taxation as a REIT depends upon the Company's ability to meet on a continuing basis, through actual annual operating and other results, the various requirements under the Code with regard to, among other things, the sources of its gross income, the composition of its assets, the level of its distributions to stockholders, and the diversity of its stock ownership. We will not review on a continuing basis the Company's compliance with the documents or assumptions set forth above, or the representations set forth in the Representation Letter. Accordingly, no assurance can be given that the actual results of the Company's operations the sources of its income, the nature of its assets, the level of the Company's distributions to its stockholders and the diversity of the Company's stock ownership for any given taxable year will satisfy the requirements for qualification and taxation as a REIT.

The foregoing opinions are based on current provisions of the Code and the Regulations, published administrative interpretations thereof, and published court decisions. The Internal Revenue Service has not issued Regulations or administrative interpretations with respect to various provisions of the Code relating to REIT qualification. No assurance can be given that the law will not change in a way that will prevent the Company from qualifying as a REIT, or the Operating Partnership or the Subsidiary Partnerships from being classified as partnerships for federal income tax purposes.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also consent to the references to Battle Fowler LLP under the captions "Federal Income Tax Considerations" and "Legal Matters" in the Prospectus.

Acadia Realty Trust

March 1, 2000

The foregoing opinions are limited to the federal income tax matters addressed herein, and no other opinions are rendered with respect to other federal tax matters or to any issues arising under the tax laws of any state or locality. We undertake no obligation to update the opinions expressed herein after the date of this letter.

Very truly yours,

/s/ Battle Fowler LLP

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AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF THE OPERATING PARTNERSHIP

ACADIA REALTY LIMITED PARTNERSHIP

AMENDED & RESTATED LIMITED PARTNERSHIP AGREEMENT

THIS AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this "Agreement") has been executed and delivered as of the 22nd day of March, 1999, by and among Acadia Realty Trust, as general partner (the "General Partner"), a Maryland real estate investment trust, and each of the persons listed as limited partners on Annex A, (the "Limited Partners") (the General Partner and the Limited Partners being each a "Partner" and collectively, the "Partners").

BACKGROUND

A. Acadia Realty Limited Partnership (the "Partnership") was duly organized on May 13, 1993 under the Delaware Revised Limited Partnership Act under the name "Mark Centers Limited Partnership."

B. The Limited Partnership Agreement of the Partnership was entered into as of June 3, 1993 (the "Original Agreement") and was amended by the First Amendment dated as of June 6, 1996, the Second Amendment dated as of August 12, 1998, and the Third Amendment dated as of December 31, 1998.

C. The General Partner completed its initial public offering in May, 1993 and certain of the transactions contemplated by the Original Agreement have previously been completed or are no longer contemplated.

D. The Partners desire to amend and restate the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Partners agree as follows:

1. Partnership.

1.1 Continuation. The Partners hereby continue the Partnership which was formed upon the filing of the Certificate of Limited Partnership of the Partnership (the "Certificate") with the Secretary of State of the State of Delaware in compliance with the provisions of the Act, for the limited purposes set forth herein. Except as otherwise specifically provided in this Agreement, the rights and obligations of the Partners and the management and termination of the Partnership shall be governed by the Act.

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1.2 Name. The name of the Partnership is "Acadia Realty Limited Partnership" or such other name as may from time to time be selected by the General Partner, provided that prompt notice of any such other name selected shall be given to the other Partners. The General Partner shall cause to be executed and filed on behalf of the Partnership such assumed or fictitious name certificates as may be required to be filed in connection with the business of the Partnership.

1.3 Registered Office and Agent. The address of the Partnership's registered office in the State of Delaware is 32 Loockerman Square, Suite 100L, Dover, Kent County, Delaware 19901, and the name of the Partnership's registered agent at such address is The Prentice-Hall Corporation System, Inc. The General Partner, in its discretion, may from time to time change such registered office and agent.

2. Definitions.

2.1 As used in this Agreement, the following terms shall have the meanings set forth respectively after each:

"Act" shall mean the Delaware Revised Limited Partnership Act, as amended from time to time, and any successor statute.

"Adjusted Capital Account Deficit" shall mean, at any time, the then deficit balance in the Capital Account of a Partner, after giving effect to the following adjustments:

(i) credit to such Capital Account any amounts that such Partner is obligated to restore or is deemed obligated to restore as described in the penultimate sentences of Regulations Section 1.704-2(g)(1) and Regulations Section 1.704-2(i)(5), or any successor provisions; and

(ii) debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(i)(d)(4), (5) and (6).

"Agreement" shall mean this Amended and Restated Limited Partnership Agreement, as it may be amended from time to time.

"Bankruptcy" of a Partner shall mean (a) the filing by a Partner of a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code (or corresponding provisions of future laws) or any other Federal or state insolvency law, or a Partner's filing an answer consenting to or acquiescing in any such petition, (b) the making by a Partner of any assignment for the benefit of its creditors or the admission by a Partner in writing of its inability to pay its debts as they mature, or (c) the expiration of sixty (60) days after the filing of an involuntary petition under Title 11 of the United States Code (or corresponding provisions of future laws), seeking an

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application for the appointment of a receiver for the assets of a Partner, or an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other Federal or state insolvency law, provided that the same shall not have been vacated, set aside or stayed within such 60-day period.

"Capital Account" shall mean the capital account maintained by the Partnership for each Partner as described in Section 3.4 hereof.

"Capital Cash Flow" shall have the meaning provided in Section 8.2 hereof.

"Capital Contribution" shall mean, when used in respect of a Partner, the initial capital contribution of such Partner as set forth in Section 3.1 hereof and any other amounts of money or the fair market value of other property contributed by such Partner to the capital of the Partnership pursuant to the terms of this Agreement, including the Capital Contribution made by any predecessor holder of the Partnership Interest of such Partner.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, and any successor statute.

"Contributing Partner" shall have the meaning provided in Section 3.2(B) hereof.

"Depreciation" shall mean for any fiscal year or portion thereof of the Partnership an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such period for Federal income tax purposes, except that if the Gross Asset Value of an asset differs from its adjusted basis for Federal income tax purposes at the beginning of such period, Depreciation shall be an amount that bears the same relationship to such beginning Gross Asset Value as the depreciation, amortization or cost recovery deduction in such period for Federal income tax purposes bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for Federal income tax purposes of an asset at the beginning of such period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

"General Partner" means Acadia Realty Trust or any successor entity.

"Gross Asset Value" means, with respect to any Partnership asset, the asset's adjusted basis for Federal income tax purposes, except as follows:

- (i) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the General Partner;

(ii) The Gross Asset Value of all Partnership assets shall be adjusted to equal their respective gross fair market value, as determined by the General Partner, as of the following times: (a) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership property as consideration for an interest in the Partnership; and (c) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) The Gross Asset Value of any Partnership asset distributed to any Partner shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the General Partner; and

(iv) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Sections 734(b) or 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and paragraph (vi) of the definition of Profits and Losses and Section 7.3(G) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this paragraph (iv) to the extent the General Partner determines that an adjustment pursuant to paragraph (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this paragraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to paragraph (i), (ii) or (iv) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Limited Partner" shall mean the Persons listed as limited partners on Annex A or any Person (i) who becomes a Limited Partner pursuant to the terms and conditions of this Agreement, and (ii) who holds a Partnership Interest. "Limited Partners" means all such Persons.

"Nonrecourse Deductions" has the meaning set forth in Regulations Sections 1.704-2(b)(1) and 1.704-2(c).

"Operating Cash Flow" shall have the meaning provided in Section 8.1 hereof.

"OP Units" shall mean those units of common Partnership Interest issued prior to the date hereof and any additional units of common Partnership Interest issued pursuant to this Agreement.

"Partner Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Debt Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(i)(2).

"Partner Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i).

"Partners" shall mean, collectively, the General Partner and each Limited Partner, or any additional or successor partners of the Partnership. Reference to a Partner shall be to any one of the Partners.

"Partnership Interest" shall mean the ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement, and to the extent not inconsistent with this Agreement, under the Act, together with the obligations of such Partner to comply with all of the terms and provisions of this Agreement and of the Act; provided, however, that in the event the General Partner issues classes of Partnership Interests to Limited Partners pursuant to Section 3.2(B) hereof other than the OP Units, the term Partnership Interests shall mean with respect to each class of Partnership Interests, a fractional, undivided share of the Partnership Interests of all Partners in such class.

"Partnership Minimum Gain" has the meaning set forth in Regulations Section 1.704-3(b)(3) and 1.704-2(d).

"Percentage Interest" shall mean with respect to a Partner holding a Partnership Interest of any class issued hereunder, its interest in such class determined by dividing the Partnership Interests of such class owned by such Partner by the total number of Partnership Interests of such class then outstanding multiplied by the aggregate Percentage Interest allocable to such class of Partnership Interests. For such time or times as the Partnership shall at any time have outstanding more than one class of Partnership Interests, the Percentage Interest attributable to each class of Partnership Interests shall be determined as set forth in Section 3.2(C) hereof.

"Person" shall mean any individual, partnership, corporation, trust, limited liability company or other entity.

"Preferred Units" shall mean those units of preferred Partnership Interest issued prior to the date hereof and any additional units of preferred Partnership Interest issued pursuant to this Agreement.

"Profits" and "Losses" shall mean for each fiscal year or portion thereof an amount equal to the Partnership's items of taxable income or loss for such year or period, determined in accordance with section 703(a) of the Code with the following adjustments:

(i) any income which is exempt from Federal income tax and not otherwise taken into account in computing Net Profits or Net Losses shall be added to (or subtracted from) taxable income (or loss);

(ii) any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Section 705(a)(2)(B) expenditures under Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, will be subtracted from (or added to) taxable income (or loss);

(iii) in the event that the Gross Asset Value of any Partnership asset is adjusted pursuant to the definition of Gross Asset Value contained in this Section 2, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses;

(iv) gain or loss resulting from any disposition of Partnership assets with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period;

(vi) to the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Partner's Partnership Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses; and

(vii) any items specifically allocated pursuant to Section 7.3 or Section 7.4 hereof shall not be considered in determining Profits or Losses.

"Real Estate Investment Trust" shall mean such term as defined in Section 856 of the Code.

"Regulations" shall mean the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"REIT Requirements" is defined in Section 5(C) hereof.

"Unit Certificates" is defined in Section 3.2(A) hereof.

3. Capital.

3.1 Initial Capital. The Partners have previously made the Capital Contributions set forth on Annex B:

3.2 Issuance of Partnership Interests.

A. Outstanding Partnership Interests; Certificates. The aggregate total of all Partnership Interests outstanding as of the date of this Agreement is set forth on Annex A. Such Partnership Interests may, but shall not be required to be, represented by certificates ("Unit Certificates") indicating each Partner's Partnership Interests. In the event the General Partner issues a class of Partnership Interests other than OP Units, the Unit Certificates representing Partnership Interests of such class shall indicate the class, terms, preferences and other restrictions or rights of such class of Partnership Interests.

B. Additional Issuances of Partnership Interests. From time to time, the General Partner, subject to the provisions of this Section 3.2(B) and Section 3.2(D), shall cause the Partnership to issue additional Partnership Interests (i) to existing or newly-admitted Partners (including itself) in exchange for the contribution by a Partner (the "Contributing Partner") of additional Capital Contributions to the Partnership, or (ii) to the General Partner upon the issuance by the General Partner of (x) additional common shares of beneficial interest in the General Partner ("Common Shares") not in connection with the exchange of OP Units as provided in Section 3.8 hereof, or (y) other capital shares, whether common or preferred (together with Common Shares, the "Securities") provided that any net proceeds received by the General Partner as a result of the issuance of such additional Securities are contributed to the Partnership as additional Capital Contributions, in accordance with Section 3.3(B) hereof (it being understood that the General Partner may issue Common Shares in connection with the General Partner's 1993 Share Option Plan, the General Partner's Restricted Share Plan and employee incentive plans that may, from time to time, be in effect, without receiving any proceeds and that the issuance of such shares shall nonetheless entitle the General Partner to additional OP Units).

The number of Partnership Interests issued to the Contributing Partner under clause (i) of this Section 3.2(B) shall be equal to either (a) such amount as may be fixed by agreement between the General Partner, in the General Partner's sole discretion, and the Contributing Partner or (b) the quotient (rounded to the nearest whole number) arrived at by dividing (x) the Gross Asset Value of the property contributed as additional Capital Contributions (net of any debt to which such property is subject or assumed by the Partnership in connection with such contribution) by (y) the Market Price (as hereinafter defined). The number of OP Units issued to the General Partner under clause (ii) of this Section 3.2(B) shall be equal to the number of Common Shares issued. As used in this Section 3.2(B), "Market Price" means the average, for the most recent twenty (20) trading days for the Common Shares preceding the date on which such OP Units are to be issued pursuant to this Section 3.2(B), of the last reported sale price per Common Share at the close of trading on each such date as reported by the Wall Street Journal (New York Edition) or such other reputable stock price reporting service as may be selected by the General Partner.

Any additional Partnership Interests which may be issued may be OP Units or other Partnership Interests in one or more classes, or one or more series of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties which may be senior, pari passu or junior to OP Units, all as shall be determined by the General Partner in its sole and absolute discretion subject to Delaware law, including, without limitation (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; provided that no such additional Partnership Interests shall be issued to the General Partner unless either (A)(1) the additional Partnership Interests are issued in connection with the issuance of shares of Securities by the General Partner, which Securities have designations, preferences and other rights such that the economic interests attributed to such Securities are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner in accordance with this Section 3.2(B), and (2) subject to any exceptions set forth in this Section 3.2(B), the General Partner shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of the General Partner, or (B) the additional Partnership Interests are issued to all the Partners in proportion to their respective Percentage Interests.

C. Percentage Interest Adjustments. In the event that the Partnership issues additional Partnership Interests (including additional classes of Partnership Interests, (but excluding OP Units issued upon the redemption of Preferred Units), the General Partner shall allocate to such additional Partnership Interests a Percentage Interest in the Partnership equal to a fraction, the numerator of which is equal to either (a) such amount as may be fixed by agreement between the General Partner, in the General Partner's sole discretion, and the Contributing Partner or (b) the amount of cash, if any, plus the Gross Asset Value of the

property, if any, contributed as additional Capital Contributions (net of any debt to which such property is subject or assumed by the Partnership in connection with such contribution) with respect to such additional Partnership Interests and the denominator of which is equal to the fair market value (as determined by the General Partner as of the date of such contribution taking into account such contribution) of all the Partnership Interests for all outstanding classes of Partnership Interests (including such additional Partnership Interests). To the extent that any such issuance of additional Partnership Interests results in an overall decrease (the "Percentage Decrease") in the aggregate Percentage Interests in the Partnership represented by all of the Partnership Interests that were outstanding before the issuance of the additional Partnership Interests, the Percentage Decrease shall be allocated among the classes of Partnership Interests outstanding prior to the issuance of the additional Partnership Interests in accordance with such classes' respective Percentage Interests in the Partnership as determined prior to the issuance of the additional Partnership Interests. Similarly, to the extent that a redemption by the General Partner of any Partnership Interests for cash results in an overall increase (the "Percentage Increase") in the aggregate Percentage Interests in the Partnership represented by the remaining Partnership Interests outstanding after the redemption (the "Remaining Interests"), the Percentage Increase shall be allocated among the classes of Remaining Interests by multiplying the Percentage Increase by a fraction equal to the aggregate pre-redemption Percentage Interests of all Remaining Interests of the particular class divided by the aggregate pre-redemption Percentage Interests of all Remaining Interests of all classes. Upon the redemption of any Preferred Units for OP Units, the aggregate Percentage Interest allocated to that class of Preferred Units shall be reduced by the total Percentage Interests attributable to the redeemed Preferred Units (the "Preferred Redemption Percentage"), and the aggregate Percentage Interest allocated to the OP Units shall be increased by that Preferred Redemption Percentage.

D. From time to time, the General Partner shall cause the Partnership to issue additional general Partnership Interests to the General Partner in connection with the issuance by the General Partner of additional Common Shares in exchange for OP Units as provided in Section 3.8 hereof. The amount of general Partnership Interests issued under this Section 3.3(D) shall be equal to the amount of OP Units exchanged for Common Shares (subject to the anti-dilution protections set forth in Section 3.8).

E. If the Common Shares (or any other class of Securities of the General Partner for which a class of Partnership Interests may be redeemed) undergoes any split or reverse split, then without further action or consent by the General Partner or any Limited Partner, each corresponding class of Partnership Interests that is redeemable for Securities shall be split or combined in accordance with the same ratio used to split or combine the Securities. For example, if the Common Shares undergo a reverse 2 for 1 split (i.e. every two shares of old Common Shares are converted into one share of new Common Shares) then the corresponding class of Partnership Interests that are redeemable for such Common Shares shall undergo a similar reverse split (i.e. every two old OP Units shall be converted into one new OP Unit). Similarly, if any class of Partnership Interests into which another class of

Partnership Interests is convertible undergoes any split or reverse split, then without further action or consent by the General Partner or any Limited Partner the latter class of Partnership Interests shall be split or combined in accordance with the same ratio used to split or combine the first class of Partnership Interests.

3.3 Additional Capital.

A. No Partner shall be assessed or, except as provided for in Section 3.3(B) below, required to contribute additional funds or other property to the Partnership. Any additional funds or other property required by the Partnership, as determined by the General Partner in its sole discretion, may, at the option of the General Partner and without an obligation to do so (except as provided for in Section 3.3(B) below), be contributed by the General Partner as additional Capital Contributions. If and as the General Partner or any other Partner makes additional Capital Contributions to the Partnership, each such Partner shall receive additional Partnership Interests as provided for in Section 3.2(B) above. The General Partner shall also have the right (but not the obligation) to raise any additional funds required for the Partnership by causing the Partnership to borrow the necessary funds from third parties on such terms and conditions as the General Partner shall deem appropriate in its sole discretion. If the General Partner elects to cause the Partnership to borrow the additional funds, it may cause one or more of the Partnership's assets to be encumbered to secure the loan. Except as provided for in Section 3.3(C) below, no Limited Partner shall have the right to contribute additional Capital Contributions to the Partnership without the prior written consent of the General Partner.

B. (i) The net proceeds of any and all funds raised by or through the General Partner through the issuance of additional Securities shall be contributed to the Partnership as additional Capital Contributions, and in such event the General Partner shall be issued additional Partnership Interests pursuant to Section 3.2(B) above.

(ii) If the Partnership requires funds at any time or from time to time in excess of funds available to the Partnership through borrowings and prior or additional Capital Contributions, the General Partner may, but shall not be required to, borrow such funds from a financial institution or other lender or through public debt offerings and lend such funds to the Partnership on the same terms and conditions as are applicable to the General Partner.

C. So long as a dividend reinvestment plan is in effect for the holders of the Common Shares, each Limited Partner shall have the right to reinvest any or all cash distributions payable to it from time to time pursuant to this Agreement by having some or all (as the Limited Partner elects) of such distributions contributed to the Partnership as additional Capital Contributions, and in such event the Partnership shall issue to each such Limited Partner additional OP Units pursuant to Section 3.2(B) above. The General Partner shall create and administer a reinvestment program to effect the foregoing in substantial

conformance with any dividend reinvestment program available from time to time to holders of the Common Stock.

3.4 Capital Accounts. A separate capital account("Capital Account") shall be maintained for each Partner.

A. To each Partner's Capital Account there shall be credited such Partner's Capital Contributions, such Partner's distributive share of Profits and any items in the nature of income or gain which are specifically allocated pursuant to Section 7.3 or Section 7.4 hereof, and the amount of any Partnership liabilities assumed by such Partner or which are secured by any Partnership property distributed to such Partner.

B. To each Partner's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Losses and any items in the nature of expenses or losses which are specifically allocated pursuant to Section 7.3 or Section 7.4 hereof, and the amount of any liabilities of such Partner assumed by the Partnership or which are secured by any property contributed by such Partner to the Partnership.

C. In the event all or a portion of a Partnership Interest is transferred in accordance with the terms of this Agreement (including a transfer of OP Units in exchange for Common Shares of the General Partner, pursuant to Section 3.8), the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Partnership Interest.

D. In determining the amount of any liability for purposes of Sections 3.4(A) and 3.4 (B) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

E. This Section 3.4 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, or the Partners) are computed in order to comply with such Regulations, the General Partner may make such modification, provided that it is not likely to have a material effect on the amounts distributed to any Partner pursuant to Section 14 hereof upon the dissolution of the Partnership or would otherwise not have a material adverse effect on any Partner or any Partner's Capital Account. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the

Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b) (2) (iv) (g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b), provided, that such adjustments or modifications, to the extent they may be made in the discretion of the General Partner, shall not, either singly or in the aggregate, have a material adverse effect on any Partner or any Partner's Capital Account.

3.5 Interest on and Return of Capital.

A. No Partner shall be entitled to any interest on its Capital Account or on its contributions to the capital of the Partnership.

B. Except as expressly provided for in this Agreement, not Partner shall have the right to demand or to receive the return of all or any part of his capital contributions to the Partnership and there shall be no priority of one Partner over the other as to the return of capital contributions or withdrawals or distributions of profits and losses. No Partner shall have the right to demand or receive property other than cash in return for the contributions of such Partner to the Partnership.

3.6 Negative Capital Accounts. No Partner shall be required to pay to the Partnership any deficit or negative balance which may exist in its Capital Account.

3.7 Limit on Contributions and Obligations of Partners. Neither the Limited Partners nor the General Partner shall be required to make any additional advance or contributions to or on behalf of the Partnership or to endorse any obligations of the Partnership.

3.8 Conversion of OP Units. Subject to the further provisions of this Section 3.8, the General Partner hereby grants to each Limited Partner the right to exchange any or all of the OP Units held by that Partner for Common Shares, with one OP Unit being exchangeable for one Common Share. Such right may be exercised by a Limited Partner at any time and from time to time upon not less than ten (10) days prior written notice to the General Partner or at such times as may be otherwise agreed to by the Limited Partner, on the one hand, and the Partnership or the General Partner, on the other hand. The General Partner shall at all times reserve and keep available out of its authorized but unissued Common Shares, solely for the purpose of effecting the exchange of OP Units for Common Shares, such number of Common Shares as shall from time to time be sufficient to effect the conversion of all outstanding OP Units not owned by the General Partner. No Limited Partner shall, by virtue of being the holder of one or more OP Units, be deemed to be a shareholder of or have any other interest in the General Partner. The exchange of OP Units for Common Shares described in this Section 3.8 may be effected by the contribution of Common Shares from the General Partner to the Partnership and the redemption by the Partnership of OP Units held by a Limited Partner. In the event of any change in the outstanding Common Shares by reason of any share

dividend, split, recapitalization, merger, consolidation, combination, exchange of shares or other similar corporate change, the number of OP Units held by each Partner shall be proportionately adjusted so that one OP Unit remains exchangeable for one Common Share without dilution. In the event the General Partner issues any Common Shares in exchange for OP Units pursuant to this Section 3.8, any such OP Units so acquired by the General Partner shall immediately thereafter be canceled by the Partnership and the Partnership shall issue to the General Partner new OP Units pursuant to Section 3.2(B)(ii) hereof. Notwithstanding the foregoing provisions of this Section 3.8, a Limited Partner shall not have the right to exchange OP Units for Common Shares if (i) in the opinion of counsel for the General Partner, the General Partner would, as a result thereof, no longer qualify (or it would be likely that the General Partner no longer would qualify) as a Real Estate Investment Trust; (ii) such exchange would, in the opinion of counsel for the General Partner, constitute or be likely to constitute a violation of applicable securities laws; or (iii) such exchange would result in a Limited Partner exceeding the ownership limitation provisions in the Declaration of Trust of the General Partner, as such provisions shall then be in effect. If the General Partner is unable to issue Common Shares in accordance with this Section 3.8, it shall cause the Partnership to redeem the requested OP Units for cash for an amount equal to the Market Price (as defined in Section 3.2(B)) calculated as if one OP Unit equaled one Common Share (subject to the anti-dilution protections set forth in this Section 3.8).

No fractional Common Shares shall be issued in return for OP Units. If more than one OP Unit shall be requested to be redeemed at the same time by the same Limited Partner, the number of full Common Shares that shall be issuable upon the redemption thereof shall be computed on the basis of the aggregate number of Common Shares represented by the OP Units so presented. If any fraction of a Common Share would, except for the provisions of this Section 3.8, be issuable on the redemption of any OP Units (or specified portion thereof), the General Partner shall pay an amount in cash equal to the Market Price (determined as of the trading day immediately preceding the date upon the closing of the conversion of the OP Units is to occur), multiplied by such fraction.

4. Principal Office. The principal office of the Partnership shall be located at the principal office of the General Partner, or at such other place as the General Partner may designate after giving written notice of such designation to the other Partners.

5. Purpose and Powers of the Partnership.

A. The purposes of the Partnership shall be to acquire, purchase, own, operate, manage, develop, redevelop, construct, improve, invest in, finance, refinance, sell, lease and otherwise deal with real property and assets related thereto, and interests therein (including, without limitation, debt), whether directly or indirectly, alone or in association with others. The purposes of the Partnership include, but are not limited to:

(i) acquiring, developing, operating, leasing and managing real property and conducting any other lawful business relating thereto;

(ii) mortgaging, exchanging, selling, encumbering or otherwise disposing of all or any part of a real property or any interest therein;

(iii) constructing, reconstructing, altering, modifying and subtracting from or adding to a real property or any part thereof;

(iv) organizing and holding partnership interests in partnerships owning or otherwise having an interest in, whether directly or indirectly, one or more real properties; and

(v) in general, the making of any investments or expenditures, the borrowing and lending of money and the taking of any and all actions which are incidental or related to any of the purposes recited above.

It is agreed that each of the foregoing is an ordinary part of the Partnership's business and affairs. Property may be acquired subject to, or by assuming, the liens, encumbrances, and other title exceptions which affect such property. The Partnership may also be a partner, general or limited, in partnerships, general or limited, and joint ventures created to accomplish all or any of the foregoing.

B. The Partnership purposes may be accomplished by taking any action which is not prohibited under the Act and which is related to the acquisition, ownership, development, improvement, operation, management, financing, leasing, exchanging, selling or otherwise encumbering or disposing of all or any portion of the assets of the Partnership, or any interest therein.

C. Notwithstanding anything to the contrary contained in this Agreement, for so long as Acadia Realty Trust is a Partner, the Partnership shall operate in such a manner and the Partnership shall take or omit to take all actions as may be necessary (including making appropriate distributions from time to time), so as to permit Acadia Realty Trust (i) to continue to qualify as a Real Estate Investment Trust under Sections 856 through 860 of the Code so long as such requirements exist and as such provisions may be amended from time to time, or corresponding provisions of succeeding law (the "REIT Requirements"), and (ii) to minimize its exposure to the imposition of an excise tax under Section 4981(a) of the Code or a tax under Section 857(b) (5) of the Code, so long as such taxes may be imposed and as such provisions may be amended from time to time, or corresponding provisions of succeeding law, each of (i) and (ii) to at all times be determined (a) as if Acadia Realty Trust's sole asset is its Partnership Interest, and (b) without regard to the action or inaction of Acadia Realty Trust with respect to distributions (by way of dividends or otherwise) and the timing thereof. In addition, the Partnership shall take no action with respect to a sale, exchange or other disposition of any

property owned by the Partnership with respect to which a material issue exists as to whether such sale, exchange or other disposition would cause Acadia Realty Trust to incur a prohibited transaction tax under Section 857(b) (6) of the Code.

D. Without the consent of all of the Limited Partners affected thereby, the General Partner may not change its policy of holding its assets and conducting its business solely through the Partnership or structure any transactions described in Section 5(E) or 5(F) in a manner which will change the General Partner's policy of holding its assets and conducting its business through the Partnership (or the Surviving Partnership (defined below), if applicable), if the result of such transaction is the recognition of gain for federal income tax purposes by such Limited Partners.

E. Whether or not Section 5(D) hereof is applicable, the General Partner shall not, unless Section 5(F) is applicable, engage in any merger, consolidation or other combination with or into another person, sale of all or substantially all of its assets or any reclassification, recapitalization or similar transaction (each a "Termination Transaction"), unless such Termination Transaction is one in connection with which each Limited Partner either will receive, or will have the right to elect to receive, for each OP Unit held by such Limited Partner, an amount of cash, securities, or other property equal to the product of the number of Common Shares into which such OP Unit is convertible (or in the case of a Series A Preferred Unit, the number of OP Units into which such Series A Preferred Unit is convertible) and the greatest amount of cash, securities or other property paid to a holder of one Common Share in consideration of one Common Share pursuant to the terms of the Termination Transaction; provided that; if, in connection with the Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the outstanding Common Shares, each holder of OP Units (but not Series A Preferred Units or any other class of Partnership Interests that is not directly redeemable for Common Shares) shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities, or other property which such holder would have received had it exercised its exchange right (as set forth in Section 3.8) and received Common Shares in exchange for its OP Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction shall have been consummated.

F. Whether or not Section 5(D) hereof is applicable, the General Partner may merge, or otherwise combine its assets, with another entity without satisfying the requirements of Section 5(E) hereof if: (i) immediately after such merger or other combination, substantially all of the assets directly or indirectly owned by the surviving entity, other than OP Units held by such General Partner, are owned directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the "Surviving Partnership"); (ii) the Limited Partners own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership (as determined

pursuant to Section 5(G)) and the relative fair market value of the other net assets of the Surviving Partnership (as determined pursuant to Section 5(G)) immediately prior to the consummation of such transaction; (iii) the rights, preferences and privileges of each class of Limited Partners in the Surviving Partnership are at least as favorable as those in effect immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the Surviving Partnership; and (iv) such rights of the Limited Partners include the right to exchange their interests in the Surviving Partnership for at least one of: (A) the consideration available to such Limited Partners pursuant to Section 5(E), or (B) if the ultimate controlling person of the Surviving Partnership has publicly traded common equal securities, such common equity securities, with an exchange ratio based on the relative fair market value of such securities (as determined pursuant to Section 5(G)) and the Common Shares.

G. In connection with any transaction permitted by Section 5(E) or 5(F), the relative fair market values shall be reasonably determined by the General Partner in good faith as of the time of such transaction and, to the extent applicable, shall be no less favorable to the Limited Partners than the relative values reflected in the terms of such transactions.

6. Term. The term of the Partnership shall continue until the Partnership is terminated upon the occurrence of an event described in Section 14.1 below.

7. Allocations.

7.1 Profits. After giving effect to the special allocations set forth in Sections 7.3 and 7.4 hereof, Profits for any fiscal year shall be allocated among the Partners in proportion to their respective Percentage Interests.

7.2 Losses.

A. After giving effect to the special allocations set forth in Sections 7.3 and 7.4 hereof, Losses for any fiscal year shall be allocated among the Partners in proportion to their respective Percentage Interests.

B. The Losses allocated pursuant to Section 7.2(A) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Limited Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year. All Losses in excess of the limitations set forth in this Section 7.2(B) shall be allocated to the General Partner.

7.3 Special Allocations. Subject to Section 7.6 hereof, the following special allocations shall be made in the following order:

A. Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding any other provision of this Section 7, if there

is a net decrease in Partnership Minimum Gain during any fiscal year, each Partner shall be specially allocated items of Partnership income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6) and 1.704-2(j)(2). This Section 7.3(A) is intended to comply with minimum gain chargeback requirements in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

B. Partner Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Section 7, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership fiscal year, each Partner who has a share of the Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt determined in accordance with Regulations Section 1.704-2(i) (5) shall be specially allocated items of Partnership income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2 (i) (4). The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i) (4) and 1.704-2(i) (2). This Section 7.3(B) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(i) (4) and shall be interpreted consistently therewith.

C. Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations, or distributions described in Regulations Section 1.704-1(b) (2) (ii) (d) (4), Section 1.704-1(b)(2) (ii) (d) (5), or Section 1.704-1(b) (2) (ii) (d) (6), items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible, provided that an allocation pursuant to this Section 7.3(C) shall be made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for this Section 7 have been tentatively made, as if this Section 7.3(C) were not in the Agreement.

D. Gross Income Allocation. In the event any Partner has an Adjusted Capital Account Deficit at the end of any Partnership fiscal year, each such Partner shall be specifically allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 7.3 (D) shall be made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 7 have been made as if Section 7.3(C) hereof and this Section 7.3(D) were not in the Agreement.

E. Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated among the Partners in accordance with their respective Percentage Interests.

F. Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i) (1).

G. Section 754 Adjustments. The Partnership shall make a timely election under Section 754 such that the General Partner may adjust the tax basis of the Partnership assets pursuant to Section 743(b), if appropriate, upon an exchange of OP Units for Common Shares. In addition, to the extent an adjustment to the adjusted tax basis of any Partnerships asset pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Regulations Section 1.704-1(b) (2) (iv) (m) to be taken into account in determining Capital Accounts as a result of a distribution to a Partner in complete liquidation of his interest in the Partnership, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specifically allocated to the Partner in accordance with such Partner's Percentage Interest in the event that Regulations Section 1.704-1(b) (2) (iv) (m) (2) applies, or the Partners to whom such distribution was made in the event that Regulations Section 1.704-1(b) (2) (iv) (m) (4) applies.

H. Allocations with Respect to Partnership Interests other than OP Units. In the event the Partnership issues additional classes of Preferred Units or other classes of Partnership Interests other than OP Units, then the General Partner shall determine, in its sole discretion, the Profits and Losses attributable to each class (subject to the requirement that the Profits attributed to any class must bear a reasonable relationship to the amount of cash distributions to that class) and shall allocate the Profits and Losses of each class of Partnership Interests among the Partners in such class in proportion to their respective percentage interests in such class, after giving effect to any and all special allocations set forth in Sections 7.3 and 7.4 above.

7.4 Curative Allocations. The allocations set forth in Sections 7.2(B), 7.3(A), 7.3(B), 7.3(C), 7.3(D), 7.3(E), 7.3(F) and 7.3(G) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations under Sections 704(b) and 514(c) (9) (E) of the Code. It is the intent of the Partners that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Partnership income, gain, loss, or deduction pursuant to this Section 7.4. Therefore, notwithstanding any other provision of this Section 7 (other than the Regulatory Allocations and Section 7.6), the General Partner shall make such offsetting special allocations of Partnership income, gain, loss, or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Partner's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Partner would have had if the Regulatory Allocations were not part of the Agreement and all Partnership items were allocated pursuant to Sections 7.1 and 7.2(A), and

so that, to the greatest extent possible, such allocations comply with the Regulations under Code Section 514(c) (9) (E). In exercising its discretion under this Section 7.4, the General Partner shall take into account future Regulatory Allocations under Section 7.3 (A) and 7.3(B) that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 7.3(E) and 7.3(F).

7.5 Other Allocation Rules.

A. For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly or other basis, as determined by the General Partner using any permissible method under Code Section 706 and the Regulations thereunder.

B. The Partners are aware of the income tax consequences of the allocations made by this Section 7 and hereby agree to be bound by the provisions of this Section 7 in reporting their shares of Partnership income and loss for income tax purposes.

C. Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Regulations Section 1.752-3(a) (3), the Partners' interests in Partnership Profits are equal to their respective Percentage Interests.

7.6 Tax Allocations: Code Section 704(c).

A. Notwithstanding any other provision herein to the contrary, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial Gross Asset Value in accordance with Code Section 704(c) and Regulations Section 1.704-3 using the "traditional method" unless otherwise determined by the General Partner and the Contributing Partner.

B. In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to the definition of "Gross Asset Value" contained in Section 2 hereof, subsequent allocations of income gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as set forth in Section 7.6A above.

C. Allocations pursuant to this Section 7.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision in this Agreement.

8. Cash Available for Distribution.

8.1 Operating Cash Flow. As used in this Agreement, "Operating Cash Flow" shall mean and be defined as all cash receipts of the Partnership from whatever source (but excluding Capital Cash Flow and proceeds of Capital Contributions) during the period in question in excess of all items of Partnership expense (including prepaid expense, financing costs and similar items but excluding non-cash expenses such as depreciation and costs and expenses paid with Capital Contributions) and other cash needs of the Partnership, including, without limitation, amounts paid by the Partnership as principal on debts and advances, during such period, capital expenditures and any reserves (as reasonably determined by the General Partner) established or increased during such period provided that the expenses listed in Section 8.2 shall not be considered expenses under this Section 8.1. In the discretion of the General Partner, reserves may include cash held for future acquisitions. Operating Cash Flow shall be distributed to or for the benefit of the Partners not less frequently than annually, and shall be distributed (i) first, to holders of any class of Preferred Units in accordance with their Percentage Interests in an amount equal to all preferential distributions on such Preferred Units as set forth in the Unit Certificate for such class and at the times set forth therein, and (ii) thereafter, to the extent of the remaining amount, to and among the other Partners in accordance with their respective Percentage Interests; or

8.2 Capital Cash Flow. As used in this Agreement, "Capital Cash Flow" shall mean and be defined as collectively (a) gross proceeds realized in connection with the sale of any assets of the Partnership, (b) gross financing or refinancing proceeds, (c) gross condemnation proceeds (excluding condemnation proceeds applied to restoration of remaining property) and (d) gross insurance proceeds (excluding rental insurance proceeds or insurance proceeds applied to restoration of property), less (a) closing costs, (b) the cost to discharge any Partnership financing encumbering or otherwise associated with the asset(s) in question, (c) the establishment of reserves (as determined by the General Partner, and which may include cash held for future acquisitions), and (d) other expenses of the Partnership then due and owing. Subject to Section 14.2 below, if applicable, Capital Cash Flow shall be distributed to or for the benefit of the Partners not less frequently than annually and in any event as provided in the Unit Certificate and shall be distributed first to the holders of Preferred Units in the order of their preference and next to the other Partners, in accordance with the respective Percentage Interests of the Partners on the date of such distribution.

8.3 Consent to Distributions. Each of the Partners hereby consents to the distributions provided for in this Agreement. The General Partner shall determine, in accordance with the terms of this Agreement and the Unit Certificates, the amounts to be distributed to the Partners from time to time.

8.4 Distributions to General Partner's Shareholders. To the extent available after providing for the preferences and the rights of the Partners, Operating Cash Flow and Capital Cash Flow shall be distributed to the General Partner in the amount necessary to satisfy the payment of distributions to the General Partner's shareholders as such distributions are determined by the General Partner.

8.5 Additional Classes of Partnership Interests. Notwithstanding the foregoing provisions of this Article 8, in the event the Partnership issues additional classes of Partnership Interests other than OP Units, then the General Partner shall determine, in its sole discretion (subject to Section 7.3(H)), the amount of distributions of Operating Cash Flow and Capital Cash Flow attributable to each class in accordance with the Unit Certificates and shall distribute such Operating Cash Flow and Capital Cash Flow to each class of Partnership Interests among the Partners in such class in proportion to their respective Percentage Interests in such class or otherwise as required pursuant to the terms of such Partnership Interests.

9. Management of Partnership.

9.1 General Partner. The General Partner shall be the sole manager of the Partnership business, and shall have the right and power to make all decisions and take any and every action with respect to the property, the business and affairs of the Partnership and shall have all the rights, power and authority generally conferred by law, or necessary, advisable or consistent with accomplishing the purposes of the Partnership. All such decisions or actions made or taken by the General Partner hereunder shall be binding upon all of the Partners and the Partnership. The powers of the General Partner to manage the Partnership business shall include, without limitation, the power and authority to:

- (i) operate any business normal or customary for the owner of or investor in real properties;
- (ii) perform any and all acts necessary or appropriate to the operation of the Partnership assets, including, but not limited to, applications for rezoning, objections to rezoning of other property and the establishment of bank accounts in the name of the Partnership;
- (iii) procure and maintain with responsible companies such insurance as may be available in such amounts and covering such risks as are deemed appropriate by the General Partner;
- (iv) take and hold all real, personal and mixed property of the Partnership in the name of the Partnership or in the name of a nominee;
- (v) execute and deliver leases on behalf of and in the name of the Partnership;

(vi) borrow money, finance and refinance the assets of the Partnership or any part thereof or interest therein and in connection with such borrowing, execute and deliver documents that evidence and secure the loans which permit the holders of the loans to confess judgment against the Partnership;

(vii) coordinate all accounting and clerical functions of the Partnership and employ such accountants, lawyers, property managers, leasing agents and other management or service personnel as may from time to time be required to carry on the business of the Partnership;

(viii) acquire, encumber, sell, ground lease or otherwise dispose of any or all of the assets of the Partnership, or any part thereof or interest therein; and

(ix) organize one or more partnerships or corporations which are controlled, directly or indirectly, by the Partnership and make any capital contributions required pursuant to the partnership agreements of any such partnerships.

9.2 Limitations on Powers and Authorities of Partners.

Notwithstanding the powers of the General Partner set forth in Section 9.1 above, no Partner shall have the right or power to do any of the following:

(i) do any act in contravention of this Agreement, or any amendment hereto; or

(ii) do any act which would make it impossible to carry on the ordinary business of the Partnership, except to the extent that such act is specifically permitted by the terms hereof (it being understood and agreed that, except as hereafter provided in this Section 9.2, a sale of any or all of the assets of the Partnership, for example, would be an ordinary part of the Partnership's business and affairs and is specifically permitted hereby; or

9.3 Limited Partners. The Limited Partners shall have no right or authority to act for or to bind the Partnership and no Limited Partner shall participate in the conduct or control of the Partnership's affairs or business; provided, however, that the exercise of the Limited Partners' rights under this Agreement shall not be considered to be participation in such conduct or control.

9.4 Liability of General Partner. The General Partner shall not be liable or accountable, in damages or otherwise, to the Partnership or to any other Partner for any error of judgment or for any mistakes of fact or law or for anything which it may do or refrain from doing hereafter in connection with the business and affairs of the Partnership except (i) in the

case of fraud, willful misconduct (such as an intentional breach of fiduciary duty or an intentional breach of this Agreement) or gross negligence, and (ii) for other breaches of this Agreement, but the liability of the General Partner under this clause (ii) shall be limited to its interest in the Partnership as more particularly provided for in Section 9.8 below. The General Partner shall not have any personal liability for the return of any Limited Partner's capital.

9.5 Indemnity. The Partnership shall indemnify and shall hold the General Partner (and the officers and directors thereof) harmless from any loss or damage, including without limitation reasonable legal fees and court costs, incurred by it by reason of anything it may do or refrain from doing hereafter for and on behalf of the Partnership or in connection with its business or affairs; provided, however, that (i) the Partnership shall not be required to indemnify the General Partner (or any officer or director thereof) for any loss or damage which it might incur as a result of its fraud, willful misconduct or gross negligence in the performance of its duties hereunder and (ii) this indemnification shall not relieve the General Partner of its proportionate part of the obligations of the Partnership as a Partner. The right of indemnification set forth in this Section 9.5 shall be in addition to any rights to which the person or entity seeking indemnification may otherwise be entitled and shall inure to the benefit of the successors and assigns or any such person or entity. No Partner shall be personally liable with respect to any claim for indemnification pursuant to this Section 9.5, but such claim shall be satisfied solely out of assets of the Partnership. Notwithstanding the foregoing provisions of this Section 9.5, the General Partner shall be entitled to reimbursement by the Partnership for any amounts paid by it in satisfaction of indemnification obligations owed by the General Partner to present or former directors of the General Partner or its predecessors, as provided for in or pursuant to the Articles of Incorporation and By-Laws of the General Partner.

9.6 Other Activities of Partners and Agreements with Related Parties. The General Partner shall devote its full-time efforts in furtherance of the Partnership business and shall conduct all of its activities exclusively through the Partnership and shall not conduct or engage in any way in any other business; provided, however, that the General Partner may enter into or conduct business through a wholly owned subsidiary or otherwise if such business is in connection with, or incidental to, the management of the business of the Partnership. Except as may otherwise be agreed to in writing, each Limited Partner, and its affiliates, shall be free to engage in, to conduct or to participate in any business or activity whatsoever, including, without limitation, the acquisition, development, management and exploitation of real and personal property (other than property of the Partnership), without any accountability, liability or obligation whatsoever to the Partnership or to any other Partner, even if such business or activity competes with or is enhanced by the business of the Partnership. The General Partner, in the exercise of its power and authority under this Agreement, may contract and otherwise deal with or otherwise obligate the Partnership to entities in which the General Partner or any one or more of the officers, directors or shareholders of the General Partner may have an ownership or other financial interest, whether direct or indirect; provided, however, that without the approval of a majority of the disinterested trustees of the General

Partner, the General Partner will not (i) acquire from or sell to any trustee, officer or employee of the General Partner or the Partnership, or any person in which a trustee, officer or employee of the General Partner or the Partnership owns more than a 1% interest, or acquire from or sell to any affiliate of any of the foregoing, any of the assets or other property of the General Partner, (ii) make any loan to or borrow from any of the foregoing persons, (iii) engage in any other transaction with any of the foregoing persons or (iv) dispose of any of the initial 31 properties set forth on Schedule B hereto; provided further that the foregoing shall not affect, or be deemed a waiver by the Limited Partners of, the General Partner's fiduciary obligations to the Partnership.

9.7 Other Matters Concerning the General Partner.

A. The General Partner shall be protected in relying, acting or refraining from acting on any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

B. The General Partner may exercise any of the powers granted or perform any of the duties imposed by this Agreement either directly or through agents. The General Partner may consult with counsel, accountants, appraisers, management consultants, investment bankers and other consultants selected by it, each of whom may serve as consultants for the Partnership. An opinion by any consultant on a matter which the General Partner believes to be within its professional or expert competence shall be full and complete protection as to any action taken or omitted by the General Partner based on the opinion and taken or omitted in good faith. The General Partner shall not be responsible for the misconduct, negligence, acts or omissions of any consultant or contractor of the Partnership or of the General Partner, and shall assume no obligations other than to use due care in the selection of all consultants and contractors.

C. No mortgagee, grantee, creditor or any other person dealing with the Partnership shall be required to investigate the authority of the General Partner or secure the approval of or confirmation by any Limited Partner of any act of the General Partner in connection with the conduct of the Partnership business.

D. The General Partner may retain such persons or entities as it shall determine (subject to Section 9.6, including the General Partner or any entity in which the General Partner shall have an interest or with which it is affiliated) to provide services to or on behalf of the Partnership. The General Partner shall be entitled to reimbursement from the Partnership for its out-of-pocket expenses (subject to Section 9.6, including, without limitation, amounts paid or payable to the General Partner or any entity in which the General Partner shall have an interest or with which it is affiliated) incurred in connection with Partnership business. Such expenses shall be deemed to include those expenses required in connection with the administration of the Partnership such as the maintenance of Partnership books and records,

management of the Partnership property and assets and preparation of information respecting the Partnership needed by the Partners in the preparation of their individual tax returns.

9.8 Partner Exculpation.

A. Except for fraud, willful misconduct and gross negligence, no Partner shall have any personal liability whatever, whether to the Partnership or to the other Partner, for the debts or liabilities of the Partnership or its obligations hereunder, and the full recourse of the other Partner shall be limited to the interest of that Partner in the Partnership. To the fullest extent permitted by law, no officer, director or shareholder of the General Partner shall be liable to the Partnership for money damages except for (i) active and deliberate dishonesty established by a final judgment or (ii) actual receipt of an improper benefit or profit in money, property or services. Without limitation of the foregoing, and except for fraud, willful misconduct and gross negligence, no property or assets of any Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) and arising out of, or in connection with, this Agreement. This Agreement is executed by the officers of each Partner solely as officers of the same and not in their own individual capacities. No advisor, trustee, director, officer, partner, employee, beneficiary, shareholder, participant or agent of any Partner (or of any Partner of a Partner) shall be personally liable in any matter or to any extent under or in connection with this Agreement, and the Partnership, each Partner and their respective successors and assigns shall look solely to the interest of the other Partner in the Partnership for the payment of any claim or for any performance hereunder.

9.9 General Partner Expenses and Liabilities.

A. All costs and expenses incurred by the General Partner in connection with its activities as the General Partner hereunder, all costs and expenses incurred by the General Partner in connection with its continued corporate existence, qualification as a Real Estate Investment Trust under the Code and otherwise, and all other liabilities incurred or suffered by the General Partner in connection with the pursuit of its business and affairs as contemplated hereunder and in connection with its activities as the General Partner hereunder, shall be paid (or reimbursed to the General Partner, if paid by the General Partner) by the Partnership.

B. Notwithstanding any provisions to the contrary set forth in this Agreement, the amount of any distributions, payments or reimbursements pursuant to this Agreement to the General Partner shall be reduced by any amount derived by the General Partner from any investments owned directly by the General Partner (including without limitation amounts derived from its ownership of those subsidiaries described in Section 9.6).

C. Notwithstanding anything contained herein to the contrary, if the proceeds actually received and thereafter contributed to the Partnership by the General Partner pursuant to any additional issuance as described in Section 3.2(B) are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the General Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have reimbursed the General Partner pursuant to this Section 9.9 for the amount of such underwriter's discount or other expenses.

10. Banking. The funds of the Partnership shall be kept in accounts designated by the General Partner and all withdrawals therefrom shall be made on such signature or signatures as shall be designated by the General Partner.

11. Accounting.

11.1 Fiscal Year. The fiscal year of the Partnership shall end on the last day of December of each year, unless another fiscal year end is selected by the General Partner.

11.2 Books of Account. The Partnership books of account shall be maintained at the principal office designated in Section 4 above or at such other locations and by such person or persons as may be designated by the General Partner. The Partnership shall pay the expense of maintaining its books of account. Each Partner shall have, during reasonable business hours and upon reasonable prior notice, access to the books of the Partnership and in addition, at its expense, shall have the right to copy such books. The General Partner, at the expense of the Partnership, shall cause to be prepared and distributed to the Partners annual financial data sufficient to reflect the status and operations of the Partnership and its assets and to enable each Partner to file its federal income tax return.

11.3 Method of Accounting. The Partnership books of account shall be maintained and kept, and its income, gains, losses and deductions shall be accounted for, in accordance with sound principles of accounting consistently applied, or such other method of accounting as may be adopted hereafter by the General Partner. All elections and options available to the Partnership for Federal or state income tax purposes shall be taken or rejected by the Partnership in the sole discretion of the General Partner.

11.4 Section 754 Election. In case of a distribution of property made in the manner provided in Section 734 of the Code (or any similar provision enacted in lieu thereof), or in the case of a transfer of any interest in the Partnership permitted by this Agreement made in the manner provided in Section 743 of the Code (or any similar provision enacted in lieu thereof), the General Partner, on behalf of the Partnership, may, in its sole discretion, file an election under Section 754 of the Code (or any similar provision enacted in lieu thereof) in accordance with the procedures set forth in the applicable Regulations.

11.5 Tax Matters Partner. The General Partner is hereby designated the Tax Matters Partner (hereinafter referred to as the "TMP") of the Partnership and shall have all the rights and obligations of the TMP under the Code.

11.6 Administrative Adjustments. If the TMP receives notice of a Final Partnership Administrative Adjustment (the "FPAA") or if a request for an administrative adjustment made by the TMP is not allowed by the United States Internal Revenue Service (the "IRS") and the IRS does not notify the TMP of the beginning of an administrative proceeding with respect to the Partnership's taxable year to which such request relates (or if the IRS so notifies the TMP but fails to mail a timely notice of an FPAA), the TMP may, but shall not be obligated to, petition a Court for readjustment of partnership items. In the case of notice of an FPAA, if the TMP determines that the United States District Court or Claims Court is the most appropriate forum for such a petition, the TMP shall notify each person who was a Partner at any time during the Partnership's taxable year to which the IRS notice relates of the approximate amount by which its tax liability would be increased (based on such assumptions as the TMP may in good faith make) if the treatment of partnership items on his return was made consistent with the treatment of partnership items on the Partnership's return, as adjusted by the FPAA. Unless each such person deposits with the TMP, for deposit with the IRS, the approximate amount of his increased tax liability, together with a written agreement to make additional deposits if required to satisfy the jurisdictional requirements of the Court, within thirty days after the TMP's notice to such person, the TMP shall not file a petition in such Court. Instead, the TMP may, but shall not be obligated to, file a petition in the United States District Tax Court.

12. Transfers of Partnership Interests.

A. General Partner. In no event may the General Partner at any time assign, sell, transfer, pledge, hypothecate or otherwise dispose of all or any portion of its Partnership Interest, except by operation of law and in a manner consistent with the rights of other Partners.

B. Limited Partner.

(i) No Limited Partner or substituted Limited Partner shall, without the prior written consent of the General Partner (which consent may be given or withheld in the sole discretion of the General Partner), sell, assign, distribute or otherwise transfer (a "Transfer") all or any part of his interest in the Partnership except by operation of law, gift (outright or in trust) or by sale, in each case to or for the benefit of a Permitted Transferee (as defined below), except for (a) pledges or other collateral transfers effected by a Limited Partner to secure the repayment of a loan and (b) the exchange of OP Units for Common Shares, pursuant to Section 3.8 above. For purposes of this Section 12(B)(i), the term "Permitted Transferee" means (i) any partner or other equity owner of a Limited Partner; (ii)

an equity owner of any partner or other equity owner of a Limited Partner; (iii) members of the Immediate Family (as defined below) of any equity owner of a Limited Partner (or any equity owner thereof) and trusts for the benefit of one or more members of the Immediate Family of the Limited Partner (or any equity owner thereof) created for a state and/or gift tax purposes and/or (iv) any public charity, public foundation or charitable institution as defined in Section 501(C)(3) of the Code or (v) any entity entirely owned and controlled by the Limited Partner or by any of the persons or entities described in clauses (i) through (iv). For purposes of this Section 12(B)(i), the term "Immediate Family" means, with respect to any natural person, such natural person's spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law and children-in-law. A Limited Partner shall notify the General Partner of any Transfer of beneficial interest or other interest which occurs without a transfer of record ownership, as well as any pledge or other collateral transfer. No part of the interest of a Limited Partner shall be subject to the claims of any creditor, any spouse for alimony support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement. A Limited Partner shall not be permitted to retire or withdraw from the Partnership except as expressly permitted by this Agreement.

(ii) An assignee, legatee, distributee or other transferee (whether by conveyance, will or the laws of intestacy, operation of law or otherwise) (a "Transferee") of all or any portion of a Limited Partner's interest in the Partnership shall be entitled to receive Profits, Losses and distributions hereunder attributable to such interest acquired by reason of such Transfer, from and after the effective date of the Transfer of such interest; provided, however, anything in this Agreement to the contrary notwithstanding, (a) no Transferee shall be considered a substituted Limited Partner until such Transfer has been consented to by the General Partner and (b) the Partnership and the General Partner shall be entitled to treat the transferor of such interest as the absolute owner thereof in all respects, and shall incur no liability for the allocation of Profits and Losses or distributions which are made to such transferor until such time as the written instrument of Transfer has been received by the General Partner and the "effective date" of the Transfer has passed. The "effective date" of any Transfer shall be the last day of the month set forth on the written instrument of Transfer or such other date consented to in writing by the General Partner as the "effective date."

C. Admission Adjustments. The General Partner shall, when necessary, cause this Agreement to be amended from time to time to reflect the addition or withdrawal of Partners, including the corresponding adjustments to Percentage Interests in accordance with Section 3.2(C).

13. Death, Legal Incompetency, Etc. of a Limited Partner. The death, legal incompetency, insolvency, dissolution or bankruptcy of a Limited Partner shall not dissolve or terminate the Partnership. Upon the death or incapacity of an individual Limited Partner, such individual Limited Partner's interest in the Partnership shall be transferred either by will, the

laws of intestacy or otherwise to the legal representative or successor of such individual Limited Partner.

14. Termination, Liquidation and Dissolution of Partnership.

14.1 Termination Events. The Partnership shall be dissolved and its affairs wound up in the manner hereinafter provided upon the earliest to occur of the following events:

(i) December 31, 2080; or

(ii) the agreement of those Partners holding at least ninety-five percent (95%) of the Percentage Interests of all of the Partners entitled to vote, determining that the Partnership should be dissolved;

(iii) the General Partner shall hold in excess of ninety-five percent (95%) of the Percentage Interests of all of the Partners; or

(iv) the entry of a final judgment, order or decree of a court of competent jurisdiction adjudicating as bankrupt either the Partnership or the General Partner, and the expiration without appeal of the period, if any, allowed by applicable law to appeal therefrom.

14.2 Method of Liquidation. Upon the happening of any of the events specified in Section 14.1 above, the General Partner (or if there be no General Partner, a liquidating trustee selected by those Limited Partners holding in the aggregate more than fifty percent (50%) of the Percentage Interests held by all Limited Partners entitled to vote) shall immediately commence to wind up the Partnership's affairs and shall liquidate the assets of the Partnership as promptly as possible, unless the General Partner, or the liquidating trustee, shall determine that an immediate sale of Partnership assets would cause undue loss to the Partnership, in which event the liquidation may be deferred to a reasonable time. The Partners shall continue to share Operating Cash Flow, Capital Cash Flow, Profits and Losses during the period of liquidation in the same proportions as before dissolution. The proceeds from liquidation of the Partnership, including repayment of any debts of Partners to the Partnership, shall be applied in the order of priority as follows:

A. Debts of the Partnership, including repayment of principal and interest on loans and advances made by the General Partner pursuant to Section 3.3 above; then

B. To the establishment of any reserves deemed necessary or appropriate by the General Partner, or by the person(s) winding up the affairs of the Partnership in the event there is no remaining General Partner of the Partnership, for any contingent or unforeseen liabilities or obligations of the Partnership. Such reserves established hereunder shall be held

for the purpose of repaying any such contingent or unforeseen liabilities or obligations and, at the expiration of such period as the General Partner, or such person(s) deems advisable, the balance of such reserves shall be distributed in the manner provided hereinafter in this Section 14.2 as though such reserves had been distributed contemporaneously with the other funds distributed hereunder; then

C. Then, to the Partners in accordance with their respective Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

14.3 Date of Termination. The Partnership shall be terminated when all notes received in connection with such disposition have been paid and all of the cash or property available for application and distribution under Section 14.2 above (including reserves) shall have been applied and distributed in accordance therewith.

15. Power of Attorney. Each Limited Partner hereby irrevocably constitutes and appoints the President of the General Partner, with full power of substitution, its true and lawful attorney, for him and in his name, place and stead and for his use and benefit to do the following and for no other purpose and provided the taking of any action authorized under this Section will not result in any liability to the Limited Partners, to sign, swear to, acknowledge, file and record:

(i) this Agreement, and subject to Section 16 below, amendments to this Agreement;

(ii) any certificates, instruments and documents (including assumed and fictitious name certificates) as may be required by, or may be appropriate under, the laws of the State of Delaware or any other State or jurisdiction in which the Partnership is doing or intends to do business, in order to discharge the purposes of the Partnership or otherwise in connection with the use of the name or names used by the Partnership;

(iii) any other instrument which may be required to be filed or recorded by the Partnership on behalf of the Partners under the laws of any State or by any governmental agency in order for the Partnership to conduct its business;

(iv) any documents which may be required to effect the continuation of the Partnership, the admission of a substitute or additional Partner, or the dissolution and termination of the Partnership, provided such continuation, admission or dissolution and termination is not in violation of any provision of this Agreement; and

(v) any documents which may be required or desirable to have the General Partner appointed, and act as, the "Tax Matters Partner" as described in the Code.

The foregoing grant of authority is a special power of attorney coupled with an interest, is irrevocable and shall survive the death or incapacity of any individual Limited Partner, and shall survive the delivery of any assignment by a Limited Partner of the whole or any portion of his interest in the Partnership.

16. Amendment of Agreement.

A. (i) Amendments to this Agreement may only be proposed by the General Partner.

(ii) (a) The General Partner shall submit any proposed amendment to the Limited Partners.

(b) The General Partner shall seek the written vote of the Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate.

(c) For purposes of obtaining a written vote, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a vote which is consistent with the General Partner's recommendation with respect to the proposal.

(d) Except as provided in Section 16(B) or 16(C), a proposed amendment shall be adopted and be effective as an amendment hereto if it is approved by the General Partner and it receives the consent of Partners holding at least a majority of the Percentage Interests of the Partners (including Partnership Interests held by the General Partner).

B. (i) Notwithstanding anything to the contrary contained in Section 16(A), the General Partner shall have the power, without the consent of the Limited Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(a) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(b) to reflect the admission, substitution, termination, or withdrawal of Partners in accordance with this Agreement (which may be effected through the amendment or replacement of Annex A);

(c) to set forth the designations, rights, powers, duties, and preferences of the holders of any additional Partnership Interests issued pursuant to Section 3.2 hereof;

(d) to reflect a change that does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement; and

(e) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law.

(ii) The General Partner shall promptly provide notice to the Limited Partners when any action under this Section 16(B) is taken.

C. Notwithstanding Sections 16(A) and 16(B) hereof, this Agreement shall not be amended with respect to any Partner adversely affected without the consent of such Partner(s) adversely affected if such amendment would adversely affect such Partner and:

(i) convert a Limited Partner's interest in the Partnership into a General Partner Interest;

(ii) modify the limited liability of a Limited Partner;

(iii) alter rights of the Partner to receive distributions pursuant to Section 8 or the allocations specified in Section 7 (except as permitted pursuant to Sections 3.2, 7, 8 and Section 14.1(B)(i) hereof);

(iv) alter rights of the Partner to convert OP Units pursuant to Section 3.8;

(v) further limit the rights of a Limited Partner to transfer its interest in the Partnership other than as set forth in Section 12; or

(v) amend Sections 3.6; 3.7; 5(D) through (G), inclusive; or this Section 16(C).

17. Miscellaneous.

17.1 Notices. Any notice, election or other communication provided for or required by this Agreement shall be in writing and shall be deemed to have been given when delivered by hand or by telecopy or other facsimile transmission, on the first business day after sent by overnight courier (such as Federal Express), or on the second business day after

deposit in the United States Mail, certified or registered, return receipt requested, postage prepaid, properly addressed to the Partner to whom such notice is intended to be given at the address for the Partner set forth on the signature pages of this Agreement, or at such other address as such person may have previously furnished in writing to the Partnership and each Partner.

17.2 Modifications. Except as otherwise provided in this Agreement, no change or modification of this Agreement shall be valid or binding upon the Partners, nor shall any waiver of any term or condition in the future, unless such change or modification or waiver shall be in writing and signed by all of the Partners, except as provided to the contrary in this Agreement.

17.3 Successors and Assigns. Any person acquiring or claiming an interest in the Partnership, in any manner whatsoever, shall be subject to and bound by all of the terms, conditions and obligations of this Agreement to which his predecessor-in-interest was subject or bound, without regard to whether such person has executed a counterpart hereof or any other document contemplated hereby. No person, including the legal representative, heir or legatee of a deceased Partner, shall have any rights or obligations greater than those set forth in the Partnership or become a Partner thereof except as this Agreement, and no person shall acquire an interest in expressly permitted by and pursuant to the terms of this Agreement. Subject to the foregoing, and the provisions of Section 12 above, this Agreement shall be binding upon and inure to the benefit of the Partners and their respective successors, assigns, heirs, legal representatives, executors and administrators.

17.4 Duplicate Originals. For the convenience of the Partners, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument, and all of which taken together shall constitute one agreement.

17.5 Construction. The titles of the Sections and subsections herein have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of any of the terms or provisions herein.

17.6 Governing Law. This Agreement shall be governed by the laws of the State of Delaware. Except to the extent the Act is inconsistent with the provisions of this Agreement, the provisions of such Act shall apply to the Partnership.

17.7 Other Instruments. The parties hereto covenant and agree that they will execute such other and further instruments and documents as, in the opinion of the General Partner, are or may become necessary or desirable to effectuate and carry out the Partnership as provided for by this Agreement.

17.8 General Partner with Interest as Limited Partner. If the General Partner ever has an interest as a Limited Partner in the Partnership, the General Partner shall, with respect to such interest, enjoy all of the rights and be subject to all of the obligations and duties of a Limited Partner.

17.9 Legal Construction. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

17.10 Gender. Whenever the context shall so require, all words herein in any gender shall be deemed to include the masculine, feminine or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

17.11 Prior Agreements Superceded. This Agreement supercedes any prior understandings or written or oral agreements amongst the Partners, or any of them, respecting the within subject matter and contains the entire understanding amongst the Partners with respect thereto.

17.12 No Third Party Beneficiary. The terms and provisions of this Agreement are for the exclusive use and benefit of the General Partner and the Limited Partners and shall not inure to the benefit of any other person or entity.

17.13 Purchase for Investment. Each Partner represents, warrants and agrees that it has acquired and continues to hold its interest in the Partnership for its own account for investment only and not for the purpose of, or with a view toward, the resale or distribution of all any part thereof, nor with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances provided, however, that in no event shall the exercise of a Partner's conversion rights under this Agreement be deemed a violation of this covenant. Each Partner further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment.

17.14 Waiver. No consent or waiver, express or implied, by any Partner to or of any breach or default by any other Partner in the performance by such other Partner of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by such other Partner of the same or any other obligations of such Partner hereunder. Failure on the part of any Partner to complain of any act or failure to act on the part of any other Partner or to declare any other Partner in default, irrespective of how long such failure continues, shall not constitute a waiver by such Partner of its rights hereunder.

17.15 Time of Essence. Time is hereby expressly made of the essence with respect to the performance by the parties of their respective obligations under this Agreement.

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IN WITNESS WHEREOF, this Agreement has been executed and sworn to as of the day and year first above written by the General Partner and the Limited Partner.

GENERAL PARTNER:

ACADIA REALTY TRUST, a Maryland Real Estate
Investment Trust

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

LIMITED PARTNERS:

/s/ Marvin L. Slomowitz

/s/ L & J Realty Company

/s/ Ross Dworman

/s/ Kenneth F. Bernstein

RD Woonsocket, Inc.
RD Abington, Inc.
RD Missouri, Inc.
RD Merrillville, Inc.
RD Elmwood, Inc.
RD Village, Inc.
RD Marley, Inc.
RD Hobson, Inc.
RD Townline, Inc.
RD Whitegate, Inc.

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

RD Properties, L.P. II
RD Properties, L.P. III
RD Properties, L.P. IV

By: /s/ Ross Dworman

Name: Ross Dworman
Title: General Partner

RD Properties, L.P. V

By: RD New York LLC, General Partner

By: /s/ Kenneth B. Bernstein

Name: Kenneth B. Bernstein
Title: Member

RD Crossroads Associates, L.P.

By: RD Crossroads, Inc., General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

RD Soundview Associates, L.P.

By: RD Soundview Associates, Inc.,
General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

RD Smithtown Associates, L.P.

By: RD Smithtown Associates, Inc.,
General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

Homkor Colony, L.P.

By: Homkor Columbia, L.L.C.,
General Partner

By: /s/ James Wise

Name: James Wise
Title: Manager

Marley Associates Limited Partnership

By: RD Marley, Inc., General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

RD Bloomfield Associates Limited
Partnership II

By: RD Bloomfield, Inc., its
General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

G.O. Associates Limited Partnership

By: RD G.O. Properties, Inc.,
individually and as General
Partner of G.O. Associates
Limited Partnership

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

Columbia VGH Investors

By: /s/ Ross Dworman

Name: Ross Dworman
Title: Managing Partner

Great Universal Capital Corp.

By: /s/ Mark Krugman

Name: Mark Krugman
Title: Vice President

Evan Frazier Realty LLC

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: Member

RD Greenbelt, Inc.

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

KAL Partners L.P.

By: /s/ Gregory Manocherian

Name: Gregory Manocherian
Title: General Partner

/s/ Michael A. Young

/s/ Mindy White

S & J Roth Revocable Trust

By: /s/ Stephen Roth

Name: Stephen Roth
Title: Trustee

Rabinowitz Family 1991 Trust

By: /s/ Martin J. Rabinowitz

Name: Martin J. Rabinowitz
Title: Trustee

Rabinowitz Family 1986 Trust

By: /s/ Steven M. Rabinowitz, Esq.

Name: Steven M. Rabinowitz, Esq.
Title: Trustee

/s/ Perry Kamerman

/s/ Joel Braun

/s/ Eric Newberg

/s/ Robert Masters

ANNEX A

| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|-----------------------------------|-------------------|--|--------------------------|---|--|
| General Partner ----- | | | | | |
| Company | 25,419,215 | | | | |
| Limited Partners ----- | | | | | |
| Marvin L. Slomowitz | 821,000 | | | | |
| L & J Realty Company | 2,000 | | | | |
| Ross Dworman | 628,113 | | | | |
| Kenneth F. Bernstein | 285,369 | | | | |
| RD Woonsocket, Inc. | 7,540 | | | | |
| RD Abington, Inc. | 3,684 | | | | |
| RD Missouri, Inc. | 2,883 | | | | |
| RD Merrillville, Inc. | 7,799 | | | | |
| RD Elmwood, Inc. | 5,205 | | | | |
| RD Village, Inc. | 9,545 | | | | |
| RD Marley, Inc. | 6,807 | | | | |
| RD Hobson, Inc. | 5,189 | | | | |
| RD Townline, Inc. | 5,036 | | | | |
| RD Whitegate, Inc. | 1,650 | | | | |
| RD Properties, L.P. II | 986,695 | | | | |
| RD Properties, L.P. III | 1,287,396 | | | | |
| RD Properties, L.P. IV | 944,988 | | | | |
| RD Properties, L.P. V | 2,257,792 | | | | |
| RD Crossroads Associates, L.P. | 844,400 | | | | |

| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|---|-------------------|--|--------------------------|---|--|
| RD Soundview Associates L.P. | 632,400 | | | | |
| RD Smithtown Associates L.P. | 764,267 | | | | |
| Homkor Colony, L.P. | 31,333 | | | | |
| RD Marley Associates L.P. | 673,860 | | | | |
| RD Bloomfield Associates Limited Partnership II | 712,933 | | | | |
| G.O. Associates Limited Partnership | 38,877 | | | | |
| Columbia VGH Investors | 96,048 | | | | |
| Great Universal Capital Corp. | 220,300 | | | | |
| Evan Frazier Realty LLC | 294,434 | | | | |
| RD Greenbelt, Inc. | 55,011 | | | | |
| KAL Partners L.P. | 102,068 | | | | |
| Michael A. Young | 34,005 | | | | |
| Mindy White | 17,029 | | | | |
| S & J Roth Revocable Trust | 25,517 | | | | |
| Rabinowitz Family 1991 Trust | 21,247 | | | | |
| Rabinowitz Family 1986 Trust | 21,247 | | | | |
| Perry Kamerman | 50,000 | | | | |

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| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|--------------------------|-------------------|--|--------------------------|---|--|
| Joel Braun | 6,667 | | | | |
| Eric Newberg | 8,000 | | | | |
| Robert Masters | 4,667 | | | | |
| TOTALS | 37,342,216 | 100% | | 100% | 100% |

796300.10

ANNEX B

| Partner | Capital Contribution |
|--------------------------------|---|
| ----- | ----- |
| The Company | \$136,500,000 |
| Marvin Slomowitz | The properties set forth on "Schedule B -- The Properties" in accordance with the terms and subject to the conditions contained in the several purchase and sale agreements, dated as of June 3, 1993, by and between the Partnership and Marvin Slomowitz. |
| L & J Realty Company | (1) |
| Ross Dworman | (1) |
| Kenneth F. Bernstein | (1) |
| RD Woonsocket, Inc. | (1) |
| RD Abington, Inc. | (1) |
| RD Missouri, Inc. | (1) |
| RD Merrillville, Inc. | (1) |
| RD Elmwood, Inc. | (1) |
| RD Village, Inc. | (1) |
| RD Marley, Inc. | (1) |
| RD Hobson, Inc. | (1) |
| RD Townline, Inc. | (1) |
| RD Whitegate, Inc. | (1) |
| RD Properties, L.P. II | (1) |
| RD Properties, L.P. III | (1) |
| RD Properties, L.P. IV | (1) |
| RD Properties, L.P. V | (1) |
| RD Crossroads Associates, L.P. | (1) |
| RD Soundview Associates L.P. | (1) |

| Partner ----- | Capital Contribution ----- |
|---|-------------------------------|
| RD Smithtown Associates L.P. | (1) |
| Homkor Colony, L.P. | (1) |
| RD Marley Associates L.P. | (1) |
| RD Bloomfield Associates Limited Partnership II | (1) |
| G.O. Associates Limited Partnership | (1) |
| Columbia VGH Investors | (1) |
| Great Universal Capital Corp. | (1) |
| Evan Frazier Realty LLC | (1) |
| RD Greenbelt, Inc. | (1) |
| KAL Partners L.P. | (1) |
| Michael A. Young | (1) |
| Mindy White | (1) |
| S & J Roth Revocable Trust | (1) |
| Rabinowitz Family 1991 Trust | (1) |
| Rabinowitz Family 1986 Trust | (1) |
| Perry Kamerman | (1) |
| Joel Braun | (1) |
| Eric Newberg | (1) |
| Robert Masters | (1) |

- (1) The properties and/or other assets contributed directly or indirectly by the Limited Partner to the Partnership in accordance with the terms and conditions in the Contribution and Share Purchase Agreement dated as of April 15, 1998 between, among others, the Partnership and the Limited Partner and/or its affiliate.

FIRST AND SECOND AMENDMENTS TO THE AMENDED
AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF THE OPERATING PARTNERSHIP

FIRST AMENDMENT TO
AMENDED & RESTATED PARTNERSHIP AGREEMENT

THIS FIRST AMENDMENT, dated as of November 15, 1999, to the Amended and Restated Partnership Agreement, dated as of March 22, 1999, (the "Partnership Agreement"), of ACADIA REALTY LIMITED PARTNERSHIP, a Delaware limited partnership (the "Partnership"). Capitalized terms used herein but not defined herein shall have the meanings given such terms in the Partnership Agreement.

BACKGROUND

Since the date of the Partnership Agreement, certain Limited Partners have (i) converted their OP Units to Common Shares of the General Partner and (ii) transferred their OP Units to a new Limited Partner.

The General Partner, pursuant to the exercise of such authority and in accordance with Section 12(C) of the Partnership Agreement, has determined to execute this First Amendment to the Partnership Agreement to evidence the changes to the ownership of OP Units due to the conversion and transfer of such OP Units.

NOW, THEREFORE, the parties hereto, for good and sufficient consideration and intending to be legally bound, hereby amend the Partnership Agreement as follows:

1. Annex "A" of the Partnership Agreement is hereby amended and restated to reflect (i) changes to the ownership of OP Units due to the conversion and transfer of certain OP Units and (ii) the admission of Cheerful Corporation as a new Limited Partner as of _____, 1999 whose authorized signature appears on the signature page hereto, which Limited Partner shall have such number of OP Units as is set forth opposite such Limited Partner's name on Annex "A". Annex "B" of the Partnership Agreement is hereby amended and restated to reflect the Capital Contribution made by the new Limited Partner.

2. By execution of this First Amendment to the Partnership Agreement, the new Limited Partner agrees to be bound by each and every term of the Partnership Agreement as amended hereby from and after the date hereof.

3. This First Amendment may be executed in counterparts, each of which shall constitute an original, but all together shall constitute one and the same document.

4. Except as expressly set forth in this First Amendment, the Partnership Agreement is hereby ratified and confirmed in each and every respect.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, this First Amendment to the Limited Partnership Agreement is executed and delivered as of the date first written above.

ACADIA REALTY TRUST

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

ACADIA REALTY LIMITED PARTNERSHIP

By: Acadia Realty Trust, its General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

NEW LIMITED PARTNER:

CHEERFUL CORPORATION

By: _____

Name:
Title:

894180

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AMENDED AND RESTATED
AS OF NOVEMBER 15, 1999

ANNEX "A"

| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|----------------------------------|-------------------|--|--------------------------|---|--|
| General Partner ----- | | | | | |
| Company | 24,719,215 | | | | |
| Limited Partners ----- | | | | | |
| Marvin L. Slomowitz | 121,000 | | | | |
| L & J Realty Company | 2,000 | | | | |
| Ross Dworman | 533,400 | | | | |
| Kenneth F. Bernstein | 261,691 | | | | |
| RD Woonsocket, Inc. | 7,540 | | | | |
| RD Abington, Inc. | 3,684 | | | | |
| RD Missouri, Inc. | 2,883 | | | | |
| RD Merrillville, Inc. | 7,799 | | | | |
| RD Elmwood, Inc. | 5,205 | | | | |
| RD Village, Inc. | 9,545 | | | | |
| RD Marley, Inc. | 6,807 | | | | |
| RD Hobson, Inc. | 5,189 | | | | |
| RD Townline, Inc. | 5,036 | | | | |
| RD Whitegate, Inc. | 1,650 | | | | |
| RD Properties, L.P. II | 986,695 | | | | |
| RD Properties, L.P. III | 1,287,396 | | | | |
| RD Properties, L.P. IV | 944,988 | | | | |
| RD Properties, L.P. V | 2,257,792 | | | | |

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| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|---|-------------------|--|--------------------------|---|--|
| RD Crossroads Associates, L.P. | 844,400 | | | | |
| RD Soundview Associates L.P. | 632,400 | | | | |
| RD Smithtown Associates L.P. | 764,267 | | | | |
| Homkor Colony, L.P. | 31,333 | | | | |
| RD Marley Associates L.P. | 673,860 | | | | |
| RD Bloomfield Associates Limited Partnership II | 712,933 | | | | |
| G.O. Associates Limited Partnership | 38,877 | | | | |
| Columbia VGH Investors | 96,048 | | | | |
| Great Universal Capital Corp. | 220,300 | | | | |
| Evan Frazier Realty LLC | 294,434 | | | | |
| RD Greenbelt, Inc. | 55,011 | | | | |
| KAL Partners L.P. | 102,068 | | | | |
| Michael A. Young | 34,005 | | | | |
| Mindy White | 17,029 | | | | |
| S & J Roth Revocable Trust | 25,517 | | | | |
| Rabinowitz Family 1991 Trust | 21,247 | | | | |
| Rabinowitz Family 1986 Trust | 21,247 | | | | |
| 894180.1 | | | | | |

| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|--------------------------|-------------------|--|--------------------------|---|--|
| Perry Kamerman | 50,000 | | | | |
| Joel Braun | 6,667 | | | | |
| Eric Newberg | 8,000 | | | | |
| Robert Masters | 4,667 | | | | |
| Cheerful Corporation | 118,391 | | | | |
| TOTALS | 35,942,216 | 100% | | 100% | 100% |

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ANNEX "B"

| Partner ----- | Capital Contribution ----- |
|-------------------------|---|
| The Company | \$136,500,000 |
| Marvin Slomowitz | The properties set forth on "Schedule B -- The Properties" in accordance with the terms and subject to the conditions contained in the several purchase and sale agreements, dated as of June 3, 1993, by and between the Partnership and Marvin Slomowitz. |
| L & J Realty Company | (1) |
| Ross Dworman | (1) |
| Kenneth F. Bernstein | (1) |
| RD Woonsocket, Inc. | (1) |
| RD Abington, Inc. | (1) |
| RD Missouri, Inc. | (1) |
| RD Merrillville, Inc. | (1) |
| RD Elmwood, Inc. | (1) |
| RD Village, Inc. | (1) |
| RD Marley, Inc. | (1) |
| RD Hobson, Inc. | (1) |
| RD Townline, Inc. | (1) |
| RD Whitegate, Inc. | (1) |
| RD Properties, L.P. II | (1) |
| RD Properties, L.P. III | (1) |
| RD Properties, L.P. IV | (1) |
| RD Properties, L.P. V | (1) |

| Partner ----- | Capital Contribution ----- |
|---|-------------------------------|
| RD Crossroads Associates, L.P. | (1) |
| RD Soundview Associates L.P. | (1) |
| RD Smithtown Associates L.P. | (1) |
| Homkor Colony, L.P. | (1) |
| RD Marley Associates L.P. | (1) |
| RD Bloomfield Associates Limited Partnership II | (1) |
| G.O. Associates Limited Partnership | (1) |
| Columbia VGH Investors | (1) |
| Great Universal Capital Corp. | (1) |
| Evan Frazier Realty LLC | (1) |
| RD Greenbelt, Inc. | (1) |
| KAL Partners L.P. | (1) |
| Michael A. Young | (1) |
| Mindy White | (1) |
| S & J Roth Revocable Trust | (1) |
| Rabinowitz Family 1991 Trust | (1) |
| Rabinowitz Family 1986 Trust | (1) |
| Perry Kamerman | (1) |
| Joel Braun | (1) |
| Eric Newberg | (1) |
| Robert Masters | (1) |
| Cheerful Corporation | N/A |

(1) The properties and/or other assets contributed directly or indirectly by the Limited Partner to the Partnership in accordance with the terms and conditions in the Contribution and Share Purchase Agreement dated as of April 15, 1998 between, among others, the Partnership and the Limited Partner and/or its affiliate.

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- (2) The properties and/or other assets contributed directly or indirectly by the Limited Partner to the Partnership in accordance with the terms and conditions in the Agreement of Contribution dated as of November 8, 1999 between, among others, the Partnership and the Limited Partner.

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SECOND AMENDMENT TO
AMENDED & RESTATED PARTNERSHIP AGREEMENT

THIS SECOND AMENDMENT, dated as of November 18, 1999, to the Amended and Restated Partnership Agreement, dated as of March 22, 1999, as amended by the First Amendment dated as of November 15, 1999 (collectively, the "Partnership Agreement"), of ACADIA REALTY LIMITED PARTNERSHIP, a Delaware limited partnership (the "Partnership"). Capitalized terms used herein but not defined herein shall have the meanings given such terms in the Partnership Agreement.

BACKGROUND

The Partnership is a party to a certain Agreement of Contribution dated as of November 8, 1999 (the "Contribution Agreement") pursuant to which, among other things, the Partnership has agreed to acquire partnership interests in Pacesetter/Ramapo Associates, a New York limited partnership, in consideration for, among other things, Preferred Units in the Partnership. Pursuant to Section 3.2(B) of the Partnership Agreement, the General Partner of the Partnership has the power and authority to issue additional Partnership Interests to Persons in exchange for additional Capital Contributions.

The General Partner, pursuant to the exercise of such authority and in accordance with Section 12(C) of the Partnership Agreement, has determined to execute this Second Amendment to the Partnership Agreement to evidence the issuance of additional Partnership Interests and the admission of the other signatories hereto (the "Pacesetter Partners") as Limited Partners of the Partnership.

NOW, THEREFORE, the parties hereto, for good and sufficient consideration and intending to be legally bound, hereby amend the Partnership Agreement as follows:

1. Annex "A" of the Partnership Agreement is hereby amended and restated to reflect the admission as Limited Partners on the date hereof of the Pacesetter Partners whose authorized signatures appear on the signature page hereto, each of whom shall have such number of Preferred Units as is set forth opposite such signatory's name on Annex "A". Annex "B" of the Partnership Agreement is hereby amended and restated to reflect the Capital Contributions made by the Pacesetter Partners.

2. The Preferred Units issued hereby shall have the rights, preferences, privileges and designations set forth in Annex "C" which is hereby incorporated into the Partnership Agreement.

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3. By execution of this Second Amendment to the Partnership Agreement, each of the Pacesetter Partners agrees to be bound by each and every term of the Partnership Agreement as amended hereby from and after the date hereof.

4. This Second Amendment may be executed in counterparts, each of which shall constitute an original, but all together shall constitute one and the same document.

5. Except as expressly set forth in this Second Amendment, the Partnership Agreement is hereby ratified and confirmed in each and every respect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this First Amendment to the Limited Partnership Agreement is executed and delivered as of the date first written above.

ACADIA REALTY TRUST

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

ACADIA REALTY LIMITED PARTNERSHIP

By: Acadia Realty Trust,
its General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

PACESETTER PARTNERS:

/s/ Jay A. Kaiser

/s/ H. Robert Holmes

/s/ Steve Bollerman

AMCAP INCORPORATED

By: _____

Name:
Title:

LENNOX SECURITIES, INC.

By: _____

Name:
Title:

AMENDED AND RESTATED
AS OF NOVEMBER 18, 1999

ANNEX "A"

| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|----------------------------------|-------------------|--|--------------------------|---|--|
| General Partner ----- | | | | | |
| Company | 24,719,215 | | | | |
| Limited Partners ----- | | | | | |
| Marvin L. Slomowitz | 121,000 | | | | |
| L & J Realty Company | 2,000 | | | | |
| Ross Dworman | 533,400 | | | | |
| Kenneth F. Bernstein | 261,691 | | | | |
| RD Woonsocket, Inc. | 7,540 | | | | |
| RD Abington, Inc. | 3,684 | | | | |
| RD Missouri, Inc. | 2,883 | | | | |
| RD Merrillville, Inc. | 7,799 | | | | |
| RD Elmwood, Inc. | 5,205 | | | | |
| RD Village, Inc. | 9,545 | | | | |
| RD Marley, Inc. | 6,807 | | | | |
| RD Hobson, Inc. | 5,189 | | | | |
| RD Townline, Inc. | 5,036 | | | | |
| RD Whitegate, Inc. | 1,650 | | | | |
| RD Properties, L.P. II | 986,695 | | | | |
| RD Properties, L.P. III | 1,287,396 | | | | |
| RD Properties, L.P. IV | 944,988 | | | | |
| RD Properties, L.P. V | 2,257,792 | | | | |

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| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|--|-------------------|--|--------------------------|---|--|
| RD Crossroads Associates, L.P. | 844,400 | | | | |
| RD Soundview Associates L.P. | 632,400 | | | | |
| RD Smithtown Associates L.P. | 764,267 | | | | |
| Homkor Colony, L.P. | 31,333 | | | | |
| RD Marley Associates L.P. | 673,860 | | | | |
| RD Bloomfield Associates Limited Partnership II | 712,933 | | | | |
| G.O. Associates Limited Partnership | 38,877 | | | | |
| Columbia VGH Investors | 96,048 | | | | |
| Great Universal Capital Corp. | 220,300 | | | | |
| Evan Frazier Realty LLC | 294,434 | | | | |
| RD Greenbelt, Inc. | 55,011 | | | | |
| KAL Partners L.P. | 102,068 | | | | |
| Michael A. Young | 34,005 | | | | |
| Mindy White | 17,029 | | | | |
| S & J Roth Revocable Trust | 25,517 | | | | |
| Rabinowitz Family 1991 Trust | 21,247 | | | | |
| Rabinowitz Family 1986 Trust | 21,247 | | | | |

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| Name of Partner ----- | OP Units ----- | Percentage Interest of OP Units ----- | Preferred Units ----- | Percentage Interest of Preferred Units ----- | Percentage Interest of all Partnership Interests ----- |
|--------------------------|-------------------|--|--------------------------|---|--|
| Perry Kamerman | 50,000 | | | | |
| Joel Braun | 6,667 | | | | |
| Eric Newberg | 8,000 | | | | |
| Robert Masters | 4,667 | | | | |
| Cheerful Corporation | 118,391 | | | | |
| Jay A. Kaiser | | | | | |
| H. Robert Holmes | | | | | |
| Steve Bollerman | | | | | |
| AmCap Incorporated | | | | | |
| Lennox Securities, Inc. | | | | | |
| TOTALS | 35,942,216 | 100% | | 100% | 100% |

A-3

892155.2

ANNEX "B"

| Partner ----- | Capital Contribution ----- |
|-------------------------|---|
| The Company | \$136,500,000 |
| Marvin Slomowitz | The properties set forth on "Schedule B -- The Properties" in accordance with the terms and subject to the conditions contained in the several purchase and sale agreements, dated as of June 3, 1993, by and between the Partnership and Marvin Slomowitz. |
| L & J Realty Company | (1) |
| Ross Dworman | (1) |
| Kenneth F. Bernstein | (1) |
| RD Woonsocket, Inc. | (1) |
| RD Abington, Inc. | (1) |
| RD Missouri, Inc. | (1) |
| RD Merrillville, Inc. | (1) |
| RD Elmwood, Inc. | (1) |
| RD Village, Inc. | (1) |
| RD Marley, Inc. | (1) |
| RD Hobson, Inc. | (1) |
| RD Townline, Inc. | (1) |
| RD Whitegate, Inc. | (1) |
| RD Properties, L.P. II | (1) |
| RD Properties, L.P. III | (1) |
| RD Properties, L.P. IV | (1) |
| RD Properties, L.P. V | (1) |

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| Partner ----- | Capital Contribution ----- |
|--|-------------------------------|
| RD Crossroads Associates, L.P. | (1) |
| RD Soundview Associates L.P. | (1) |
| RD Smithtown Associates L.P. | (1) |
| Homkor Colony, L.P. | (1) |
| RD Marley Associates L.P. | (1) |
| RD Bloomfield Associates Limited Partnership II | (1) |
| G.O. Associates Limited Partnership | (1) |
| Columbia VGH Investors | (1) |
| Great Universal Capital Corp. | (1) |
| Evan Frazier Realty LLC | (1) |
| RD Greenbelt, Inc. | (1) |
| KAL Partners L.P. | (1) |
| Michael A. Young | (1) |
| Mindy White | (1) |
| S & J Roth Revocable Trust | (1) |
| Rabinowitz Family 1991 Trust | (1) |
| Rabinowitz Family 1986 Trust | (1) |
| Perry Kamerman | (1) |
| Joel Braun | (1) |
| Eric Newberg | (1) |
| Robert Masters | (1) |
| Cheerful Corporation | N/A |
| Jay A. Kaiser | (2) |
| H. Robert Holmes | (2) |
| Steve Bollerman | (2) |

B-2

892155.2

| Partner ----- | Capital Contribution ----- |
|-------------------------|-------------------------------|
| AmCap Incorporated | (2) |
| Lennox Securities, Inc. | (2) |

- (1) The properties and/or other assets contributed directly or indirectly by the Limited Partner to the Partnership in accordance with the terms and conditions in the Contribution and Share Purchase Agreement dated as of April 15, 1998 between, among others, the Partnership and the Limited Partner and/or its affiliate.
- (2) The properties and/or other assets contributed directly or indirectly by the Limited Partner to the Partnership in accordance with the terms and conditions in the Agreement of Contribution dated as of November 8, 1999 between, among others, the Partnership and the Limited Partner.

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CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3 No. 333-_____) and related Prospectus of Acadia Realty Trust for the registration of 26,719,319 shares of its common shares of beneficial interest and to the incorporation by reference therein of our report dated March 15, 1999 with respect to the consolidated financial statements and schedule of Acadia Realty Trust included in its Annual Report (Form 10-K) for the year ended December 31, 1998, filed with the Securities and Exchange Commission.

/s/ ERNST & YOUNG LLP

New York, New York
March 2, 2000

909738.9

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

(RD Capital Transaction)

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

THIS REGISTRATION RIGHTS AND LOCK-UP AGREEMENT (this "Agreement"), is made by and among Mark Centers Trust, a Maryland real estate investment trust (the "Company"), RD Properties, L.P. VI, RD Properties, L.P. VIA, and RD Properties, L.P. VIB, each a Delaware limited partnership (individually, an "RDC Fund" and collectively, the "RDC Funds"), and each of the Owners (as such term is defined in that certain Contribution and Share Purchase Agreement (the "Contribution Agreement") among the Contributing Owners (as defined in the Contribution Agreement), the Trust, the Fund, the Contributing Entities (as defined in the Contribution Agreement) and Mark Centers Limited Partnership, a Delaware limited partnership (the "Partnership"), who are receiving limited partnership interests in the Partnership ("OP Units") and/or common shares of beneficial interest in the Trust at the Closing (the "Closing Date") of the transactions contemplated by the Contribution Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and intending to be legally bound hereby, the Company, the RDC Funds and the Contributing Owners hereby agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

(a) "Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

(b) "Conversion Shares" means the Shares issuable upon exchange of the OP Units from time to time by the Owners.

(c) "Exchange Act" means the Securities Exchange Act of 1934 or any successor federal statute, and the rules and regulations of the Commission issued under such Exchange Act, as they each may, from time to time, be in effect.

(d) "Fund Shares" means the Shares to be issued to the RDC Funds in consideration of the Cash Investment (as such term is defined in the Contribution Agreement).

(e) "Holder(s)" means a record holder of Registrable Shares entitled to the rights arising hereunder.

(f) "Participating Holder" means a Holder whose Registrable Shares are included in a Registration Statement.

(g) "Registration Expenses" means the expenses described in Section 6 hereof.

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(h) "Registration Statement" means a registration statement filed by the Company with the Commission for a public offering and sale of equity securities of the Company (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

(i) "Registrable Shares" means the Fund Shares and the Conversion Shares and any other Shares issued in respect of such shares (because of share splits, share dividends, reclassifications, recapitalizations, or similar events); provided, however, that Shares which are Registrable Shares shall cease to be Registrable Shares (x) upon any sale pursuant to a Registration Statement, or any other sale or transfer of the Registrable Shares in any manner to any person or entity other than as expressly provided herein, or (y) in the event that Registrable Shares may be freely sold and/or transferred pursuant to Rule 144(k) under the Securities Act; provided, however, that notwithstanding the provisions of clause (y), for purposes of such clause (y), the Fund Shares shall be deemed to be Registrable Shares until 42 months after the Closing Date.

(j) "Securities Act" means the Securities Act of 1933 or any successor federal statute, and the rules and regulations of the Commission issued under such Securities Act, as they each may, from time to time, be in effect.

(k) "Shares" means Common Shares of Beneficial Interest of the Company, par value \$.001 per share.

2. Piggy-Back Registration.

(a) If at any time and from time to time during the period commencing upon the first anniversary of the Closing Date (the "Anniversary Date") and ending upon the earlier of (i) such time as when all of the Registrable Shares have been disposed of and (ii) three years after the conversion into Shares of all OP Units issued under the Contribution Agreement, the Company proposes to file a Registration Statement, it will, prior to such filing, give written notice to the RDC Funds and to the Owners of its intention to do so and, upon the written request of the RDC Funds and the Owners given within 20 days after the Company provides such notice (which request shall specify the number Registrable Shares intended to be disposed of by each RDC Fund and such responding Owner and the intended method of disposition thereof), the Company, subject to the provisions hereof, shall use commercially reasonable efforts to cause all Registrable Shares which the Company has been requested by the RDC Funds and the Owners to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of the RDC Funds and the Owners; provided, that the Company shall have the right to postpone or withdraw any registration effected pursuant to this Section 2(a) hereof without obligation or liability to the RDC Funds and the Owners.

(b) In connection with any offering under this Section 2 involving an underwriting, the Company shall not be required to include any Registrable Shares in such underwriting unless the Participating Holders accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it, and then only in such quantity as will not, in the opinion of the underwriters, jeopardize the success of the offering by and for the account of the

Company. If, in the opinion of the managing underwriter, the registration of all, or part of, the Registrable Shares which the holders thereof have requested be included would materially and adversely affect such public offering, then the Company shall be required to include in the underwriting only that number of Registrable Shares, if any, which the managing underwriter believes may be sold without causing such material and adverse effect. If the number of Registrable Shares to be included in the underwriting in accordance with the foregoing is less than the total number of Registrable Shares which the holders thereof have requested be included, then the holders of the Registrable Shares shall participate in the underwriting pro rata based upon the relative number of Shares each holder of such other securities has requested be included in such registration; provided, however, that nothing herein shall be construed to modify or otherwise impair or limit the rights of any holder of Shares or other person to whom registration rights have been granted by the Company prior to the date hereof and where such rights would be superior to the rights of the Holders of Registrable Shares.

3. Demand Registration Rights. Upon the request of either (i) the RDC Funds or (ii) the Owners owning of record not less than sixty-five percent (65%) of the Registrable Shares owned of record by all Owners (the "Demanding Holders"), subject to the provisions hereof, the Company will use commercially reasonable efforts to cause such of the Registrable Shares as may be requested by the RDC Funds and/or the Demanding Holders to be registered under the Securities Act as promptly as possible. The Company shall not be required to effect more than two registrations per year pursuant to this Section 3; provided, however, that each obligation shall be deemed satisfied when a Registration Statement covering Registrable Shares specified in notices received as aforesaid, for sale in accordance with the method of disposition specified by the RDC Funds and/or the Demanding Holders shall become effective and shall have remained effective for at least 60 days (provided that if the reason the Registration Statement does not become effective is as a direct result of the gross negligence or willful misconduct of any one or more of the RDC Funds or another Demanding Holder, such attempt at registration shall satisfy the requirements of a "demand" registration under this Section 3). The Company will be entitled to include in any registration statement referred to in this Section 3 for sale in accordance with the method of disposition specified above, securities to be sold by the Company for its own account and securities of any other holder having registration rights, unless in the opinion of the managing underwriter (if such method of disposition shall be an underwritten public offering), such inclusion would materially and adversely affect the marketing of the Registrable Shares to be sold.

4. Certain Shelf Registration. In addition to the registration rights granted by the Company in Sections 2 and 3 hereof, on the Anniversary Date or as soon thereafter as is reasonably practicable, the Company shall, at its expense, use commercially reasonable efforts to register the Registrable Shares for resale including for issuance upon conversion or exchange of OP Units, through a shelf Registration Statement pursuant to Rule 415 under the Securities Act, which shelf Registration Statement shall cover only the Registrable Shares. The Company shall, at its expense, use commercially reasonable efforts to maintain the effectiveness of such shelf Registration Statement until the earlier of (i) such time as when all of the Registrable Shares have been disposed of or (ii) three years after the conversion or exchange of all of the OP Units issued under the Contribution Agreement into Shares.

5. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect the registration of any of the Registrable Shares under the Securities Act, the Company shall:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Shares and use commercially reasonable efforts to cause that Registration Statement to become and remain effective, provided, however, that the Company may discontinue any registration of its securities which is being effected pursuant to Section 2 herein at any time prior to the effective date of the Registration Statement relating thereto;

(b) subject to the provision of Section 4, as soon as reasonably practicable prepare and file with the Commission any amendments and supplements to the Registration Statement and the prospectus included in the Registration Statement as may be necessary to keep the Registration Statement effective until the earlier of (i) the period of time required by the Commission, or (ii) 180 days from the effective date for registrations pursuant to Section 2 and 60 days from the effective date for registrations pursuant to Section 3;

(c) as soon as reasonably practicable furnish to each Participating Holder such reasonable numbers of copies of the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the Participating Holders may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by such Participating Holders and included in the Registration Statement;

(d) as soon as reasonably practicable use commercially reasonable efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities or Blue Sky laws of states within the United States as the Participating Holders shall reasonably request; provided, however, that the Company shall not be required in connection with this subsection 5(d) to: (i) qualify as a foreign corporation in any jurisdiction where, but for the requirements of this subsection 5(d), it would not be obligated to be so qualified; (ii) execute a general consent to service of process in any jurisdiction; (iii) subject itself to taxation in any such jurisdiction; or (iv) register in any state requiring, as a condition to registration, escrow or surrender of any Company securities held by any security holder other than the Participating Holders; and

(e) if an underwritten public offering, obtain a comfort letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by comfort letters and an opinion from the Company's counsel in the form filed as an exhibit to the Registration Statement, in each case addressed to the Participating Holders.

If the Company has delivered a preliminary or final prospectus to a Participating Holder and, after having done so, the prospectus is amended to comply with the requirements of the Securities Act, the Company shall promptly notify such Participating Holder and, if requested, such Participating Holder shall immediately cease making offers of Registrable Shares and return all prospectuses to the Company. The Company shall promptly provide Participating Holders with revised prospectuses and, following receipt of the revised prospectuses, Participating Holders shall be free to resume making offers of the Registrable Shares.

Notwithstanding any other provisions of this Agreement to the contrary, upon receipt by a Participating Holder of a written notice signed by the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Company, to the effect set forth below, the Company shall not be obligated during a reasonable period of time thereafter to effect any registrations pursuant to this Agreement, and each such Participating Holder agrees that it will immediately suspend sales of Shares under any effective Registration Statement for a reasonable period of time, in either case not to exceed 90 days, at any time during which, in the Company's reasonable judgment, (i) there is a development involving the Company or any of its affiliates which is material but which has not yet been publicly disclosed or (ii) sales pursuant to the Registration Statement would materially and adversely affect an unwritten public offering for the account of the Company or any other material financing project where a proposed or pending material merger or other material acquisition or material business combination or material disposition of the Company's assets, to which the Company or any of its affiliates is, or is expected to be, a party. In the event a registration is postponed or sales by a Participating Holder pursuant to an effective Registration Statement are suspended in accordance with this paragraph, there shall be added to the period during which the Company is obligated keep a Registration Statement effective the number of days for which the Registration Statement was postponed or sales were suspended.

6. Expenses of Registration. The Company will pay all Registration Expenses of all registrations under this Agreement. For purposes of this Agreement, the term "Registration Expenses" shall mean all expenses incurred by the Company in complying with this Agreement, including without limitation, all registration and filing fees, exchange listing fees, printing expenses, the fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel selected by the Participating Holders, the fees and disbursements of the Company's accountants, state Blue Sky fees and expenses, and the expense of any special audits incident to or required by any such registration, but excluding underwriting discounts and selling commissions.

7. Indemnification.

(a) Indemnification of Participating Holders. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless each Participating Holder, each of its directors and officers and each other person, if any, who controls such Participating Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities to which such Participating Holder or controlling person may become subject under the Securities Act, the Exchange Act, Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, or arise out of or are based upon the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and the Company will reimburse such Participating Holder and each such controlling person for any legal or any other expenses reasonably incurred by such Participating Holder or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to

the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, preliminary prospectus or prospectus, or any such amendment or supplement, in reliance upon and in conformity with information furnished to the Company, in writing, by or on behalf of any Participating Holder or controlling person specifically for use in the preparation thereof; and provided further, however, that any indemnification contained in this paragraph with respect to any preliminary prospectus shall not inure to the benefit of any person who otherwise is entitled to indemnification hereunder on account of any loss, liability, claim, damage or expense if a copy of an amended or supplemental preliminary prospectus, or the final prospectus, shall have been delivered or sent to such person within the time required by the Securities Act, and the untrue statement or omission of a material fact was corrected in such amended or supplemental preliminary prospectus or final prospectus and provided that such person did not deliver such amended or supplemental preliminary prospectus or final prospectus on a timely basis.

(b) Indemnification of the Company. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, each Participating Holder will indemnify and hold harmless the Company, each of its directors and officers and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which the Company, such directors and officers or controlling persons may become subject under the Securities Act, Exchange Act, Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to the Registration Statement, or arise out of or are based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, if the statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such Participating Holder or controlling person, specifically for use in connection with the preparation of such Registration Statement, prospectus, amendment or supplement. No Participating Holder shall be liable pursuant to this Section 7(b) for any amount in excess of the proceeds of the offering received by such Participating Holder.

(c) Notice of Claim. Each party entitled to indemnification under this Section 7 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld); and, provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 7 unless the failure to provide such notice materially prejudices the defense by the Indemnifying Party against such claim. The Indemnified Party may participate in such defense at such party's expense (provided that the counsel of the Indemnifying Party shall control the defense of such claim or proceeding); provided, however, that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would, in the opinion of counsel of the Indemnified Party, be inappropriate due to actual or potential

differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding, it being understood, however, that in such event, the Indemnifying Party shall be liable for the reasonable fees and expenses of only one counsel for the Indemnified Parties. No Indemnifying Party, in the defense of any such claim or litigation shall as to an Indemnified Party, except with the consent of such Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party.

8. Underwriting Agreement. In the event that Registrable Shares are sold pursuant to a Registration Statement in an underwritten offering, each Participating Holder agrees to enter into an underwriting agreement in customary form with the underwriter or underwriters selected for the underwriting (together with the Company and other holders of securities distributing their Shares through such underwriting), containing customary representations and warranties with respect to such Participating Holder, including without limitation, customary provisions with respect to indemnification by such Participating Holder of the underwriters of such offering.

9. Rule 144. The Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder (or, if the Company is not required to file such reports, it will, upon the request of the holders of the Registrable Securities, make publicly available such information as necessary to permit sales pursuant to Rule 144 under the Securities Act) and it will do all such other acts and things from time to time as reasonably requested by the holders of the Registrable Securities to the extent required from time to time to enable the holders of the Registrable Shares to sell Registrable Shares without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereunder adopted by the Commission.

10. Cooperation. The Holders shall furnish to the Company such information regarding the Holders and the distribution proposed by Participating Holders as the Company may from time to time request in writing, and shall do such reasonable acts and things as the Company may from time to time request, with respect to any registration, qualification or compliance referred to in this Agreement and in order to permit the Company to comply with the requirements of law. Any failure by a Holder to make available such information or to do such acts and things shall constitute a waiver by such Holder of its rights to include such Holder's Registrable Shares in any such registration.

11. Standstill. Each Holder, if requested by the Company and an underwriter of Shares or other securities of the Company, shall agree not to sell or otherwise transfer or dispose of any Registrable Shares or other securities of the Company held by such Holder for a specified period of time (not to exceed 180 days) following the effective date of a Registration Statement. Such agreement shall be in writing in a form satisfactory to the Company and such underwriter. The Company may impose stop transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restriction until the end of the standstill period.

12. Restriction on Resale. Unless otherwise agreed by the Company, until the date on which there are no Registrable Shares, each Holder agrees that it will not resell such Registrable Shares without registration under the Securities Act, compliance with Rule 144 under the Securities Act or an opinion of counsel for the Company, addressed to the Company, to the effect that no such registration is required. All reasonable costs, fees and expenses of counsel in connection with such opinion shall be borne by the Company.

13. Lock-Up Agreement. In consideration of the Company's agreement to provide the Holders with the registration rights as set forth in this Agreement, each RDC Fund and each Contributing Owner receiving OP Units or Shares agrees with the Partnership and the Trust that each will not sell, transfer, assign, or otherwise transfer the OP Units or the Shares to be issued at the Closing (or Conversion Shares) for one year after the Closing. Notwithstanding the foregoing, the aforementioned prohibition shall not apply to a transfer of OP Units (which shall nonetheless comply with any requirements or conditions to transfer in the Partnership Agreement of the Partnership) or Shares to a Permitted Transferee or bona fide pledge of OP Units or Shares (provided that the pledgee agrees to be bound by the terms of this Agreement as if an original signatory thereto). For purposes of this Section 13, the term "Permitted Transferees" means (i) any partner or other equity owner of an RDC Fund or an Owner; (ii) any equity owner of any partner or other equity owner of an RDC Fund or an Owner; (iii) members of the Immediate Family (as defined below) of any equity owner of an RDC Fund or an Owner (or any equity thereof) and trusts for the benefit of one or more members of the Immediate Family of an RDC Fund or an Owner (or any equity owner thereof) created for estate and/or gift tax purposes and/or (iv) any public charity, public foundation or charitable institution as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. For purposes of this Section 13, the term "Immediate Family" means, with respect to any natural person, such natural person's spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law and children-in-law. A transfer to any Permitted Transferee shall not be deemed effective, and the Company may issue stop transfer instructions to its transfer agent of the Shares in connection with a purported transfer, unless and until the transferor shall give the Company written notice stating the name and address of the Permitted Transferee and identifying the securities which are being transferred and the Company shall have received the written agreement of the Permitted Transferee to be bound by the terms of this Agreement as if an original signatory hereto.

14. Miscellaneous.

(a) Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be sent by certified mail, postage prepaid, return receipt requested; by an overnight express courier service that provides written confirmation of delivery; or by facsimile with written confirmation by the sending machine or with telephone confirmation of receipt, addressed as follows:

(i) If to Company:

Mark Centers Trust
600 Third Avenue
Kingston, PA 18704-1679
Attention: Chief Executive Officer

(ii) If to a Holder, to the address of such Holder appearing below the Holder's signature on the signature page hereof:

Any party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this paragraph for the giving of notice. Notices given hereunder shall be deemed received upon actual receipt thereof or, in the case of notice by mail, upon two days from the date notice is first deposited in the mail in the manner provided above

(c) Binding Nature of Agreement. This Agreement shall be binding upon and inure to the benefit of Company and its successors and assigns and shall be binding upon each Holder and its heirs, personal properties, successors and assigns.

(d) Transfer or Assignment of Registration Rights. Subject to Section 13 hereof, the rights with respect to any Registrable Shares to cause the Company to register such securities granted to a Holder by the Company under this Agreement may be transferred or assigned by a Holder, in whole or in part, to a transferee or assignee of any Registrable Shares (or any OP Units which are convertible, exercisable or redeemable, directly or indirectly, for Registrable Shares); provided that, in such case, the Company shall be given written notice stating the name and address of said transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned and the Company shall have received the written agreement of such transferee or assignee to be bound by the terms of this Agreement.

(e) Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

(f) Provisions Separable. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

(g) Entire Agreement. This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as herein contained. This Agreement may not be modified or amended other than by an agreement in writing.

(h) Paragraph Headings. The paragraph headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

[Signature page follows]

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IN WITNESS WHEREOF, the parties executed and delivered this Agreement on the date first above written.

MARK CENTERS TRUST

By: /s/ Joshua Kane

/s/ Ross Dworman

/s/ Kenneth F. Bernstein

RD PROPERTIES, L.P. II

By: /s/ Ross Dworman

Name: Ross Dworman
Title: General Partner

RD PROPERTIES, L.P. III

By: /s/ Ross Dworman

Name: Ross Dworman
Title: General Partner

RD PROPERTIES, L.P. IV

By: /s/ Ross Dworman

Name: Ross Dworman
Title: General Partner

RD PROPERTIES, L.P. V

By: RD New York, LLC,
General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: Member

RD PROPERTIES L.P. VI

By: RD New York VI LLC,
General Partner

By: /s/ Ross Dworman

Name: Ross Dworman
Title: Member

RD CROSSROADS ASSOCIATES, L.P.

By: RD Crossroads, Inc.,
General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: Vice President

RD SOUNDVIEW ASSOCIATES, L.P.

By: RD Soundview Associates Inc.,
General Partner

By: /s/ Ross Dworman

Name: Ross Dworman
Title: President

RD SMITHTOWN ASSOCIATES, L.P.

By: RD Smithtown Associates, Inc.,
General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: Vice President

RD BLOOMFIELD ASSOCIATES LIMITED
PARTNERSHIP II

By: RD Bloomfield, Inc.

By: /s/ Ross Dworman

Name: Ross Dworman
Title: President

HOMKOR COLONY, L.P.

By: HOMKOR COLUMBIA, LLC

By: /s/ James Wisc

G.O. ASSOCIATES LIMITED PARTNERSHIP

By: RD G.O. Properties, Inc.,
individually and as General Partner
of G.O. Associates Limited Partnership

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: Vice President

RD G.O. PROPERTIES, L.P.

By: RD Greenbelt, Inc., General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

COLUMBIA VGH INVESTORS

By: /s/ Ross Dworman

Name: Ross Dworman
Title: Managing Partner

RD PROPERTIES L.P. VIA

By: RD New York VI LLC,
General Partner

By: /s/ Ross Dworman

Name: Ross Dworman
Title: Member

RD PROPERTIES L.P. VIB

By: RD New York VI LLC,
General Partner

By: /s/ Ross Dworman

Name: Ross Dworman
Title: Member

GREAT UNIVERSAL CAPITAL CORP.

By: /s/ Mark Krugman

Name: Mark Krugman
Title: Vice President

RD MARLEY ASSOCIATES LIMITED PARTNERSHIP

By: RD Marley Partners

By: RD Marley, Inc.

By: /s/ Ross Dworman

Name: Ross Dworman
Title: President

/s/ Perry Kamerman

/s/ Joel Braun

/s/ Eric Newberg

/s/ Robert Masters

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

(Pacesetter Transaction)

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

THIS REGISTRATION RIGHTS AND LOCK-UP AGREEMENT (this "Agreement"), is made and entered into as of November __, 1999, by and among Acadia Realty Trust, a Maryland business trust (the "REIT"), Acadia Realty Limited Partnership, a Delaware limited partnership (the "Partnership"), and the undersigned partners (each, a "Pacesetter Partner") of Pacesetter/Ramapo Associates, a New York limited partnership ("Associates"), which, at the Closing (the "Closing Date") of the transactions contemplated by the Purchase and Sale Agreement by and among Associates, the REIT, the Partnership and Acadia Pacesetter LLC., a Delaware limited liability company (the "Purchase Agreement"), are receiving preferred units of limited partnership interests in the Partnership ("Preferred Units") which are convertible into common units of limited partnership interest in the Partnership ("OP Units"), which in turn, are exchangeable for Conversion Shares (as defined below).

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and intending to be legally bound hereby, the REIT, the Partnership and each of the Pacesetter Partners hereby agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

(a) "Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

(b) "Conversion Shares" means the Shares issuable upon exchange of the OP Units from time to time.

(c) "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Exchange Act, as they each may, from time to time, be in effect.

(d) "Holder(s)" means a holder of Registrable Shares entitled to the rights arising hereunder.

(e) "Participating Holder" means a Holder whose Registrable Shares are included in a Registration Statement.

(f) "Registration Expenses" means the expenses described in Section 4 hereof.

(g) "Registration Statement" means a registration statement filed by the REIT with the Commission for a public offering and sale of equity securities of the REIT (other than a registration statement on Form S-8 or Form S-4, or their successors, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

(h) "Registrable Shares" means (i) the Conversion Shares, (ii) any other Shares issued in respect of Conversion Shares, and (iii) any other Shares issued with respect to the Shares issued in clauses (i) and (ii) (because of share splits, share dividends, reclassifications, recapitalizations, or similar events); provided, however, that Shares which are Registrable Shares shall cease to be Registrable Shares

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- 1 -

(x) upon any sale pursuant to a Registration Statement, or any other sale or transfer of the Registrable Shares in any manner to any person or entity other than a Permitted Transferee (as defined) or as otherwise expressly provided herein, or (y) in the event that Registrable Shares may be freely sold and/or transferred pursuant to Rule 144(k) under the Securities Act.

(i) "Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Securities Act, as they each may, from time to time, be in effect.

(j) "Shares" means Common Shares of Beneficial Interest of the REIT, par value \$.001 per share.

2. Certain Shelf Registration. Upon the written request of any Holder given no sooner than 90 days prior to the end of the Lock-Up Period (as defined herein), the REIT shall, at any time or, from time to time, at its expense, register the Registrable Shares for resale including for issuance upon conversion or exchange of OP Units, through a shelf Registration Statement pursuant to Rule 415 under the Securities Act, which the REIT shall use its best

efforts to file within 90 days after the receipt of the request by such Holder. The REIT shall, at its expense, use commercially reasonable efforts to maintain the effectiveness of such shelf Registration Statement until the earlier of (i) such time as when all of the Registrable Shares have been disposed of or (ii) three years after the conversion or exchange into Shares of all of the OP Units issued upon conversion of the Preferred Units issued under the Purchase Agreement.

3. Registration Procedures. If and whenever the REIT is required by the provisions of this Agreement to effect the registration of any of the Registrable Shares under the Securities Act, the REIT shall, at its expense:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Shares and use best efforts to cause that Registration Statement to become effective;

(b) use commercially reasonable efforts to cause the Registration Statement to remain effective;

(c) subject to the provision of Section 2, promptly prepare and file with the Commission any amendments and supplements to the Registration Statement and the prospectus included in the Registration Statement as may be necessary to keep the Registration Statement effective for the period of time required by the Commission;

(d) promptly furnish to each Participating Holder such reasonable numbers of copies of the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the Participating Holders may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by such Participating Holders and included in the Registration Statement; and

(e) promptly use best efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities or Blue Sky laws of states within the United States as the Participating Holders shall reasonably request; provided, however, that the REIT shall not be required in connection with this subsection 3(d) to: (i) qualify as a foreign corporation in any jurisdiction where, but for the requirements of this subsection 3(d), it would not be obligated to be so qualified; (ii)

execute a general consent to service of process in any jurisdiction; (iii) subject itself to taxation in any such jurisdiction; or (iv) register in any state requiring, as a condition to registration, escrow or surrender of any REIT securities held by any security holder other than the Participating Holders.

If the REIT has delivered a preliminary or final prospectus to a Participating Holder and, after having done so, the prospectus is amended to comply with the requirements of the Securities Act, the REIT shall promptly notify such Participating Holder and, if requested, such Participating Holder shall immediately cease making offers of Registrable Shares and return all prospectuses to the REIT. The REIT shall promptly provide Participating Holders with revised prospectuses and, following receipt of the revised prospectuses, Participating Holders shall be free to resume making offers of the Registrable Shares.

Notwithstanding any other provisions of this Agreement to the contrary, upon receipt by a Participating Holder of a written notice signed by the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the REIT, to the effect set forth below, the REIT shall not be obligated during a reasonable period of time thereafter to effect any registrations pursuant to this Agreement, and each such Participating Holder agrees that it will immediately suspend sales of Shares under any effective Registration Statement for a reasonable period of time, in either case not to exceed 90 days, at any time during which, in the REIT's reasonable judgment, (i) there is a development involving the REIT or any of its affiliates which is material but which has not yet been publicly disclosed or (ii) sales pursuant to the Registration Statement would materially and adversely affect an underwritten public offering for the account of the REIT or any other material financing project or where a proposed or pending material merger or other material acquisition or material business combination or material disposition of the REIT's assets, to which the REIT or any of its affiliates is, or is expected to be, a party. In the event a registration is postponed or sales by a Participating Holder pursuant to an effective Registration Statement are suspended in accordance with this paragraph, there shall be added to the period during which the REIT is obligated to keep a Registration Statement effective the number of days for which the Registration Statement was postponed or sales were suspended.

4. Expenses of Registration. The REIT will pay all Registration Expenses of all registrations under this Agreement. For purposes of this Agreement, the term "Registration Expenses" shall mean all expenses incurred by the REIT in complying with this Agreement, including without limitation, all registration and filing fees, exchange listing fees, printing expenses, the fees and disbursements of counsel for the REIT and the reasonable fees and disbursements of one counsel selected by the Participating Holders, the fees and disbursements of the REIT's accountants, state Blue Sky fees and expenses, and the expense of any special audits incident to or required by any such registration, but excluding underwriting discounts and selling commissions.

5. Indemnification.

(a) Indemnification of Participating Holders. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, the REIT will indemnify and hold harmless each Participating Holder, each of its directors and officers and each other person, if any, who controls such Participating Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities to which such Participating Holder or controlling person may become subject under the Securities Act, the Exchange Act, Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any

preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, or arise out of or are based upon the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and the REIT will reimburse such Participating Holder and each such controlling person for any legal or any other expenses reasonably incurred by such Participating Holder or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the REIT will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, preliminary prospectus or prospectus, or any such amendment or supplement, in reliance upon and in conformity with information furnished to the REIT, in writing, by or on behalf of any Participating Holder or controlling person specifically for use in the preparation thereof; and provided further, however, that any indemnification contained in this paragraph with respect to any preliminary prospectus shall not inure to the benefit of any person who otherwise is entitled to indemnification hereunder on account of any loss, liability, claim, damage or expense if a copy of an amended or supplemental preliminary prospectus, or the final prospectus, shall have been delivered or sent to such person within the time required by the Securities Act, and the untrue statement or omission of a material fact was corrected in such amended or supplemental preliminary prospectus or final prospectus and provided that such person did not deliver such amended or supplemental preliminary prospectus or final prospectus on a timely basis.

(b) Indemnification of the REIT. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, each Participating Holder will indemnify and hold harmless the REIT, each of its directors and officers and each person, if any, who controls the REIT within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which the REIT, such directors and officers or controlling persons may become subject under the Securities Act, Exchange Act, Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to the Registration Statement, or arise out of or are based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, in each case only if such statement or omission was made in reliance upon and in conformity with information furnished in writing to the REIT by or on behalf of such Participating Holder or controlling person, specifically for use in connection with the preparation of such Registration Statement, prospectus, amendment or supplement. No Participating Holder shall be liable pursuant to this Section 5(b) for any amount in excess of the proceeds of the offering received by such Participating Holder.

(c) Notice of Claim. Each party entitled to indemnification under this Section 5 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld); and, provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 5 unless the failure to provide such notice materially prejudices the defense by the Indemnifying Party

against such claim. The Indemnified Party may participate in such defense at such party's expense (provided that the counsel of the Indemnifying Party shall control the defense of such claim or proceeding); provided, however, that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would, in the opinion of counsel of the Indemnified Party, be inappropriate due to actual or potential differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding, it being understood, however, that in such event, the Indemnifying Party shall be liable for the reasonable fees and expenses of only one counsel for the Indemnified Parties. No Indemnifying Party, in the defense of any such claim or litigation shall as to an Indemnified Party, except with the consent of such Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party.

6. Rule 144. The REIT covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder (or, if the REIT is not required to file such reports, it will, upon the request of the holders of the Registrable Securities, make publicly available such information as necessary to permit sales pursuant to Rule 144 under the Securities Act) and it will do all such other acts and things from time to time as reasonably requested by the holders of the Registrable Securities to the extent required from time to time to enable the holders of the Registrable Shares to sell Registrable Shares without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereunder adopted by the Commission.

7. Cooperation. The Holders shall furnish to the REIT such information regarding the Holders and the distribution proposed by Participating Holders as the REIT may from time to time reasonably request in writing, and shall do such reasonable acts and things as the REIT may from time to time request, with respect to any registration, qualification or compliance referred to in this Agreement and in order to permit the REIT to comply with the requirements of law. Any failure by a Holder to make available such information or to do such acts and things shall constitute a waiver by such Holder of its rights to include such Holder's Registrable Shares in any such registration.

8. Standstill. Each Holder, if requested by the REIT and an underwriter of Shares or other securities of the REIT, shall agree not to sell or otherwise transfer or dispose of any Registrable Shares or other securities of the REIT held by such Holder for a specified period of time (not to exceed 90 days) following the effective date of a Registration Statement. Such agreement shall be in writing in a form satisfactory to the REIT and such underwriter. The REIT may impose stop transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restriction until the end of the standstill period.

9. Restriction on Resale. Unless otherwise agreed by the REIT, until the date on which there are no Registrable Shares, each Holder agrees that it will not resell such Registrable Shares without registration under the Securities Act, compliance with Rule 144 under the Securities Act or an opinion of counsel for such Holder reasonably acceptable to the REIT, addressed to the REIT, to the effect that no such registration is required. All reasonable costs, fees and expenses of counsel in connection with such opinion shall be borne by the REIT.

10. Lock-Up Agreement. In consideration of the REIT's agreement to provide the Holders with the registration rights as set forth in this Agreement, each of the Pacesetter Partners agrees with the REIT and the Partnership that it will not sell, assign, or otherwise transfer the OP Units to be issued at the Closing (or Conversion Shares) for a period of one year commencing on the Closing Date (the "Lock-Up Period"). Notwithstanding the foregoing, the aforementioned prohibition shall not apply to (x) conversion to OP Units; (y) a transfer of OP Units (which shall nonetheless comply with any requirements or conditions to transfer in the Partnership Agreement of the Partnership) or Conversion Shares to a Permitted Transferee; or (z) bona fide pledge of OP Units or Conversion Shares (provided that the pledgee agrees to be bound by the terms of this Agreement as if an original signatory thereto). For purposes of this Section 10, the term "Permitted Transferees" means (i) any partner or other equity owner of the Partnership or Associates; (ii) any equity owner of any partner or other equity owner of the Partnership or Associates; (iii) members of the Immediate Family (as defined below) of any person described in (i) or (ii); and (iv) trusts for the benefit of, or entities controlled by, one or more of the persons described in (i), (ii) or (iii); and/or (v) any public charity, public foundation or charitable institution as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. For purposes of this Section 10, the term "Immediate Family" means, with respect to any natural person, such natural person's spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law and children-in-law (including adopted persons). A transfer to any Permitted Transferee shall not be deemed effective, and the REIT may issue stop transfer instructions to its transfer agent of the Shares in connection with a purported transfer, unless and until the transferor shall give the REIT written notice stating the name and address of the Permitted Transferee and identifying the securities which are being transferred and the REIT shall have received the written agreement of the Permitted Transferee to be bound by the terms of this Agreement as if an original signatory hereto.

11. Miscellaneous.

(a) Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be sent by certified mail, postage prepaid, return receipt requested; by an overnight express courier service that provides written confirmation of delivery; or by facsimile with written confirmation by the sending machine or with telephone confirmation of receipt, addressed as follows:

(i) If to REIT:

Acadia Realty Trust
20 Soundview Marketplace
Port Washington, NY 11050
Attention: Secretary

(ii) If to a Pacesetter Partner:

c/o AmCap Incorporated
1281 East Main Street
Stamford, CT 06092
Attn: Mr. Jay Kaiser

with a copy to:

Whitman Breed Abbott & Morgan LLP
200 Park Avenue
New York, New York 10166
Attention: Richard Crystal, Esq.

Any party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this paragraph for the giving of notice. Notices given hereunder shall be deemed received upon actual receipt thereof or, in the case of notice by mail, upon two days from the date notice is first deposited in the mail in the manner provided above

(a) Binding Nature of Agreement. This Agreement shall be binding upon and inure to the benefit of (i) the REIT and its successors and assigns and (ii) each Holder and its heirs, successors and assigns.

(b) Transfer or Assignment of Registration Rights. Subject to Section 10 hereof, the rights with respect to any Registrable Shares to cause the REIT to register such securities granted to a Holder by the REIT under this Agreement may be transferred or assigned by a Holder, in whole or in part, to a transferee or assignee of any Registrable Shares (or any OP Units which are convertible, exercisable or redeemable, directly or indirectly, for Registrable Shares); provided that, in such case, the REIT shall be given written notice stating the name and address of said transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned and the REIT shall have received the written agreement of such transferee or assignee to be bound by the terms of this Agreement.

(c) Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

(d) Provisions Separable. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

(e) Entire Agreement. This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as herein contained. This Agreement may not be modified or amended other than by an agreement in writing.

(f) Paragraph Headings. The paragraph headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

[SIGNATURE PAGE FOLLOWS]

780228.7

IN WITNESS WHEREOF, the parties executed and delivered this Agreement on the date first above written.

ACADIA REALTY TRUST

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

ACADIA REALTY LIMITED
PARTNERSHIP

By: Acadia Realty Trust, its General Partner

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President

PACESETTER PARTNERS:

/s/ Ralph Worthington IV

/s/ Robert Holmes

AMCAP, INCORPORATED

By: _____

Name:
Title:

LENNOX SECURITIES

By: _____

Name:
Title:

BERLIND GROUP, INC.

By: _____

Name:
Title:

780228.7

