UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2012

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

For the transition period from to

Commission File Number 1-12002

ACADIA REALTY TRUST

(Exact name of registrant as specified in its charter)

Maryland	**23-2715194**
(State of incorporation)	(I.R.S. employer identification no.)

1311 Mamaroneck Avenue, Suite 260 White Plains, NY 10605

(Address of principal executive offices)

(914) 288-8100

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Common Shares of Beneficial Interest, $.001 par value

(Title of Class)

New York Stock Exchange

(Name of Exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES x NO o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Securities Act.

YES o NO x

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

YES x NO o

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

YES x NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large Accelerated Filer x Accelerated Filer o Non-accelerated Filer o Smaller Reporting Company o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act)

YES o NO x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $1,056.0 million, based on a price of $23.11 per share, the average sales price for the registrant's common shares of beneficial interest on the New York Stock Exchange on that date.

The number of shares of the registrant's common shares of beneficial interest outstanding on February 27, 2013 was 53,468,275.

DOCUMENTS INCORPORATED BY REFERENCE

Part III – Portions of the registrant's definitive proxy statement relating to its 2013 Annual Meeting of Shareholders presently scheduled to be held May 16, 2013 to be filed pursuant to Regulation 14A.

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Form 10-K Report

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 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 our actual results, performance or achievements 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 our operations and future prospects include, but are not limited to those set forth under the headings “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation” in this Form 10-K. These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference herein.

PART I

ITEM 1. BUSINESS.

GENERAL

Acadia Realty Trust (the "Trust") was formed on March 4, 1993 as a Maryland real estate investment trust ("REIT"). All references to "Acadia," "we," "us," "our," and "Company" refer to the Trust and its consolidated subsidiaries. We are a fully integrated REIT focused on the ownership, acquisition, redevelopment, and management of high-quality retail properties and urban/infill mixed-use properties with a strong retail component located primarily in high-barrier-to-entry, supply constrained, densely-populated metropolitan areas in the United States along the East Coast and in Chicago. We currently own, or have an ownership interest in these properties through our Core Portfolio (as defined in Item 2. of this Form 10-K) and our Opportunity Funds (as defined in Item 1 of this Form 10-K). We also have private equity investments in other retail real estate related opportunities in which we have a minority equity interest.

All of our assets are held by, and all of our operations are conducted through, Acadia Realty Limited Partnership (the "Operating Partnership") and entities in which the Operating Partnership owns an interest. As of December 31, 2012, the Trust controlled 99% of the Operating Partnership as the sole general partner. As the general partner, the Trust is entitled to share, in proportion to its percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners primarily represent entities or individuals that contributed their interests in certain properties or entities to the Operating Partnership in exchange for common or preferred units of limited partnership interest ("Common OP Units" or "Preferred OP Units", respectively, and collectively, "OP Units") and employees who have been awarded restricted Common OP Units ("LTIP Units") as long-term incentive compensation. Limited partners holding Common OP and LTIP Units are generally entitled to exchange their units on a one-for-one basis for our common shares of beneficial interest of the Trust ("Common Shares"). This structure is referred to as an umbrella partnership REIT, or "UPREIT".

BUSINESS OBJECTIVES AND STRATEGIES

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

- Own and operate a Core Portfolio of high-quality retail properties located primarily in high-barrier-to-entry, densely-populated metropolitan areas. Our goal is to create value through accretive redevelopment and re-anchoring activities within our existing portfolio and grow this platform through the acquisition of high-quality assets that have the long-term potential to outperform the asset class.

- Generate additional external growth through an opportunistic yet disciplined acquisition program within our Opportunity Funds (as defined below). We target transactions with high inherent opportunity for the creation of additional value through:

    - value-add investments in high-quality urban and/or street retail properties with re-tenanting or repositioning opportunities,
    - opportunistic acquisitions of well-located real-estate anchored by distressed retailers or by motivated sellers and
    - opportunistic purchases of debt which may include restructuring.

  These may also include joint ventures with private equity investors for the purpose of making investments in operating retailers with significant embedded value in their real estate assets.

- Maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth.

Investment Strategy — Generate External Growth through our Dual Platforms; Core Portfolio and Opportunity Funds

The requirements that acquisitions be accretive on a long-term basis based on our cost of capital, as well as increase the overall Core Portfolio quality and value, are key strategic considerations to the growth of our Core Portfolio. As such, we constantly evaluate the blended cost of equity and debt and adjust the amount of acquisition activity to align the level of investment activity with capital flows.

Given the growing importance of technology and e-commerce, many of our retail tenants are appropriately focused on multi-channel sales and how to best utilize e-commerce initiatives to drive sales at their stores. In light of these initiatives, we have found retailers are becoming more selective as to the location, size and format of their next-generation stores and are focused on dense, high-traffic retail corridors, where they can utilize smaller and more productive formats closer to their shopping population. In addition to retailer multi-channeling initiatives, we also believe that retailers continue to recognize that many of the nation's urban markets are under-served from a retail standpoint, and we have capitalized on this situation by investing in redevelopment projects in dense urban areas where retail tenant demand has effectively surpassed the supply of available sites. Accordingly, our focus for Core Portfolio and Opportunity Fund acquisitions is on those properties which we believe will not only remain relevant to our tenants, but become even more so in the future. In connection with our Core Portfolio acquisition activity, we may also engage in discussions with public and private entities regarding business combinations.

In addition to our Core Portfolio investments in real estate assets, we have also capitalized on our expertise in the acquisition, redevelopment, leasing and management of retail real estate by establishing discretionary opportunity funds. Our opportunity fund platform is an investment vehicle where the Operating Partnership invests, along with outside institutional investors, including, but not limited to, endowments, foundations, pension funds, and investment management companies, in primarily opportunistic and value-add retail real estate. To date, we have launched four opportunity funds ("Opportunity Funds"); Acadia Strategic Opportunity Fund, LP ("Fund I"), Acadia Strategic Opportunity Fund II, LLC ("Fund II"), Acadia Strategic Opportunity Fund III LLC ("Fund III") and Acadia Strategic Opportunity Fund IV LLC ("Fund IV"). Due to the level of our control, we consolidate these Opportunity Funds for financial reporting purposes. The Opportunity Funds also include investments in operating companies through Acadia Mervyn Investors I, LLC ("Mervyns I"), Acadia Mervyn Investors II, LLC ("Mervyns II") and Fund II, all on a non-recourse basis. These investments comprise and are referred to as the Company's Retailer Controlled Property Initiative ("RCP Venture").

The Operating Partnership is the sole general partner or managing member of the Opportunity Funds and earns fees or priority distributions for asset management, property management, construction, redevelopment, leasing and legal services. Cash flows from the Opportunity Funds are distributed pro-rata to their respective partners and members (including the Operating Partnership) until each receives a certain cumulative return ("Preferred Return"), and the return of all capital contributions. Thereafter, remaining cash flow is distributed 20% to the Operating Partnership ("Promote") and 80% to the partners or members (including the Operating Partnership).

Reference is made to Note 1 in the Notes to Consolidated Financial Statements, which begin on page F-1 of this Form 10-K ("Notes to Consolidated Financial Statements"), for a detailed discussion of the Opportunity Funds and RCP Venture.

Capital Strategy — Balance Sheet Focus and Access to Capital

Our primary capital objective is to maintain a strong and flexible balance sheet through conservative financial practices, including a moderate use of leverage, while ensuring access to sufficient capital to fund future growth. We intend to continue financing acquisitions and property redevelopment with sources of capital determined by management to be the most appropriate based on, among other factors, availability in the current capital markets, pricing and other commercial and financial terms. The sources of capital may include the issuance of public equity, unsecured debt, mortgage and construction loans, and other capital alternatives including the issuance of OP Units. We manage our interest rate risk primarily through the use of fixed rate debt and, where we use variable rate debt, we use certain derivative instruments, including London Interbank Offered Rate ("LIBOR") swap agreements and interest rate caps as discussed further in Item 7A. of this Form 10-K.

During January 2012, we established an at-the-market ("ATM") equity program with an aggregate offering of up to $75.0 million of gross proceeds from the sale of Common Shares. Under this program, we issued approximately 3.3 million Common Shares which generated net proceeds of $73.7 million.

During August 2012, we established a new ATM equity program with an additional aggregate offering of up to $125.0 million of gross proceeds from the sale of Common Shares. Through December 31, 2012, we issued approximately 2.8 million Common Shares which generated net proceeds of $67.8 million. We intend to use the future net proceeds of this or potential future ATM offerings primarily to fund acquisitions directly in the Core Portfolio and through its capital contributions to the Opportunity Funds.

During October 2012, we issued approximately 3.5 million Common Shares in a separate follow-on offering, for $86.9 million. Net proceeds after expenses were approximately $85.8 million. The proceeds were primarily used for acquisitions, including our pro-rata share of acquisitions in Fund IV and for general corporate purposes.

During January 2013, we closed on a new unsecured revolving credit facility of up to $150 million, which matures on January 31, 2016 with an additional one year extension option. As of February 27, 2013, no proceeds have been drawn on this facility.

Operating Strategy — Experienced Management Team with Proven Track Record

Our senior management team has decades of experience in the real estate industry. We have capitalized on our expertise in the acquisition, redevelopment, leasing and management of retail real estate by creating value through property redevelopment, re-anchoring and establishing joint ventures, such as the Opportunity Funds, in which we earn, in addition to a return on our equity interest, Promotes, fees and priority distributions.

Operating functions such as leasing, property management, construction, finance and legal (collectively, the "Operating Departments") are generally provided by our personnel, providing for a vertically integrated operating platform. By incorporating the Operating Departments in the acquisition process, acquisitions are appropriately priced giving effect to each asset's specific risks and returns and transition time is minimized allowing management to immediately execute on its strategic plan for each asset.

Our Core Portfolio consists primarily of urban/street retail properties and neighborhood and community shopping centers located in high barrier-to-entry supply constrained markets. As we typically hold our Core Portfolio properties for long-term investment, we periodically review the existing portfolio and implement programs to renovate and modernize targeted properties to enhance their market position. This in turn strengthens the competitive position of the leasing program to attract and retain quality tenants, increasing cash flow, and consequently, property values. From time to time, we also identify certain properties for disposition and redeploy the capital for acquisitions and for the repositioning of existing centers with greater potential for capital appreciation.

INVESTING ACTIVITIES

Core Portfolio

See Item 2. PROPERTIES for the definition of our Core Portfolio.

For the year ended December 31, 2012, we continued to execute on our strategy of owning a superior Core Portfolio by acquiring, through our Operating Partnership, high-quality, street/urban and suburban retail assets located in densely populated areas for an aggregate purchase price of $224.3 million. Reference is made to Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these acquisitions.

In addition, as of December 31, 2012 we have a current acquisition pipeline of $86.6 million under contract, which is subject to certain closing conditions and as such, no assurance can be given that closing will be successfully completed. See Item 2. PROPERTIES for a description of the other properties in our Core Portfolio.

Since 2010, we have sold one Core Portfolio asset, the Ledgewood Mall. This 517,151 square foot center located in Ledgewood, New Jersey was sold during May 2011 for $37.0 million.

We also make investments in first mortgages and other notes receivable collateralized by real estate, either directly or through entities having an ownership interest therein. During 2012, we invested $43.3 million in first mortgage notes and $46.9 million in other notes receivable. Reference is made to Note 5 in the Notes to Consolidated Financial Statements, for a detailed discussion of our notes receivable and other real estate related investments.

Opportunity Funds

Acquisitions

Fund III

During 2012, Fund III acquired properties for an aggregate purchase price of $108.0 million. Reference is made to Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these acquisitions.

Fund IV

During 2012, Fund IV acquired its first properties for an aggregate purchase price of $151.2 million. Reference is made to Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these acquisitions.

Dispositions

Self-Storage Portfolio

During February 2008, Fund III, in conjunction with Storage Post, acquired a portfolio of eleven self-storage properties from Storage Post's existing institutional investors for approximately $174.0 million. In addition, we, through Fund II, developed three self-storage properties. The 14 self-storage property portfolio, located throughout New York and New Jersey, totaled approximately 1.1 million net rentable square feet, and was operating at various stages of stabilization. During the fourth quarter of 2012, we sold 12 of the 14 properties in this portfolio for an aggregate sales price of $261.6 million. The remaining two properties are under contract, which we anticipate closing during 2013.

Other Dispositions

During 2012, Funds I, II and III sold four additional shopping centers for an aggregate sales price of $184.1 million. Reference is made to Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these dispositions.

Redevelopment Activities

As part of our Opportunity Fund strategy, we invest in real estate assets that require significant redevelopment. As of December 31, 2012, the Company had eight redevelopment projects, one of which is under construction and seven are in the design phase as follows:

(dollars in millions)

Property	Owner	Costs to date	Anticipated additional costs (1)	Status	Square feet upon completion	Anticipated completion dates
City Point (2)	Fund II	$ 142.9	$107.1 - $197.1	Under construction	675,000	2015
Sherman Plaza (2)	Fund II	34.7	TBD	In design	TBD	TBD
Sheepshead Bay	Fund III	22.8	TBD	In design	TBD	TBD
723 N. Lincoln Lane	Fund III	6.7	TBD	In design	TBD	TBD
Cortlandt Crossing	Fund III	11.2	35.8 - 44.8	In design	150,000 - 170,000	2016
3104 M Street NW	Fund III	3.0	4.0 - 5.5	In design	10,000	2014
Broad Hollow Commons	Fund III	11.1	38.9 - 48.9	In design	180,000 - 200,000	2016
210 Bowery	Fund IV	7.5	4.0 - 4.5	In design	10,000	2015
Total		$ 239.9				

Notes:
TBD – To be determined
(1) Anticipated additional costs are estimated ranges for completing the projects and include costs for tenant improvements and leasing commissions.
(2) These projects are being redeveloped by Acadia Urban Development LLC ("Acadia Urban Development"), or subsidiaries thereof, in connection with Fund II's New York Urban/Infill Redevelopment Initiative. See Item 7. of this Form 10-K for further information on the Acadia Urban Development joint venture as detailed in "Liquidity and Capital Resources – New York Urban/Infill Redevelopment Initiative."

Under Construction

CityPoint — During June of 2007, Acadia-Washington Square Albee and an unaffiliated joint venture partner, California Urban Investment Partners, LLC ("CUIP") purchased the leasehold interests in The Gallery at Fulton Street in downtown Brooklyn for approximately $115.0 million, with an option to purchase the fee position, which is owned by the City of New York, at a later date. On June 30, 2010, Acadia-Washington Square Albee acquired all of CUIP's interest in CityPoint for total consideration of $9.2 million and the assumption of CUIP's share of debt of $19.6 million. The redevelopment will proceed in three phases. Construction is completed on Phase 1, a five-story retail building of approximately 50,000 square feet. Phase 2, which is currently under construction, will consist of approximately 625,000 square feet of additional retail when completed. Phase 2 will also contain an affordable and market-rate residential component. Phase 3 is anticipated to be a stand-alone mixed use, but primarily residential building, of approximately 650,000 square feet. Completion of the construction of this project is anticipated to be during 2015.

RCP Venture

During 2004, through Funds I and II, or affiliates thereof, we entered into an association, known as the RCP Venture, with Klaff Realty, L.P. (“Klaff”) and Lubert-Adler Management, Inc. (“Lubert-Adler”) for the purpose of making investments in surplus or underutilized properties owned by retailers. Mervyns I and II along with Fund II have invested a total of $62.2 million in the RCP Venture to date on a non-recourse basis. Reference is made to Note 4 in the Notes to Consolidated Financial Statements, for a detailed discussion of the RCP Venture.

While we are primarily a passive partner in the investments made through the RCP Venture, historically we have provided our services in reviewing potential acquisitions and operating and redevelopment assistance in areas where we have both a presence and expertise. In the future, we may seek to opportunistically invest either on our own, with the RCP Venture or with other partners in similar investments, which may include:

- Investment in operating retailers to control their real estate through private equity joint ventures
- Collaboration with financially healthy retailers to create value from their surplus real estate
- Investment in properties, designation rights or other control of real estate or leases associated with retailers in bankruptcy
- Completion of sale-leasebacks with retailers in need of capital

Mervyns Department Stores

In September 2004, we made our first RCP Venture investment. Through Mervyns I and Mervyns II, we invested in a consortium to acquire Mervyns consisting of 262 stores (“REALCO”) and its retail operation (“OPCO”) from Target Corporation. To date, REALCO has disposed of a significant portion of the portfolio. In addition, during November 2007, we sold our interest in, and as a result, have no further investment in OPCO. During 2012, a legal proceeding relating to the disposition of OPCO was settled. Reference is made to Item 3. Part 1 of this Form 10-K for a detailed description of this settlement.

Through December 31, 2012, we, through Mervyns I and Mervyns II, made additional investments in locations that are separate from these original investments (“Add-On Investments”) in Mervyns.

Albertson’s

During June of 2006, the RCP Venture made its second investment as part of an investment consortium, acquiring Albertson’s and Cub Foods. In addition, we have since made Add-On Investments in Albertson’s.

Other RCP Investments

We have also made other RCP investments in Shopko, Marsh, Rex Stores and in Add-On Investments in Marsh.

Reference is made to Note 4 in the Notes to Consolidated Financial Statements, for a detailed discussion of these investments.

ENVIRONMENTAL LAWS

For information relating to environmental laws that may have an impact on our business, please see “Item 1A. Risk Factors - Possible liability relating to environmental matters.”

COMPETITION

There are numerous entities that compete with us in seeking properties for acquisition and tenants that will lease space in our properties. Our competitors include other REITs, financial institutions, insurance companies, pension funds, private companies and individuals. Our properties compete for tenants with similar properties primarily on the basis of location, total occupancy costs (including base rent and operating expenses) and the design and condition of the improvements.

FINANCIAL INFORMATION ABOUT MARKET SEGMENTS

We have four reportable segments: Core Portfolio, Opportunity Funds, Notes Receivable and Other. Notes Receivable consists of our notes receivable and related interest income. Other primarily consists of management fees and interest income. The accounting policies of the segments are the same as those described in the summary of significant accounting policies set forth in Note 1 in the Notes to Consolidated Financial Statements. We evaluate property performance primarily based on net operating income before depreciation, amortization and certain nonrecurring items. Investments in our Core Portfolio are typically held long-term. Given the contemplated finite life of our Opportunity Funds, these investments are typically held for shorter terms. Fees earned by us as general partner or managing member of the Opportunity Funds are eliminated in our Consolidated Financial Statements. See Note 3 in the Notes to Consolidated Financial Statements, for information regarding, among other things, revenues from external

customers, a measure of profit and loss and total assets with respect to each of our segments. Our profits and losses for both our business and each of our segments are not seasonal.

CORPORATE HEADQUARTERS AND EMPLOYEES

Our executive office is located at 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605, and our telephone number is (914) 288-8100. As of December 31, 2012, we had 126 employees, of which 101 were located at our executive office and 25 were located at regional property management offices. None of our employees are covered by collective bargaining agreements. Management believes that its relationship with employees is good.

COMPANY WEBSITE

All of our filings with the Securities and Exchange Commission, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available at no cost at our website at www.acadiarealty.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. These filings can also be accessed through the Securities and Exchange Commission's website at www.sec.gov. Alternatively, we will provide paper copies of our filings at no cost upon request. If you wish to receive a copy of the Form 10-K, you may contact Robert Masters, Corporate Secretary, at Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605. You may also call (914) 288-8100 to request a copy of the Form 10-K. Information included or referred to on our website is not incorporated by reference in or otherwise a part of this Form 10-K.

CODE OF ETHICS AND WHISTLEBLOWER POLICIES

The Board of Trustees adopted a Code of Business Conduct and Ethics applicable to all employees, as well as a "Whistleblower Policy." Copies of these documents are available in the Investor Information section of our website. We intend to disclose future amendments to, or waivers from (with respect to our senior executive financial officers), our Code of Ethics in the Investor Information section of our website within four business days following the date of such amendment or waiver.

ITEM 1A. RISK FACTORS.

If any of the following risks actually occur, our business, results of operations and financial condition would likely suffer. This section includes or refers to certain forward-looking statements. Refer to the explanation of the qualifications and limitations on such forward-looking statements discussed in the beginning of this Form 10-K.

We rely on revenues derived from major tenants.

We derive significant revenues from certain anchor tenants that occupy space in more than one center. We could be adversely affected in the event of the bankruptcy or insolvency of, or a downturn in the business of, any of our major tenants, or in the event that any such tenant does not renew its leases as they expire or renews such leases at lower rental rates. Vacated anchor space not only would reduce rental revenues, but if not re-tenanted at the same rental rates could adversely affect the entire shopping center because of the loss of the departed anchor tenant's customer drawing power. Loss of customer drawing power also can occur through the exercise of the right, that most anchors have, to vacate and prevent re-tenanting by paying rent for the balance of the lease term ("going dark") as would the departure of a "shadow" anchor tenant that owns its own property. In addition, in the event that certain major tenants cease to occupy a property, such an action may result in a significant number of other tenants having the right to terminate their leases, or pay a reduced rent based on a percentage of the tenant's sales, at the affected property, which could adversely affect the future income from such property ("co-tenancy"). See "Item 2. Properties-Major Tenants" in this Annual Report on Form 10-K for quantified information with respect to the percentage of our minimum rents received from major tenants.

We may not be able to renew current leases and the terms of re-letting (including the cost of concessions to tenants) may be less favorable to us than current lease terms.

Upon the expiration of current leases for space located in our properties, we may not be able to re-let all or a portion of that space, or the terms of re-letting (including the cost of concessions to tenants) may be less favorable to us than current lease terms. If we are unable to re-let promptly all or a substantial portion of the space located in our properties or if the rental rates we receive upon re-letting are significantly lower than current rates, our net income and ability to make expected distributions to our shareholders will be adversely affected due to the resulting reduction in revenues. There can be no assurance that we will be able to retain tenants in any of our properties upon the expiration of their leases. See "Item 2. Properties - Lease Expirations" in this Annual Report on Form 10-K for additional information as to the scheduled lease expirations in our portfolio.

The bankruptcy of, or a downturn in the business of, any of our major tenants or a significant number of our smaller tenants may adversely affect our cash flows and property values.

The bankruptcy of, or a downturn in the business of, any of our major tenants causing them to reject their leases, or not renew their leases as they expire, or renew at lower rental rates, may adversely affect our cash flows and property values. Furthermore, the impact of vacated anchor space and the potential reduction in customer traffic may adversely impact the balance of tenants at a shopping center.

Historically and from time to time, certain of our tenants experienced financial difficulties and filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code ("Chapter 11 Bankruptcy"). Pursuant to bankruptcy law, tenants have the right to reject their leases. In the event the tenant exercises this right, the landlord generally has the right to file a claim for lost rent equal to the greater of either one year's rent (including tenant expense reimbursements) for remaining terms greater than one year, or 15% of the rent remaining under the balance of the lease term, but not to exceed three years rent. Actual amounts to be received in satisfaction of those claims will be subject to the tenant's final plan of reorganization and the availability of funds to pay its creditors.

Although currently none of our critical tenants are in bankruptcy, experience shows that there can be no assurance that one or more of our major tenants will be immune from bankruptcy.

Internet sales can have an impact on our business.

The use of the internet by consumers continues to gain in popularity. The migration toward internet sales is likely to continue. This increase in internet sales could result in a downturn in the business of our current tenants and could affect the way future tenants lease space.

While we devote considerable effort and resources to analyze and respond to tenant trends, preferences and consumer spending patterns, we cannot predict with certainty what future tenants will want, what future retail spaces will look like and how much revenue will be generated at traditional "bricks and mortar" locations. If we are unable to anticipate and respond promptly to trends in the market due to the illiquid nature of real estate (See the Risk Factor entitled, "Our ability to change our portfolio is limited because real estate investments are illiquid" below), our occupancy levels and financial results could suffer.

The current economic environment, while improving, may cause us to lose tenants and may impair our ability to borrow money to purchase properties, refinance existing debt or finance our current redevelopment projects.

Our operations and performance depend on general economic conditions, including the health of the consumer. The U.S. economy's recently experienced financial downturn, included a decline in consumer spending, credit tightening and high unemployment.

The current economic environment also had, and continues to have, an impact on the global credit markets. While we currently believe we have adequate sources of liquidity, there can be no assurance that we will be able to obtain mortgage loans to purchase additional properties, obtain financing to complete current redevelopment projects, or successfully refinance our properties as loans become due. To the extent that the availability of credit is limited, it would also adversely impact our notes receivable as counterparties may not be able to obtain the financing required to repay the loans upon maturity.

Political and economic uncertainty could have an adverse effect on us.

We cannot predict how current political and economic uncertainty, including uncertainty related to taxation, will affect our critical tenants, joint venture partners, lenders, financial institutions and general economic conditions, including the health and confidence of the consumer and the volatility of the stock market.

Political and economic uncertainty poses a risk to the Company in that it may cause consumers to postpone discretionary spending in response to tighter credit, reduced consumer confidence and other macroeconomic factors affecting consumer spending behavior, resulting in a downturn in the business of our tenants. In the event current political and economic uncertainty results in financial turmoil affecting the banking system and financial markets or significant financial service institution failures, there could be a new or incremental tightening in the credit markets, low liquidity, and extreme volatility in fixed income, credit, currency and equity markets. Each of these could have an adverse effect on our business, financial condition and operating results.

There are risks relating to investments in real estate.

Real property investments are subject to multiple risks. Real estate values are affected by a number of factors, including: changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for real estate in an area), the quality and philosophy of management, competition from other available space, the ability of the owner to provide adequate maintenance and insurance and to control variable operating costs. Shopping centers, in particular, may be affected by changing perceptions of retailers or shoppers regarding the safety, convenience and attractiveness of the shopping center and by the overall climate for the retail industry. Real estate values are also affected by such factors as government regulations, interest rate levels, the availability of financing and potential liability under, and changes in, environmental, zoning, tax and other laws.

A significant portion of our income is derived from rental income from real property. Our income and cash flow would be adversely affected if we were unable to rent our vacant space to viable tenants on economically favorable terms. In the event of default by a tenant, we may experience delays in enforcing, as well as incur substantial costs to enforce, our rights as a landlord. In addition, certain significant expenditures associated with each equity investment (such as mortgage payments, real estate taxes and maintenance costs) are generally not reduced even though there may be a reduction in income from the investment.

Our ability to change our portfolio is limited because real estate investments are illiquid.

Equity investments in real estate are relatively illiquid and, therefore, our ability to change our portfolio promptly in response to changed conditions is limited. Our Board of Trustees may establish investment criteria or limitations as it deems appropriate, but currently does not limit the number of properties in which we may seek to invest or on the concentration of investments in any one geographic region. We could change our investment, disposition and financing policies without a vote of our shareholders.

We could become highly leveraged, resulting in increased risk of default on our obligations and in an increase in debt service requirements, which could adversely affect our financial condition and results of operations and our ability to pay distributions. In addition, the viability of the interest rate hedges we use is subject to the strength of the counterparties.

We have incurred, and expect to continue to incur, indebtedness to support our activities. Neither our Declaration of Trust nor any policy statement formally adopted by our Board of Trustees limits either the total amount of indebtedness or the specified percentage of indebtedness that we may incur. Accordingly, we could become more highly leveraged, resulting in increased risk of default on our obligations and in an increase in debt service requirements, which could adversely affect our financial condition and results of operations and our ability to make distributions.

Interest expense on our variable rate debt as of December 31, 2012 would increase by $2.9 million annually for a 100 basis point increase in interest rates. We may seek additional variable rate financing if and when pricing and other commercial and financial terms warrant. As such, we would consider hedging against the interest rate risk related to such additional variable rate debt, primarily through interest rate swaps but can use other means.

We enter into interest rate hedging transactions, including interest rate swaps and cap agreements, with counterparties, generally, the same lenders who made the loan in question. There can be no guarantee that the future financial condition of these counterparties will enable them to fulfill their obligations under these agreements.

Competition may adversely affect our ability to purchase properties and to attract and retain tenants.

There are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources than we have that compete with us in seeking properties for acquisition and tenants who will lease space in our properties. Our competitors include other REITs, financial institutions, insurance companies, pension funds, private companies and individuals. This competition may result in a higher cost for properties than we wish to pay. In addition, retailers at our properties (both in our Core Portfolio and in the portfolios of the Opportunity Funds) face increasing competition from outlet malls, discount shopping clubs, internet commerce, direct mail and telemarketing, which could (i) reduce rents payable to us and (ii) reduce our ability to attract and retain tenants at our properties leading to increased vacancy rates at our properties.

We could be adversely affected by poor market conditions where our properties are geographically concentrated.

Our performance depends on the economic conditions in markets in which our properties are concentrated. We have significant exposure to the greater New York region, from which we derive 33% of the annual base rents within our Core Portfolio and 61% of annual base rents within our Opportunity Funds. Our operating results could be adversely affected if market conditions, such as an oversupply of space or a reduction in demand for real estate, in this area occurs.

We have pursued, and may in the future continue to pursue extensive growth opportunities, which may result in significant demands on our operational, administrative and financial resources.

We are pursuing extensive growth opportunities. This expansion places significant demands on our operational, administrative and financial resources. The continued growth of our real estate portfolio can be expected to continue to place a significant strain on our resources. Our future performance will depend in part on our ability to successfully attract and retain qualified management personnel to manage the growth and operations of our business. In addition, the acquired properties may fail to operate at expected levels due to the numerous factors that may affect the value of real estate. There can be no assurance that we will have sufficient resources to identify and manage the properties.

Our inability to carry out our growth strategy could adversely affect our financial condition and results of operations.

Our earnings growth strategy is based on the acquisition and redevelopment of additional properties, including acquisitions of core properties through our Operating Partnership and our high return investment programs through Acadia Strategic Opportunity Fund IV LLC ("Fund IV"). The consummation of any future acquisitions will be subject to satisfactory completion of our extensive valuation analysis and due diligence review and to the negotiation of definitive documentation. We cannot be sure that we will be able to implement our strategy because we may have difficulty finding new properties, obtaining necessary entitlements, negotiating with new or existing tenants or securing acceptable financing.

Acquisitions of additional properties entail the risk that investments will fail to perform in accordance with expectations, including operating and leasing expectations. In the context of our business plan, "redevelopment" generally means an expansion or renovation of an existing property. Redevelopment is subject to numerous risks, including risks of construction delays, cost overruns or uncontrollable events that may increase project costs, new project commencement risks such as the receipt of zoning, occupancy and other required governmental approvals and permits, and incurring redevelopment costs in connection with projects that are not pursued to completion.

A component of our growth strategy is through private-equity type investments made through our RCP Venture. These include investments in operating retailers. The inability of the retailers to operate profitably would have an adverse impact on income realized from these investments. Through our investments in joint ventures we have also invested in operating businesses that have operational risk in addition to the risks associated with real estate investments, including among other risks, human capital issues, adequate supply of product and material, and merchandising issues.

We operate through a partnership structure, which could have an adverse effect on our ability to manage our assets.

Our primary property-owning vehicle is the Operating Partnership, of which we are the general partner. Our acquisition of properties through the Operating Partnership in exchange for interests in the Operating Partnership may permit certain tax deferral advantages to limited partners who contribute properties to the Operating Partnership. Since properties contributed to the Operating Partnership may have unrealized gains attributable to the differences between the fair market value and adjusted tax basis in such properties prior to contribution, the sale of such properties could cause adverse tax consequences to the limited partners who contributed such properties. Although we, as the general partner of the Operating Partnership, generally have no obligation to consider the tax consequences of our actions to any limited partner, we own several properties subject to material restrictions designed to minimize the adverse tax consequences to the limited partners who contributed such properties. Such restrictions may result in significantly reduced flexibility to manage some of our assets.

Exclusivity obligation to our Opportunity Funds.

Under the terms of Fund IV, our primary goal is to seek investments for Fund IV, subject to certain exceptions. We may only pursue opportunities to acquire retail properties directly through the Operating Partnership if (i) the ownership of the acquisition opportunity by Fund IV would create a material conflict of interest for us; (ii) we require the acquisition opportunity for a "like-kind" exchange; (iii) the consideration payable for the acquisition opportunity is our Common Shares, OP Units or other securities or (iv) the investment is outside the parameters of our investment goals for Fund IV (which, in general, seeks more opportunistic level returns). As a result, we may not be able to make attractive acquisitions directly and instead may only receive a minority interest in such acquisitions through Fund IV.

Risks of joint ventures.

Partnership or joint venture investments may involve risks not otherwise present for investments made solely by us, including the possibility that our partner or co-venturer might become bankrupt, and that our partner or co-venturer may take action contrary to our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither we nor a joint venture partner would have full control over the joint venture. Also, there is no limitation under our organizational documents as to the amount of our funds that may be invested in joint ventures.

Additionally, our partners or co-venturers may engage in malfeasance in spite of our efforts to perform a high level of due diligence on them. Such acts may or may not be covered by insurance. Finally, partners and co-venturers may engage in illegal activities which may jeopardize an investment and/or subject us to reputational risk.

Any disputes that may arise between joint venture partners and us may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with joint venture partners might result in subjecting properties owned by the joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party joint venture partners.

During 2012, 2011 and 2010, our Fund I and Mervyns I joint ventures provided Promote income. There can be no assurance that the joint ventures will continue to operate profitably and thus provide additional Promote income in the future. These factors could limit the return that we receive from such investments or cause our cash flows to be lower than our estimates. In addition, a partner or co-venturer may not have access to sufficient capital to satisfy its funding obligations to the joint venture.

Market factors could have an adverse effect on our share price and our ability to access the public equity markets.

One of the factors that may influence the trading price of our Common Shares is the annual dividend rate on our Common Shares as a percentage of its market price. An increase in market interest rates may lead purchasers of our Common Shares to seek a higher annual dividend rate, which could adversely affect the market price of our Common Shares. A decline in our share price, as a result of this or other market factors, could unfavorably impact our ability to raise additional equity in the public markets.

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

Our success depends on the contribution of key management members. The loss of the services of Kenneth F. Bernstein, President and Chief Executive Officer, or other key executive-level employees could have a material adverse effect on our results of operations. We have obtained key-man life insurance for Mr. Bernstein. In addition, we have entered into an employment agreement with Mr. Bernstein; however, it can be terminated by Mr. Bernstein in his discretion. We have not entered into employment agreements with other key executive-level employees.

Our Board of Trustees may change our investment policy without shareholder approval.

Our Board of Trustees may determine to change our investment and financing policies, our growth strategy and our debt, capitalization, distribution, acquisition, disposition and operating policies. Our Board of Trustees may establish investment criteria or limitations as it deems appropriate, but currently does not limit the number of properties in which we may seek to invest or on the concentration of investments in any one geographic region. Although our Board of Trustees has no present intention to revise or amend our strategies and policies, it may do so at any time without a vote by our shareholders. Accordingly, the results of decisions made by our Board of Trustees and implemented by management may or may not serve the interests of all of our shareholders and could adversely affect our financial condition or results of operations, including our ability to distribute cash to shareholders or qualify as a REIT.

Distribution requirements imposed by law limit our operating flexibility.

To maintain our status as a REIT for federal income tax purposes, we are generally required to distribute to our shareholders at least 90% of our taxable income for each calendar year. Our taxable income is determined without regard to any deduction for dividends paid and by excluding net capital gains. To the extent that we satisfy the distribution requirement, but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of (i) 85% of our ordinary income for that year; (ii) 95% of our capital gain net income for that year and; (iii) 100% of our undistributed taxable income from prior years. We intend to continue to make distributions to our shareholders to comply with the distribution requirements of the Internal Revenue Code and to minimize exposure to federal income and nondeductible excise taxes. Differences in timing between the receipt of income and the payment of expenses in determining our income as well as required debt amortization payments and the capitalization of certain expenses could require us to borrow funds on a short-term basis to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. The distribution requirements also severely limit our ability to retain earnings to acquire and improve properties or retire outstanding debt.

There can be no assurance we have qualified or will remain qualified as a REIT for federal income tax purposes.

We believe that we have consistently met the requirements for qualification as a REIT for federal income tax purposes beginning with our taxable year ended December 31, 1993, and we intend to continue to meet these requirements in the future. However, qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code, for which there are only limited judicial or administrative interpretations. No assurance can be given that we have qualified or will remain qualified as a REIT. The Internal Revenue Code provisions and income tax regulations applicable to REITs differ significantly from those applicable to other corporations. The determination of various factual matters and circumstances not entirely within our control can potentially affect our ability to continue to qualify as a REIT. In addition, no assurance can be given that future legislation, regulations, administrative interpretations or court decisions will not significantly change the requirements for qualification as a REIT or adversely affect the federal income tax consequences of such qualification. Under current law, if we fail to qualify as a REIT, we would not be allowed a deduction for dividends paid to shareholders in computing our net taxable income. In addition, our income would be subject to tax at the regular corporate rates. We also could be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. Cash available for distribution to our shareholders would be significantly reduced for each year in which we do not qualify as a REIT. In that event, we would not be required to continue to make distributions. Although we currently intend to continue to qualify as a REIT, it is possible that future

economic, market, legal, tax or other considerations may cause us, without the consent of our shareholders, to revoke the REIT election or to otherwise take action that would result in disqualification.

Limits on ownership of our capital shares.

For us to qualify as a REIT for federal income tax purposes, among other requirements, not more than 50% of the value of our capital shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) at any time during the last half of each taxable year after 1993, and such capital shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (in each case, other than the first such year). Our Declaration of Trust includes certain restrictions regarding transfers of our capital shares and ownership limits that are intended to assist us in satisfying these limitations, among other purposes. These restrictions and limits may not be adequate in all cases, however, to prevent the transfer of our capital shares in violation of the ownership limitations. The ownership limit discussed above may have the effect of delaying, deferring or preventing someone from taking control of us.

Actual or constructive ownership of our capital shares in excess of the share ownership limits contained in our Declaration of Trust would cause the violative transfer or ownership to be null and void from the beginning and subject to purchase by us at a price equal to the fair market value of such shares (determined in accordance with the rules set forth in our Declaration of Trust). As a result, if a violative transfer were made, the recipient of the shares would not acquire any economic or voting rights attributable to the transferred shares. Additionally, the constructive ownership rules for these limits are complex and groups of related individuals or entities may be deemed a single owner and consequently in violation of the share ownership limits.

Concentration of ownership by certain investors.

As of December 31, 2012, seven institutional shareholders own 5% or more individually, and 62.1% in the aggregate, of our Common Shares. A significant concentration of ownership may allow an investor or a group of investors to exert a greater influence over our management and affairs and may have the effect of delaying, deferring or preventing a change in control of us.

Restrictions on a potential change of control.

Our Board of Trustees is authorized by our Declaration of Trust to establish and issue one or more series of preferred shares without shareholder approval. We have not established any series of preferred shares. However, the establishment and issuance of a series of preferred shares could make more difficult a change of control of us that could be in the best interests of the shareholders.

In addition, we have entered into an employment agreement with our Chief Executive Officer and severance agreements are in place with our executives which provide that, upon the occurrence of a change in control of us and either the termination of their employment without cause (as defined) or their resignation for good reason (as defined), those executive officers would be entitled to certain termination or severance payments made by us (which may include a lump sum payment equal to defined percentages of annual salary and prior years' average bonuses, paid in accordance with the terms and conditions of the respective agreement), which could deter a change of control of us that could be in the best interests of the shareholders.

Certain provisions of Maryland law may limit the ability of a third party to acquire control of our Company.

Under the Maryland General Corporation Law, as amended, which we refer to as the “MGCL,” as applicable to REITs, certain “business combinations,” including certain mergers, consolidations, share exchanges and asset transfers and certain issuances and reclassifications of equity securities, between a Maryland REIT and any person who beneficially owns 10% or more of the voting power of the trust's outstanding voting shares or an affiliate or an associate, as defined in the MGCL, of the trust who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding shares of beneficial interest of the trust, which we refer to as an “interested shareholder,” or an affiliate of the interested shareholder, are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. After that five-year period, any such business combination must be recommended by the board of trustees of the trust and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding voting shares of beneficial interest of the trust and (2) two-thirds of the votes entitled to be cast by holders of voting shares of the trust other than shares held by the interested shareholder with whom, or with whose affiliate, the business combination is to be effected or held by an affiliate or associate of the interested shareholder, unless, among other conditions, the trust'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 shareholder for its common shares.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of trustees of the trust before the interested shareholder becomes an interested shareholder, and a person is not an interested shareholder if the board of trustees approved in advance the transaction by which the person otherwise would have become an interested

shareholder. In approving a transaction, our Board of Trustees may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the Board.

The MGCL also provides that holders of "control shares" of a Maryland REIT (defined as voting shares that, when aggregated with all other shares owned by the acquirer or in respect of which the acquirer is entitled to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise one of three increasing ranges of voting power in electing trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares") have no voting rights except to the extent approved by the affirmative vote of holders of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by officers or by employees who are also trustees of the trust. Our Bylaws provide that the control share acquisition statute shall not apply to shares acquired or owned, directly or indirectly, by any person acting in concert with any group (as defined in Section 13 of the Exchange Act and the rules thereunder). Our Bylaws can be amended by our Board of Trustees by majority vote, and there can be no assurance that this provision will not be amended or eliminated at any time in the future.

Additionally, Title 3, Subtitle 8 of the MGCL permits our Board of Trustees, without shareholder approval and regardless of what is currently provided in our Declaration of Trust or Bylaws, to elect to be subject to certain provisions relating to corporate governance that may have the effect of delaying, deferring or preventing a transaction or a change of control of our Company that might involve a premium to the market price of our Common Shares or otherwise be in the best interests of our shareholders. We are subject to some of these provisions (for example, a two-thirds vote requirement for removing a trustee) by provisions of our Declaration of Trust and Bylaws unrelated to Subtitle 8.

Becoming subject to, or the potential to become subject to, these provisions of the MGCL could inhibit, delay or prevent a transaction or a change of control of our Company that might involve a premium price for our shareholders or otherwise be in our or their best interests. In addition, the provisions of our Declaration of Trust on removal of trustees and the provisions of our Bylaws regarding advance notice of shareholder nominations of trustees and other business proposals and restricting shareholder action outside of a shareholders meeting unless such action is taken by unanimous written consent could have a similar effect.

Our rights and shareholders' rights to take action against trustees and officers are limited, which could limit recourse in the event of actions not in the best interests of shareholders.

As permitted by Maryland law, our Declaration of Trust eliminates the liability of our trustees and officers to the Company and its shareholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- a final judgment based upon a finding of active and deliberate dishonesty by the trustee or officer that was material to the cause of action adjudicated.

In addition, our Declaration of Trust authorizes, and our Bylaws obligate, us to indemnify each present or former trustee or officer, to the maximum extent permitted by Maryland law, who is made a party to any proceeding because of his or her service to our Company. As part of these indemnification obligations, we may be obligated to fund the defense costs incurred by our trustees and officers.

Legislative or regulatory tax changes could have an adverse effect on us.

There are a number of issues associated with an investment in a REIT that are related to the federal income tax laws, including, but not limited to, the consequences of our failing to continue to qualify as a REIT. At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended or modified. Any new laws or interpretations may take effect retroactively and could adversely affect us or our shareholders. Reduced tax rates applicable to certain corporate dividends paid to most domestic noncorporate shareholders are not generally available to REIT shareholders since a REITs income generally is not subject to corporate level tax. As a result, investment in non-REIT corporations may be viewed as relatively more attractive than investment in REITs by domestic noncorporate investors. This could adversely affect the market price of our shares.

Our redevelopment and construction activities could affect our operating results.

We intend to continue the selective redevelopment and construction of retail properties, with our project at CityPoint currently being our largest redevelopment project (see "Item 1. BUSINESS - INVESTING ACTIVITIES - Opportunity Funds - Redevelopment Activities" for a description of the CityPoint project).

As opportunities arise, we expect to delay construction until sufficient pre-leasing is reached and financing is in place. Our redevelopment and construction activities include risks that:

- We may abandon redevelopment opportunities after expending resources to determine feasibility;
- Construction costs of a project may exceed our original estimates;

- Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;
- Financing for redevelopment of a property may not be available to us on favorable terms;
- We may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs; and
- We may not be able to obtain, or may experience delays in obtaining necessary zoning, land use, building, occupancy and other required governmental permits and authorizations.

Additionally, the time frame required for redevelopment, construction and lease-up of these properties means that we may not realize a significant cash return for several years. If any of the above events occur, the redevelopment of properties may hinder our growth and have an adverse effect on our results of operations and cash flows. In addition, new redevelopment activities, regardless of whether or not they are ultimately successful, typically require substantial time and attention from management.

Redevelopments and acquisitions may fail to perform as expected.

Our investment strategy includes the redevelopment and acquisition of shopping centers and other retail properties in supply constrained markets in densely populated areas with high average household incomes and significant barriers to entry. The redevelopment and acquisition of properties entails risks that include the following, any of which could adversely affect our results of operations and our ability to meet our obligations:

- The property may fail to achieve the returns we have projected, either temporarily or for extended periods;
- We may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties we identify;
- We may not be able to integrate an acquisition into our existing operations successfully;
- Properties we redevelop or acquire may fail to achieve the occupancy or rental rates we project, within the time frames we project, at the time we make the decision to invest, which may result in the properties' failure to achieve the returns we projected;
- Our pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs until after the property is acquired, which could significantly increase our total acquisition costs or decrease cash flow from the property; and
- Our investigation of a property or building prior to our acquisition, and any representations we may receive from the seller of such building or property, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase our acquisition cost.

Climate change and catastrophic risk from natural perils.

Some of our current properties could be subject to potential natural or other disasters. We may acquire properties that are located in areas which are subject to natural disasters. Any properties located in coastal regions would therefore be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors.

Climate change is a long-term change in the statistical distribution of weather patterns over periods of time that range from decades to millions of years. It may be a change in the average weather conditions or a change in the distribution of weather events with respect to an average, for example, greater or fewer extreme weather events. Climate change may be limited to a specific region, or may occur across the whole Earth.

There may be significant physical effects of climate change that have the potential to have a material effect on our business and operations. These effects can impact our personnel, physical assets, tenants and overall operations.

Physical impacts of climate change may include:

- Increased storm intensity and severity of weather (e.g., floods or hurricanes);
- Sea level rise; and
- Extreme temperatures.

As a result of these physical impacts from climate-related events, we may be vulnerable to the following:

- Risks of property damage to our shopping centers;
- Indirect financial and operational impacts from disruptions to the operations of major tenants located in our shopping centers from severe weather, such as hurricanes or floods;
- Increased insurance premiums and deductibles, or a decrease in the availability of coverage, for properties in areas subject to severe weather;
- Increased insurance claims and liabilities;
- Increases in energy costs impacting operational returns;

- Changes in the availability or quality of water, or other natural resources on which the tenant's business depends;
- Decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperatures or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable);
- Incorrect long term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and
- Economic disruptions arising from the above.

Possible liability relating to environmental matters.

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under our property, as well as certain other potential costs relating to hazardous or toxic substances (including government fines and penalties and damages for injuries to persons and adjacent property). These laws may impose liability without regard to whether, we knew of or were responsible for, the presence or disposal of those substances. This liability may be imposed on us in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages and our liability therefore could exceed the value of the property and/or our aggregate assets. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect our ability to sell or rent that property or to borrow using that property as collateral, which, in turn, could reduce our revenues and affect our ability to make distributions.

A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties. Although our tenants are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of any of our tenants to satisfy any obligations with respect to the property leased to that tenant, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

From time to time, in connection with the conduct of our business, and prior to the acquisition of any property from a third party or as required by our financing sources, we authorize the preparation of Phase I environmental reports and, when necessary, Phase II environmental reports, with respect to our properties. Based upon these environmental reports and our ongoing review of our properties, we are currently not aware of any environmental condition with respect to any of our properties that we believe would be reasonably likely to have a material adverse effect on us. There can be no assurance, however, that the environmental reports will reveal all environmental conditions at our properties or that the following will not expose us to material liability in the future:

- The discovery of previously unknown environmental conditions;
- Changes in law;
- Activities of tenants; and
- Activities relating to properties in the vicinity of our properties.

Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of our tenants, which could adversely affect our financial condition or results of operations.

Uninsured losses or a loss in excess of insured limits could adversely affect our financial condition.

We carry comprehensive general liability, all-risk property, extended coverage, loss of rent insurance, and environmental liability on our properties, with policy specifications and insured limits customarily carried for similar properties. However, with respect to those properties where the leases do not provide for abatement of rent under any circumstances, we generally do not maintain loss of rent insurance. In addition, there are certain types of losses, such as losses resulting from wars, terrorism or acts of God that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types would adversely affect our financial condition.

Future terrorist attacks or civil unrest could harm the demand for, and the value of, our properties.

Future terrorist attacks or civil unrest, such as the attacks that occurred in New York, Pennsylvania and Washington, D.C. on September 11, 2001, and other acts of terrorism or war, could harm the demand for, and the value of, our properties. Terrorist attacks could directly impact the value of our properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or may be subject to substantial cost increases. To the extent that our tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases could be adversely affected.

A decrease in retail demand could make it difficult for us to renew or re-lease our properties at lease rates equal to or above historical rates. These acts might erode business and consumer confidence and spending, and might result in increased volatility in national and international financial markets and economies. Any one of these events might decrease demand for real estate, decrease or delay the occupancy of our properties, and limit our access to capital or increase our cost of raising capital.

Outages, computer viruses and similar events could disrupt our operations.

We rely on information technology networks and systems, some of which are owned and operated by third parties, to process, transmit and store electronic information. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. Despite the implementation of network security measures, our systems and those of third parties on which we rely may also be vulnerable to computer viruses and similar disruptions. If we and the third parties on whom we rely are unable to prevent such outages and breaches, our operations could be disrupted.

Increased Information Technology ("IT") security threats and more sophisticated computer crime could pose a risk to our systems, networks and services.

Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. The open nature of interconnected technologies may allow for a network or Web outage or a privacy breach that reveals sensitive data or transmission of harmful/malicious code to business partners and clients resulting in liability claims. While we attempt to mitigate these risks by employing a number of measures, including a dedicated IT team, employee training and background checks, comprehensive monitoring of our networks and systems, and maintenance of backup systems and redundancy along with purchasing available insurance coverage, our systems, networks and services remain potentially vulnerable to advanced threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, loss of trade secrets, system downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

SHOPPING CENTER PROPERTIES

The discussion and tables in this Item 2. include properties held through our Core Portfolio and our Opportunity Funds. We define our Core Portfolio as those properties either 100% owned by, or partially owned through joint venture interests by, the Operating Partnership, or subsidiaries thereof, not including those properties owned through our Opportunity Funds.

As of December 31, 2012, there are 72 operating properties in our Core Portfolio totaling approximately 5.3 million square feet of gross leasable area (“GLA”). The Core Portfolio properties are located in 12 states and the District of Columbia and primarily consist of urban/street retail, dense suburban neighborhood and community shopping centers and mixed-use properties with a strong retail component. Our shopping centers are predominately anchored by supermarkets or value-oriented retail. The properties are diverse in size, ranging from approximately 3,000 to 875,000 square feet and as of December 31, 2012, were, in total, 94% occupied.

As of December 31, 2012, we owned and operated 20 properties totaling approximately 2.5 million square feet of GLA in our Opportunity Funds, excluding eight properties under redevelopment. In addition to shopping centers, the Opportunity Funds have invested in mixed-use properties, which generally include retail activities. The Opportunity Fund properties are located in eight states and the District of Columbia and as of December 31, 2012, were, in total, 88% occupied.

Within our Core Portfolio and Opportunity Funds, we had approximately 650 leases as of December 31, 2012. A majority of our rental revenues were from national retailers and consist of rents received under long-term leases. These leases generally provide for the monthly payment of fixed minimum rent and the tenants' pro-rata share of the real estate taxes, insurance, utilities and common area maintenance of the shopping centers. Certain of our leases also provide for the payment of rent based on a percentage of a tenant's gross sales in excess of a stipulated annual amount, either in addition to, or in place of, minimum rents. Minimum rents, percentage rents and expense reimbursements accounted for approximately 92% of our total revenues for the year ended December 31, 2012.

Three of our Core Portfolio properties and five of our Opportunity Fund properties are subject to long-term ground leases in which a third party owns and has leased the underlying land to us. We pay rent for the use of the land and are responsible for all costs and expenses associated with the building and improvements at all eight locations.

No individual property contributed in excess of 10% of our total revenues for the years ended December 31, 2012, 2011 or 2010. Reference is made to Note 8 in the Notes to Consolidated Financial Statements, for information on the mortgage debt pertaining to our properties. The following sets forth more specific information with respect to each of our shopping centers at December 31, 2012:

Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/12 (1)	Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio								
New York								
Connecticut								
239 Greenwich Avenue	Greenwich	1998 (A)	Fee/JV	16,834 (3)	100%	$ 1,554,663	$ 92.35	
181 Main Street	Westport	2012 (A)	Fee	11,350	100%	772,000	68.02	
New Jersey								
Elmwood Park Shopping Center	Elmwood Park	1998 (A)	Fee	149,262	97%	3,596,396	24.87	A&P 2017/2052 Walgreen's 2022/2062
A&P Shopping Plaza	Boonton	2006 (A)	Fee/JV	62,741	100%	1,343,723	21.42	A&P 2024/2054
60 Orange Street	Bloomfield	2012 (A)	Fee/JV	101,715	100%	907,500	8.92	Home Depot 2032/2052
New York								
Village Commons Shopping Center	Smithtown	1998 (A)	Fee	87,330	95%	2,552,470	30.68	
Branch Shopping Center	Smithtown	1998 (A)	LI (4)	126,273	81%	2,551,407	25.06	CVS 2020/— LA Fitness 2027/2042
Amboy Road	Staten Island	2005 (A)	LI (4)	60,090	100%	1,632,178	27.16	Stop & Shop 2028/2043
Bartow Avenue	Bronx	2005 (C)	Fee	14,676	93%	420,687	30.90	
Pacesetter Park Shopping Center	Ramapo	1999 (A)	Fee	97,583	94%	1,151,105	12.58	Stop & Shop 2020/2040
West Shore Expressway	Staten Island	2007 (A)	Fee	55,000	100%	1,391,500	25.30	LA Fitness 2022/2037
West 54th Street	Manhattan	2007 (A)	Fee	9,797	48%	1,245,680	264.56	
East 17th Street	Manhattan	2008 (A)	Fee	19,622	100%	625,000	31.85	Barnes & Noble 2013/2018
Crossroads Shopping Center	White Plains	1998 (A)	Fee/JV (5)	309,523	78%	5,139,479	21.31	Kmart 2017/2032 Modell's 2014/2019 Home Goods 2018/2033 Party City 2024/2034
Third Avenue	Bronx	2006 (A)	Fee	40,320	79%	666,631	20.85	Planet Fitness 2027/2042
Mercer Street	Manhattan	2011 (A)	Fee	6,225	100%	383,160	61.55	
28 Jericho Turnpike	Westbury	2012 (A)	Fee	96,363	100%	1,650,000	17.12	Kohl's 2020/2050
4401 White Plains Road	Bronx	2011 (A)	Fee	12,964	100%	625,000	48.21	Walgreens 2060/-
83 Spring Street	Manhattan	2012 (A)	Fee	3,000	100%	623,884	207.96	
Total New York Region				1,280,668	91%	$ 28,832,463	$ 24.74	
New England								
Connecticut								
Town Line Plaza	Rocky Hill	1998 (A)	Fee	206,346	98%	$ 1,636,374	$ 15.69	Stop & Shop 2024/2064 Wal-Mart(6)

Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/12 (1)	Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio, continued								
Massachusetts								
Methuen Shopping Center	Methuen	1998 (A)	Fee	130,021	100%	1,027,936	7.91	Demoulas Market 2015/— Wal-Mart 2016/2051
Crescent Plaza	Brockton	1993 (A)	Fee	218,137	94%	1,658,255	8.08	Supervalu 2014/2044 Home Depot 2021/2056
330-340 River Street	Cambridge	2012 (A)	Fee	54,226	100%	1,130,470	20.85	Whole Foods 2021/2051 Rite Aid 2028/2068
New York								
New Loudon Center	Latham	1993 (A)	Fee	255,673	100%	1,959,124	7.66	Price Chopper 2015/2035 Marshall's 2014/2029 Raymour and Flanigan 2019/2034 AC Moore 2014/2024 Hobby Lobby 2021/-
Rhode Island								
Walnut Hill Plaza	Woonsocket	1998 (A)	Fee	284,717	90%	2,136,086	8.38	Supervalu 2013/2028 Sears 2013/2033 Savers 2013/2018 Ocean State Job Lot 2012/- Woonsocket Bowling 2021/-
Vermont								
The Gateway Shopping Center	South Burlington	1999 (A)	Fee	101,655	100%	1,969,413	19.37	Supervalu 2024/2053
Total New England Region				1,250,775	96%	$ 11,517,658	$ 10.41	
Midwest								
Illinois								
Hobson West Plaza	Naperville	1998 (A)	Fee	99,137	96%	$ 1,138,122	$ 11.94	Garden Fresh Markets 2017/2037
Clark Diversey	Chicago	2006 (A)	Fee	19,265	100%	858,248	44.55	
West Diversey	Chicago	2011 (A)	Fee	46,259	100%	1,884,925	40.75	Trader Joe's 2021/2041
639 West Diversey	Chicago	2012 (A)	Fee	12,557	100%	666,091	53.05	
930 North Rush Street	Chicago	2012 (A)	Fee	2,930	100%	1,113,948	380.19	
Chicago Street Retail Portfolio (7)	Chicago	2011 (A)	Fee	115,287	89%	4,536,341	44.26	

Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/12 (1)	Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio, continued								
Indiana								
Merrillville Plaza	Hobart	1998 (A)	Fee	235,824	92%	2,918,290	13.52	TJ Maxx 2019/2029 JC Penney 2013/2018 OfficeMax 2013/2028 K&G Fashion 2017/2027
Michigan								
Bloomfield Town Square	Bloomfield Hills	1998 (A)	Fee	236,676	97%	3,396,624	14.81	TJ Maxx 2019/2029 Home Goods 2016/2026 Best Buy 2021/2041 Dick's Sporting Goods 2023/2043
Ohio								
Mad River Station (8)	Dayton	1999 (A)	Fee	126,129	83%	1,315,006	12.54	Babies ‘R’ Us 2015/2020 Office Depot 2015/—
Total Midwest Region				894,064	93%	$ 17,827,595	$ 21.51	
Mid-Atlantic								
New Jersey								
Marketplace of Absecon	Absecon	1998 (A)	Fee	104,762	76%	$ 1,334,497	$ 16.78	Rite Aid 2020/2040 White Horse Liquors 2019/-
Delaware								
Brandywine Town Center	Wilmington	2003 (A)	Fee/JV (9)	875,679	97%	13,080,972	15.44	Bed, Bath & Beyond 2014/2029 Dick’s Sporting Goods 2013/2028 Lowe’s Home Centers 2018/2048 Target 2018/2058 HH Gregg 2020/2035
Market Square Shopping Center	Wilmington	2003 (A)	Fee/JV (9)	102,047	98%	2,507,840	25.02	TJ Maxx 2016/2021 Trader Joe’s 2019/2034
Route 202 Shopping Center	Wilmington	2006 (C)	LI/JV (4) (9)	19,984	100%	837,541	41.91	

Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/12 (1)	Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio, continued								
Pennsylvania								
Mark Plaza	Edwardsville	1993 (C)	LI/Fee (4)	106,856	100%	240,664	2.25	Kmart 2014/2049
Plaza 422	Lebanon	1993 (C)	Fee	156,279	100%	795,852	5.09	Home Depot 2028/2058 Dunham's 2016/2031
Route 6 Mall	Honesdale	1994 (C)	Fee	175,519	99%	1,160,112	6.67	Kmart 2020/2070 Fashion Bug 2016/- Advance Auto 2013/-
Chestnut Hill (10)	Philadelphia	2006 (A)	Fee	37,581	76%	513,425	17.93	
Abington Towne Center	Abington	1998 (A)	Fee	216,369	95%	955,324	20.02	TJ Maxx 2016/2021 Target (11)
District of Columbia								
Rhode Island Place Shopping Center	Washington D.C.	2012 (A)	Fee	57,529	100%	1,622,629	28.21	TJ Maxx 2017/-
179-53 & 1801-03 Connecticut Avenue	Washington D.C.	2012 (A)	Fee	22,907	93%	1,090,701	51.39	
Georgetown Portfolio (11)	Washington D.C.	2011 (A)	Fee/JV	27,666	96%	1,799,387	67.48	
Total Mid-Atlantic Region				1,903,178	96%	$ 25,938,944	$ 15.57	
Total Core Properties				5,328,685	94%	$ 84,116,660	$ 17.66	
Opportunity Fund Portfolio								
Fund I Properties								
VARIOUS REGIONS								
Kroger/Safeway Portfolio	3 locations (13)	2003 (A)	LI/JV (4)	97,500	69%	$ 302,076	$ 4.48	Kroger 2014/2049 Safeway 2014/2044
Total Fund I Properties				97,500	69%	$ 302,076	$ 4.48	
Fund II Properties								
New York								
Pelham Plaza	Pelham Manor	2004 (A)	LI/JV (4)	228,493	94%	$ 5,887,611	$ 27.29	BJ's Wholesale Club 2033/2053 Michaels 2013/2033 Petsmart 2021/2036
Fordham Place	Bronx	2004(A)	Fee/JV	119,446	100%	5,519,760	46.21	Best Buy 2019/2039 Sears 2023/2033
216th Street	Manhattan	2005 (A)	Fee/JV	60,000	100%	2,694,000	44.90	City of New York 2027/2032
161st Street (17)	Bronx	2005 (A)	Fee/JV	232,402	85%	5,255,201	26.72	City of New York 2013/-
Total Fund II Properties				640,341	92%	$ 19,356,572	$ 32.71	

Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/12 (1)		Annual Base Rent (2)		Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Opportunity Funds, continued										
Fund III Properties										
New York										
Cortlandt Towne Center	Mohegan Lake	2009 (A)	Fee	641,225	92%		$ 9,449,199		$ 15.98	Walmart 2018/2048 A&P 2022/2047 Best Buy 2017/2032 Petsmart 2014/2034
640 Broadway	Manhattan	2012 (A)	Fee/JV	4,409	74%		662,103		203.54	
New Hyde Park Shopping Center	New Hyde Park	2011 (A)	Fee	31,431	91%		904,986		31.56	
Massachusetts										
White City Shopping Center	Shrewsbury	2010 (A)	Fee/JV (14)	257,288	76%		4,841,673		24.89	Shaw's 2018/2033 Iparty 2015/- Austin's Liquor 2015/-
Maryland										
Parkway Crossing	Baltimore	2011 (A)	Fee/JV (15)	260,241	93%		1,897,981		7.84	Home Depot 2032/- Big Lots 2016/- Shop Rite 2032/-
Arundel Plaza	Glen Burnie	2012 (A)	Fee/JV (15)	265,116	97%		1,445,276		5.60	Giant Food 2015/2025 Lowes 2019/2059
Florida										
Lincoln Road	Miami	2011 (A)	Fee/JV (16)	61,443	49%		3,257,573		108.31	
Illinois										
Heritage Shops	Chicago	2011 (A)	Fee	105,585	77%		3,103,565		38.29	LA Fitness 2025/2040
Lincoln Park Centre	Chicago	2012 (A)	Fee	62,745	60%		1,607,359		42.87	
Total Fund III Properties				1,689,483	87%		$ 27,169,715		$ 18.48	
Fund IV Properties										
Maryland										
1701 Belmont Avenue	Catonsville	2012 (A)	Fee/JV (15)	58,674	100%		$ 936,166		$ 15.96	Best Buy 2017/2027
Florida										
Lincoln Road	Miami	2012 (A)	Fee/JV (16)	54,453	100%		4,949,953		90.90	
Total Fund IV Properties				113,127	100%	113,127	$ 5,886,119	113,127	$ 52.03	
Total Opportunity Fund Operating Properties (18)				2,540,451	88%		$ 52,714,482		$ 23.54	

Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/12 (1)	Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration

Notes:

(1) Does not include space for which lease term had not yet commenced as of December 31, 2012.

(2) These amounts include, where material, the effective rent, net of concessions, including free rent.

(3) In addition to the 16,834 square feet of retail GLA, this property also has 21 apartments comprising 14,434 square feet.

(4) We are a ground lessee under a long-term ground lease.

(5) We have a 49% investment in this property.

(6) Includes a 97,300 square foot Wal-Mart which is not owned by us.

(7) Includes 19 properties (56 E. Walton, 841 W. Armitage, 2731 N. Clark, 2140 N. Clybourn, 853 W. Armitage, 2299 N. Clybourn, 1520 Milwaukee Avenue, 843-45 W Armitage,1521 W Belmont, 2206-08 N Halsted, 2633 N Halsted, 50-54 E. Walton, 662 W. Diversey, 837 W. Armitage, 823 W. Armitage, 851 W. Armitage, 1240 W. Belmont, 21 E. Chestnut and 819 W. Armitage).

(8) The GLA for this property excludes 29,857 square feet of office space.

(9) We have a 22% investment in this property.

(10) Property consists of two buildings.

(11) Includes a 157,616 square foot Target Store that is not owned by us.

(12) Includes six properties (1533 Wisconsin Ave., 3025 M St., 3034 M St., 3146 M St, 3259-61 M St., and 2809 M St.). We have a 50% investment in these properties.

(13) Three remaining assets including locations in Benton, AR, Tulsa, OK and Indianapolis, IN.

(14) The Fund has an 84% investment in this property.

(15) The Fund has a 90% investment in this property.

(16) The Fund has a 95% investment in this property.

(17) Currently operating but re-tenanting activities have commenced.

(18) In addition to the Opportunity Fund operating properties, there are eight properties under redevelopment; Sherman Plaza (Fund II), CityPoint (Fund II) , Sheepshead Bay (Fund III), 723 N. Lincoln Lane (Fund III), Broad Hollow Commons (Fund III), Cortlandt Crossing (Fund III), 3104 M Street (Fund III) and 210 Bowery (Fund IV).

MAJOR TENANTS

No individual retail tenant accounted for more than 4.0% of base rents for the year ended December 31, 2012 or occupied more than 7.4% of total leased GLA as of December 31, 2012. The following table sets forth certain information for the 20 largest retail tenants by base rent for leases in place as of December 31, 2012. The amounts below include our pro-rata share of GLA and annualized base rent for the Operating Partnership's partial ownership interest in properties, including the Opportunity Funds (GLA and Annualized Base Rent in thousands):

Retail Tenant	Number of Stores in Portfolio (1)	Total GLA	Annualized Base Rent (2)	Percentage of Total Represented by Retail Tenant	
				Total Portfolio GLA	Annualized Base Rent
LA Fitness	4	110	$ 2,551	2.4%	4.0%
Supervalu (Shaw's)	4	176	2,421	3.8%	3.8%
Home Depot	7	313	2,007	6.8%	3.1%
Ahold (Stop and Shop)	3	155	1,936	3.4%	3.0%
A&P	3	90	1,924	2.0%	3.0%
TJX Companies	9	215	1,709	4.6%	2.7%
Sears	5	342	1,653	7.4%	2.6%
Walgreens	4	39	1,607	0.9%	2.5%
Best Buy	4	57	1,032	1.2%	1.6%
Trader Joe's	2	19	961	0.4%	1.5%
TD Bank	2	15	959	0.3%	1.5%
Walmart	3	213	887	4.6%	1.4%
Sleepy's	6	35	880	0.8%	1.4%
Dicks Sporting Goods	2	60	849	1.3%	1.3%
JP Morgan Chase	7	28	811	0.6%	1.3%
Citibank	6	15	739	0.3%	1.1%
Pier 1 Imports	4	25	690	0.5%	1.1%
Dollar Tree	7	64	653	1.4%	1.0%
Payless Shoesource	8	20	541	0.4%	0.8%
Coach	2	7	530	0.1%	0.8%
Total	92	1,998	$ 25,340	43.2%	39.5%

Notes:

(1) Does not include tenants that only operate at one shopping center.

(2) Base rents do not include percentage rents, additional rents for property expense reimbursements and contractual rent escalations.

LEASE EXPIRATIONS

The following table shows scheduled lease expirations for retail tenants in place as of December 31, 2012, assuming that none of the tenants exercise renewal options. (GLA and Annualized Base Rent in thousands):

Core Portfolio:

Leases maturing in	Number of Leases	Annualized Base Rent (1)		GLA	
		Current Annual Rent	Percentage of Total	Square Feet	Percentage of Total
Month to Month	6	$ 322	—%	17	—%
2013 (2)	72	8,588	10%	538	11%
2014	70	9,704	12%	541	11%
2015	45	7,302	9%	445	9%
2016	59	8,499	10%	511	11%
2017	49	10,341	12%	499	11%
2018	22	6,705	8%	403	8%
2019	23	3,422	4%	181	4%
2020	22	5,663	7%	367	8%
2021	24	5,865	7%	395	8%
2022	23	4,756	6%	152	3%
Thereafter	24	11,704	15%	700	16%
Total	439	$ 82,871	100%	4,749	100%

Opportunity Fund Portfolio:

Leases maturing in	Number of Leases	Annualized Base Rent (1)		GLA	
		Current Annual Rent	Percentage of Total	Square Feet	Percentage of Total
Month to Month	6	$ 302	1%	24	1%
2013 (2)	34	7,620	13%	253	11%
2014	27	4,332	8%	220	9%
2015	19	1,867	3%	111	5%
2016	23	2,846	5%	99	4%
2017	12	2,487	4%	102	4%
2018	17	5,308	9%	310	13%
2019	12	5,254	9%	250	11%
2020	6	688	1%	22	1%
2021	12	2,477	4%	95	4%
2022	19	6,083	11%	180	8%
Thereafter	23	18,278	32%	716	29%
Total	210	$ 57,542	100%	2,382	100%

Notes:

(1) Base rents do not include percentage rents, additional rents for property expense reimbursements, nor contractual rent escalations.

(2) The 106 leases scheduled to expire during 2013 are for tenants at 32 properties located in 25 markets. No single market represents a material amount of exposure to the Company as it relates to the rents from these leases. Given the diversity of these markets, properties and characteristics of the individual spaces, the Company cannot make any general representations as it relates to the expiring rents and the rates for which these spaces may be re-leased.

GEOGRAPHIC CONCENTRATIONS

The following table summarizes our retail properties by region as of December 31, 2012. The amounts below also reflect properties that we invest in through joint ventures and that are held in our Opportunity Funds (GLA and Annualized Base Rent in thousands):

Region	GLA (1)	Occupied % (2)	Annualized Base Rent (2)	Annualized Base Rent per Occupied Square Foot	Percentage of Total Represented by Region	
					GLA	Annualized Base Rent
Core Portfolio:						
Operating Properties:						
New York Region	1,271	91%	$ 27,587	$ 23.91	24%	33%
New England	1,251	96%	11,518	10.41	23%	14%
Midwest	894	93%	17,827	21.51	17%	22%
Mid-Atlantic	1,903	96%	25,939	15.57	36%	31%
Total Core Operating Properties	5,319	94%	$ 82,871	$ 17.43	100%	100%
Redevelopment Properties:						
New York Region	10	53%	1,246	264.56	100%	100%
Total Core Redevelopment Properties	10	53%	$ 1,246	$ 264.56	100%	100%
Opportunity Fund Portfolio:						
Operating Properties:						
New York Region	1,317	92%	$ 30,373	$ 24.99	52%	58%
New England	257	76%	4,842	24.89	10%	9%
Midwest	168	70%	4,711	39.74	7%	9%
Mid-Atlantic	584	96%	4,279	7.66	23%	8%
Southeast	116	73%	8,207	97.10	4%	15%
Other	98	69%	302	4.48	4%	1%
Total Opportunity Fund Operating Properties	2,540	89%	$ 52,714	$ 23.54	100%	100%
Redevelopment Properties:						
New York Region	241	36%	$ 573	$ 6.55	98%	76%
Mid-Atlantic	5	100%	177	36.14	2%	24%
Total Opportunity Fund Redevelopment Properties	246	37%	$ 750	$ 8.13	100%	100%

Notes:

(1) Property GLA includes a total of 255,000 square feet, which is not owned by us. This square footage has been excluded for calculating annualized base rent per square foot.

(2) The above occupancy and rent amounts do not include space that is currently leased, but for which payment of rent had not commenced as of December 31, 2012.

ITEM 3. LEGAL PROCEEDINGS.

We are involved in various matters of litigation arising in the normal course of business. While we are unable to predict with any certainty the amounts involved, management is of the opinion that, when such litigation is resolved, our resulting exposure to loss contingencies, if any, will not have a significant effect on our consolidated financial position, results of operations, or liquidity.

In addition to the foregoing, we recently settled or are currently involved in the following litigation matters:

In September 2008, the Company, certain of its subsidiaries, and other unrelated entities (the “Investor Consortium”) were named as defendants in an adversary proceeding brought by Mervyn's LLC (“Mervyns”) in the United States Bankruptcy Court for the District of Delaware. The action involved five claims alleging fraudulent transfers in which Mervyns was nominally seeking approximately $1.175 billion in damages from the Investor Consortium, although the actual claims made by the administrator and the unsecured creditors were substantially less. The first claim contended that, at the time of the sale of Mervyns by Target Corporation ("Target") to the Investor Consortium, a transfer of assets was made in an effort to defraud creditors. The Company believed that this aspect of the case is without merit. The remaining four claims related to transfers of assets of Mervyns at various times after the sale by Target. The Company believed that there were substantial defenses to these claims.

During the third quarter of 2012, the parties to this litigation arrived at an agreement to settle the claim. The settlement was approved by the bankruptcy court and provided for a payment of $166.0 million. Based on the defendants' agreement, the net cost of the settlement to the Investor Consortium amounted to approximately $149.0 million. After applying cash on hand at the investee level, Mervyns I and Mervyns II's combined contribution to this settlement was approximately $1.0 million. In addition, the Company reduced its carrying value of these investments from $6.3 million to its fair value of $5.3 million in relation to the estimated value of the remaining assets. In total, this resulted in a charge of $2.0 million during the year ended December 31, 2012, of which the Operating Partnership's share, net of income taxes, was $0.2 million.

During August 2009, we terminated the employment of a former Senior Vice President (the “Former Employee”) for engaging in conduct that fell within the definition of “cause” in his severance agreement with us. Had the Former Employee not been terminated for “cause,” he would have been eligible to receive approximately $0.9 million under the severance agreement. Because we terminated him for “cause,” we did not pay the Former Employee any severance benefits under his agreement. The Former Employee has brought a lawsuit against us in New York State Supreme Court, alleging breach of the severance agreement. The suit is in the pre-trial discovery stage. We believe we have meritorious defenses to the suit.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

(a) Market Information, dividends and record holders of our Common Shares

The following table shows, for the period indicated, the high and low sales price for our Common Shares as reported on the New York Stock Exchange, and cash dividends declared during the two years ended December 31, 2012 and 2011:

Quarter Ended			Dividend
2012	**High**	**Low**	**Per Share**
March 31, 2012	$ 22.94	$ 19.39	$ 0.1800
June 30, 2012	23.51	21.49	0.1800
September 30, 2012	26.05	23.00	0.1800
December 31, 2012	25.91	23.91	0.1800
2011			
March 31, 2011	$ 19.80	$ 17.86	$ 0.1800
June 30, 2011	20.99	18.63	0.1800
September 30, 2011	21.97	17.82	0.1800
December 31, 2011	20.72	17.85	0.1800

At February 27, 2013, there were 316 holders of record of our Common Shares.

We have determined for income tax purposes that 63% of the total dividends distributed to shareholders during 2012 represented ordinary income and 37% represented capital gains. The dividend for the quarter ended December 31, 2012 was paid on January 15, 2013 and is taxable in 2012. Our cash flow is affected by a number of factors, including the revenues received from rental properties, our operating expenses, the interest expense on our borrowings, the ability of lessees to meet their obligations to us and unanticipated capital expenditures. Future dividends paid by us will be at the discretion of the Trustees and will depend on our actual cash flows, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Trustees deem relevant. In addition, we have the ability to pay dividends in cash, Common Shares or a combination thereof, subject to a minimum of 10% in cash.

(b) Issuer purchases of equity securities

We have an existing share repurchase program that authorizes management, at its discretion, to repurchase up to $20.0 million of our outstanding Common Shares. The program may be discontinued or extended at any time and there is no assurance that we will purchase the full amount authorized. There were no Common Shares repurchased by us during the year ended December 31, 2012. Under this program we have repurchased 2.1 million Common Shares, none of which were repurchased after December 2001. As of December 31, 2012, management may repurchase up to approximately $7.5 million of our outstanding Common Shares under this program.

(c) Securities authorized for issuance under equity compensation plans

During 2012, the Company terminated the 1999 and 2003 Share Incentive Plans (the "1999 and 2003 Plans") and adopted the Amended and Restated 2006 Share Incentive Plan (the "Amended 2006 Plan"). The Amended 2006 Plan amended and restated our 2006 Share Incentive Plan and increased the authorization to issue options, Restricted Shares and LTIP Units (collectively "Awards") available to officers and employees by 1.9 million shares. Reference is made to Note 15 in the Notes to Consolidated Financial Statements, for a summary of our Share Incentive Plans. The following table provides information related to the Amended 2006 Plan as of December 31, 2012:

Equity Compensation Plan Information

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted - average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	137,647	$ 18.71	1,910,942
Equity compensation plans not approved by security holders	—	—	—
Total	137,647	$ 18.71	1,910,942

Remaining Common Shares available under the Amended 2006 Plan is as follows:

Outstanding Common Shares as of December 31, 2012	52,482,598
Outstanding OP Units as of December 31, 2012	452,454
Total Outstanding Common Shares and OP Units	52,935,052
Common Shares and OP Units pursuant to the 1999 and 2003 Plans	5,193,681
Common Shares pursuant to the Amended 2006 Plan	2,100,000
Total Common Shares available under equity compensation plans	7,293,681
Less: Issuance of Restricted Shares and LTIP Units Granted	(2,607,220)
Issuance of Options Granted	(2,775,519)
Number of Common Shares remaining available	1,910,942

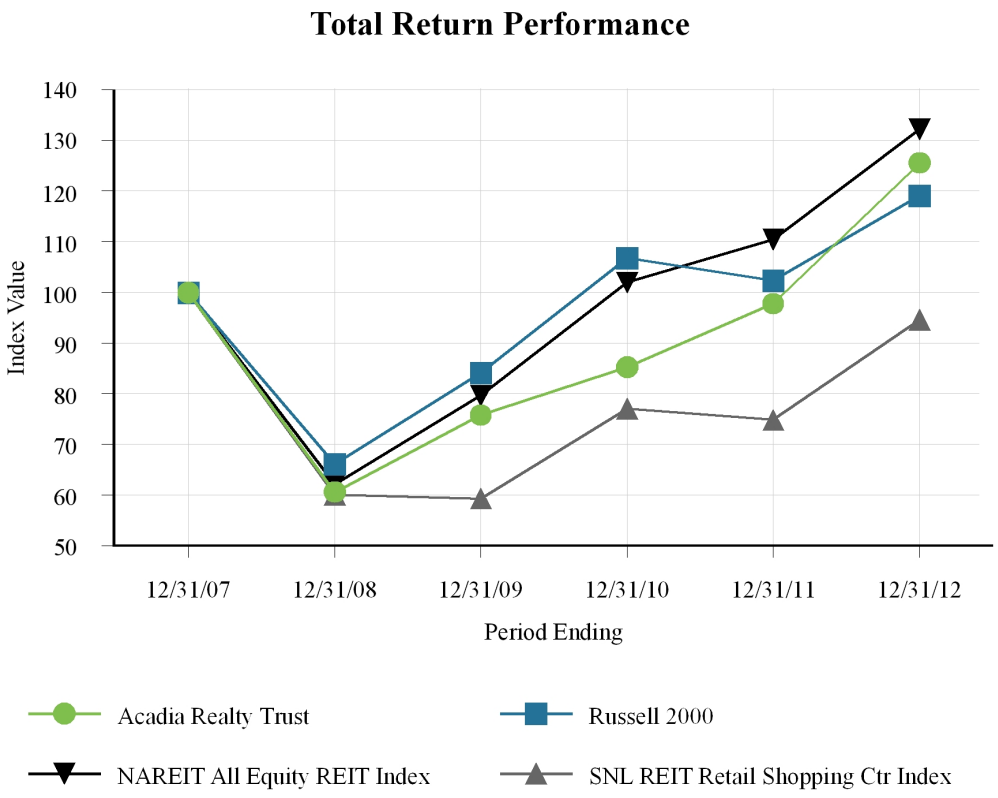
(d) Share Price Performance Graph (1)

The following graph compares the cumulative total shareholder return for our Common Shares for the period commencing December 31, 2007 through December 31, 2012 with the cumulative total return on the Russell 2000 Index (“Russell 2000”), the NAREIT All Equity REIT Index (the “NAREIT”) and the SNL Shopping Center REITs (the “SNL”) over the same period. Total return values for the Russell 2000, the NAREIT, the SNL and the Common Shares were calculated based upon cumulative total return assuming the investment of $100.00 in each of the Russell 2000, the NAREIT, the SNL and our Common Shares on December 31, 2007, and assuming reinvestment of dividends. The shareholder return as set forth in the table below is not necessarily indicative of future performance.

Note:

(1) The information in this section is not “soliciting material,” is not deemed “filed” with the SEC, and is not to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

Comparison of 5 Year Cumulative Total Return among Acadia Realty Trust, the Russell 2000, the NAREIT and the SNL:



	Period Ended					
Index	**12/31/07**	**12/31/08**	**12/31/09**	**12/31/10**	**12/31/11**	**12/31/12**
Acadia Realty Trust	$ 100.00	$ 60.70	$ 75.84	$ 85.33	$ 97.78	$ 125.50
Russell 2000	100.00	66.21	84.20	106.82	102.36	119.09
NAREIT All Equity REIT Index	100.00	62.27	79.70	101.98	110.42	132.18
SNL REIT Retail Shopping Ctr Index	100.00	60.20	59.43	77.15	74.94	94.62

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth, on a historical basis, our selected financial data. This information should be read in conjunction with our audited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this Form 10-K. Funds from operations ("FFO") amounts for the year ended December 31, 2012 have been adjusted as set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Net Income to Funds from Operations."

(dollars in thousands, except per share amounts)	Years ended December 31, 2012	2011	2010	2009	2008
OPERATING DATA:					
Revenues	$ 134,425	$ 115,078	$ 116,390	$ 120,052	$ 89,053
Operating expenses, excluding depreciation and reserves	66,232	57,354	53,723	57,042	51,448
Interest expense	28,768	29,632	34,414	29,013	26,369
Depreciation and amortization	32,931	25,672	23,419	23,421	19,651
Gain on sale of land	—	—	—	—	763
Equity in earnings (losses) of unconsolidated affiliates	550	1,555	12,450	(1,334)	16,487
Gain (loss) on sale of unconsolidated affiliates	3,061	—	(1,479)	(195)	3,419
Impairment of investment in unconsolidated affiliate	(2,032)	—	—	(3,768)	—
Reserve for notes receivable	(405)	—	—	(1,734)	(4,392)
Other interest income	148	276	406	638	3,344
Gain from bargain purchase	—	—	33,805	—	—
Gain on involuntary conversion of asset	2,368	—	—	—	—
(Loss) gain on debt extinguishment	(198)	1,268	—	7,057	1,523
Income tax benefit (provision)	568	(461)	(2,869)	(1,539)	(3,362)
Income from continuing operations	10,554	5,058	47,147	9,701	9,367
Income from discontinued operations	79,382	48,657	3,520	3,005	28,070
Net income	89,936	53,715	50,667	12,706	37,437
Loss (income) attributable to noncontrolling interests:					
Continuing operations	13,480	13,655	(18,914)	18,384	4,465
Discontinued operations	(63,710)	(15,815)	(1,696)	43	(16,834)
Net (income) loss attributable to noncontrolling interests	(50,230)	(2,160)	(20,610)	18,427	(12,369)
Net income attributable to Common Shareholders	$ 39,706	$ 51,555	$ 30,057	$ 31,133	$ 25,068
Supplemental Information:					
Income from continuing operations attributable to Common Shareholders	$ 24,034	$ 18,713	$ 28,233	$ 28,085	$ 13,832
Income from discontinued operations attributable to Common Shareholders	15,672	32,842	1,824	3,048	11,236
Net income attributable to Common Shareholders	$ 39,706	$ 51,555	$ 30,057	$ 31,133	$ 25,068
Basic earnings per share:					
Income from continuing operations	$ 0.51	$ 0.45	$ 0.69	$ 0.73	$ 0.41
Income from discontinued operations	0.34	0.80	0.04	0.08	0.33
Basic earnings per share	$ 0.85	$ 1.25	$ 0.73	$ 0.81	$ 0.74
Diluted earnings per share:					
Income from continuing operations	$ 0.51	$ 0.45	$ 0.69	$ 0.73	$ 0.41
Income from discontinued operations	0.34	0.80	0.04	0.08	0.33
Diluted earnings per share	$ 0.85	$ 1.25	$ 0.73	$ 0.81	$ 0.74
Weighted average number of Common Shares outstanding					
basic	45,854	40,697	40,136	38,005	33,813
diluted	46,335	40,986	40,406	38,242	34,293
Cash dividends declared per Common Share (1)	$ 0.7200	$ 0.7200	$ 0.7200	$ 0.7500	$ 0.8951

(dollars in thousands, except per share amounts)	Years ended December 31, 2012	2011	2010	2009	2008
BALANCE SHEET DATA:					
Real estate before accumulated depreciation	$ 1,495,742	$ 1,098,761	$ 950,710	$ 817,170	$ 727,519
Total assets	1,908,440	1,653,319	1,524,806	1,382,464	1,291,383
Total mortgage indebtedness	727,048	647,739	694,502	656,993	545,254
Total convertible notes payable	930	930	48,712	47,910	100,403
Total common shareholders' equity	622,797	384,114	318,212	312,185	227,722
Noncontrolling interests	447,459	385,195	269,310	220,292	214,506
Total equity	1,070,256	769,309	587,522	532,477	442,228
OTHER:					
Funds from Operations (2)	48,827	42,913	50,440	49,613	37,964
Cash flows provided by (used in):					
Operating activities	59,672	66,332	44,377	47,462	66,517
Investing activities	(136,745)	(153,157)	(60,745)	(123,380)	(302,265)
Financing activities	79,074	56,045	43,152	83,035	199,096

Notes:

(1) In addition to the $0.8951 cash dividends declared in 2008, we declared a Common Share dividend of $0.4949.

(2) The Company considers funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") and net property operating income ("NOI") to be appropriate supplemental disclosures of operating performance for an equity REIT due to their widespread acceptance and use within the REIT and analyst communities. FFO and NOI are presented to assist investors in analyzing the performance of the Company. They are helpful as they exclude various items included in net income that are not indicative of the operating performance, such as gains (losses) from sales of depreciated property, depreciation and amortization, and impairment of depreciable real estate. In addition, NOI excludes interest expense. The Company's method of calculating FFO and NOI may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by generally accepted accounting principles ("GAAP") and is not indicative of cash available to fund all cash needs, including distributions. It should not be considered as an alternative to net income for the purpose of evaluating the Company's performance or to cash flows as a measure of liquidity. Consistent with the NAREIT definition, the Company defines FFO as net income (computed in accordance with GAAP), excluding gains (losses) from sales of depreciated property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. During 2012, NAREIT issued a clarification to the definition of FFO whereby impairment charges for depreciable real estate are to be excluded in the calculation of FFO. Accordingly, 2011 FFO has been restated to exclude an impairment charge of $2.6 million.

ITEM 7. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

As of December 31, 2012, we operated 100 properties, which we own or have an ownership interest in, within our Core Portfolio or within our Opportunity Funds. Our Core Portfolio consists of those properties either 100% owned by, or partially owned through joint venture interests by the Operating Partnership, or subsidiaries thereof, not including those properties owned through our Opportunity Funds. These 100 properties primarily consist of urban/street retail, dense suburban neighborhood and community shopping centers and mixed-use properties with a strong retail component. The properties we operate are located primarily in high-barrier-to-entry, densely-populated metropolitan areas in the United States along the East Coast and in Chicago. There are 72 properties in our Core Portfolio totaling approximately 5.3 million square feet. Fund I has three remaining properties comprising approximately 0.1 million square feet. Fund II has six properties, four of which (representing 0.6 million square feet) are currently operating, one is under construction, and one is in the design phase. Fund III has 14 properties, nine of which (representing 1.7 million square feet) are currently operating and five of which are in the design phase. Fund IV has five properties, four of which are operating with one under design. The majority of our operating income is derived from rental revenues from these 100 properties, including recoveries from tenants, offset by operating and overhead expenses. As our RCP Venture invests in operating companies, we consider these investments to be private-equity style, as opposed to real estate, investments. Since these are not traditional investments in operating rental real estate but investments in operating businesses, the Operating Partnership invests in these through a taxable REIT subsidiary ("TRS").

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

- Own and operate a Core Portfolio of high-quality retail properties located primarily in high-barrier-to-entry, densely-populated metropolitan areas and create value through accretive redevelopment and re-anchoring activities coupled with the acquisition of high-quality assets that have the long-term potential to outperform the asset class as part of our Core asset recycling and acquisition initiative.

- Generate additional external growth through an opportunistic yet disciplined acquisition program through our Opportunity Funds. We target transactions with high inherent opportunity for the creation of additional value through:

    - value-add investments in high-quality urban and/or street retail properties with re-tenanting or repositioning opportunities,
    - opportunistic acquisitions of well-located real-estate anchored by distressed retailers or by motivated sellers and
    - opportunistic purchases of debt which may include restructuring.

  These may also include joint ventures with private equity investors for the purpose of making investments in operating retailers with significant embedded value in their real estate assets.

- Maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth.

RESULTS OF OPERATIONS

Reference is made to Note 3 in the Notes to Consolidated Financial Statements for an overview of our four reportable segments.

A discussion of the significant variances and primary factors contributing thereto within the results of operations for the years ended December 31, 2012, 2011 and 2010 are addressed below:

Comparison of the year ended December 31, 2012 (“2012”) to the year ended December 31, 2011 (“2011”)

Revenues	**2012**			**2011**		
(dollars in millions)	**Core Portfolio**	**Opportunity Funds**	**Notes Receivable and Other**	**Core Portfolio**	**Opportunity Funds**	**Notes Receivable and Other**
Rental income	$ 57.2	$ 42.5	$ —	$ 45.9	$ 34.2	$ —
Interest income	—	—	7.9	—	—	11.4
Expense reimbursements	13.3	11.1	—	11.5	9.6	—
Management fee income (1)	—	—	1.5	—	—	1.7
Other	0.1	0.8	—	0.5	0.3	—
Total revenues	$ 70.6	$ 54.4	$ 9.4	$ 57.9	$ 44.1	$ 13.1

Note:

(1) Includes fees earned by us as general partner or managing member of the Opportunity Funds that are eliminated in consolidation and adjusts the loss (income) attributable to noncontrolling interests. The balance reflected in the table represents third party fees that are not eliminated in consolidation. Reference is made to Note 3 of the Notes to Consolidated Financial Statements for an overview of our four reportable segments.

Rental income in the Core Portfolio increased $11.3 million as a result of additional rents of (i) $6.9 million related to 2012 Core Portfolio property acquisitions as detailed in Note 2 in the Notes to Consolidated Financial Statements ("2012 Core Acquisitions"), (ii) $2.5 million related to 2011 Core Portfolio property acquisitions ("2011 Core Acquisitions") and (iii) $1.3 million as a result of re-anchoring and leasing activities at Bloomfield Town Square and 2914 Third Avenue ("Core Redevelopment Properties"). Rental income in the Opportunity Funds increased $8.3 million as a result of additional rents of (i) $3.0 million related to 2012 Opportunity Fund property acquisitions as detailed in Note 2 in the Notes to Consolidated Financial Statements ("2012 Fund Acquisitions"), (ii) $2.2 million related to 2011 Opportunity Fund property acquisitions ("2011 Fund Acquisitions") and (iii) $2.8 million from leases that commenced during 2011 and 2012 at Fordham Place and 161st Street ("Fund Redevelopment Properties").

Interest income in Notes Receivable and Other decreased as a result of the full repayment of two notes during 2011. This was partially offset by five new notes originated during 2012.

The increase in expense reimbursements in the Core Portfolio was the result of the 2012 and 2011 Core Acquisitions, Core Redevelopment Properties and an increase in common area maintenance ("CAM") expenses during 2012. Expense reimbursements in the Opportunity Funds increased for both real estate taxes and CAM as a result of the 2012 and 2011 Fund Acquisitions and the Fund Redevelopment Properties.

Operating Expenses

(dollars in millions)	2012			2011		
	Core Portfolio	Opportunity Funds	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Notes Receivable and Other
Property operating	$ 9.6	$ 15.1	$ (2.8)	$ 7.7	$ 12.2	$ (2.4)
Other operating	2.1	2.1	(0.2)	0.8	0.7	(0.1)
Real estate taxes	10.0	8.8	—	8.6	6.7	—
General and administrative	22.8	14.4	(15.7)	24.2	16.7	(17.8)
Depreciation and amortization	18.3	15.6	(1.0)	14.2	12.4	(0.9)
Reserve for notes receivable	—	—	0.4	—	—	—
Total operating expenses	$ 62.8	$ 56.0	$ (19.3)	$ 55.5	$ 48.7	$ (21.2)

The increase in property operating expenses for the Core Portfolio was a result of the 2012 and 2011 Core Acquisitions and an $1.2 million increase in credit loss during 2012. Property operating in the Opportunity Funds increased as a result of the 2012 and 2011 Fund Acquisitions and an increase in credit loss during 2012.

Other operating expenses, which represent acquisition costs, increased for the Core Portfolio and the Opportunity Funds as a result of the 2012 Core Acquisitions and the 2012 Fund Acquisitions, respectively.

Real estate tax expense in the Core Portfolio increased as a result of the 2012 and 2011 Core Acquisitions. Real estate taxes in the Opportunity Funds increased as a result of the 2012 and 2011 Fund Acquisitions and the Fund Redevelopment Properties.

The decrease in general and administrative expense in the Core Portfolio was due to an increase in capitalized salaries related to leasing and redevelopment activities in 2012. The changes in general and administrative expense in the Opportunity Funds and Other, are offsetting, and relate to Promote expense within Fund I, which is eliminated for consolidated financial statement presentation purposes.

Core Portfolio depreciation and amortization increased $4.1 million as a result of the 2012 and 2011 Core Acquisitions. Depreciation and amortization expense in the Opportunity Funds increased $3.2 million due to the 2012 and 2011 Fund Acquisitions and the Fund Redevelopment Properties.

Other

(dollars in millions)	2012			2011		
	Core Portfolio	Opportunity Funds	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Notes Receivable and Other
Equity in earnings of unconsolidated affiliates	$ 0.3	$ 1.3	$ —	$ 0.7	$ 0.9	$ —
Other interest income	—	—	0.1	—	—	0.3
Gain on involuntary conversion of asset	2.4	—	—	—	—	—
(Loss) gain on debt extinguishment	—	(0.2)	—	1.3	—	—
Interest and other finance expense	(15.2)	(12.9)	(0.6)	(16.0)	(12.7)	(1.0)
Income tax (provision) benefit	(0.2)	0.8	—	(1.1)	0.6	—
Income from discontinued operations	—	—	79.4	—	—	48.7
(Loss) income attributable to noncontrolling interests:						
- Continuing operations	(0.3)	13.7	—	(0.3)	13.9	—
- Discontinued operations	—	—	(63.8)	—	—	(15.8)

Equity in earnings of unconsolidated affiliates in the Opportunity Funds increased as a result of our share of the $3.4 million gain on the sale of an unconsolidated Opportunity Fund investment and a decrease in acquisition costs during 2012. This was partially offset by 2012 expenses of $2.0 million following the settlement of certain legal proceedings related to our Mervyns investment (reference is made to Legal Proceedings in Part 1, Item 3 in this Form 10-K) and a decrease of $2.6 million in distributions in excess of basis from our Albertson's investment in 2012.

Gain on involuntary conversion of asset of $2.4 million relates to insurance proceeds received in excess of net basis for flood damage at Mark Plaza.

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

Income from discontinued operations represents activity related to property sales during 2012 and 2011.

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

Comparison of the year ended December 31, 2011 (“2011”) to the year ended December 31, 2010 (“2010”)

Revenues	**2011**			**2010**		
(dollars in millions)	**Core Portfolio**	**Opportunity Funds**	**Notes Receivable and Other**	**Core Portfolio**	**Opportunity Funds**	**Notes Receivable and Other**
Rental income	$ 45.9	$ 34.2	$ —	$ 44.6	$ 30.5	$ —
Interest income	—	—	11.4	—	—	19.2
Expense reimbursements	11.5	9.6	—	11.9	8.0	—
Lease termination income	0.1	—	—	0.3	—	
Management fee income (1)	—	—	1.7	—	—	1.4
Other	0.4	0.3	—	0.3	0.2	—
Total revenues	$ 57.9	$ 44.1	$ 13.1	$ 57.1	$ 38.7	$ 20.6

Note:

(1) Includes fees earned by us as general partner or managing member of the Opportunity Funds that are eliminated in consolidation and adjusts the loss (income) attributable to noncontrolling interests. The balance reflected in the table represents third party fees that are not eliminated in consolidation. Reference is made to Note 3 in the Notes to Consolidated Financial Statements for an overview of our four reportable segments.

The increase in rental income in the Core Portfolio was attributable to additional rents following the 2011 Core Acquisitions. Rental income in the Opportunity Funds increased from additional rents at Pelham Manor and 161st Street of $1.7 million for leases that commenced during 2010 and 2011 ("2010/2011 Fund Redevelopment Properties") as well as additional rents of $2.1 million following the 2011 Fund Acquisitions.

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

Expense reimbursements in the Opportunity Funds increased for both real estate taxes and common area maintenance as a result of the 2010/2011 Fund Redevelopment Properties and the 2011 Fund Acquisitions.

Operating Expenses	**2011**			**2010**		
(dollars in millions)	**Core Portfolio**	**Opportunity Funds**	**Notes Receivable and Other**	**Core Portfolio**	**Opportunity Funds**	**Notes Receivable and Other**
Property operating	$ 7.7	$ 12.2	$ (2.4)	$ 9.1	$ 12.0	$ (1.6)
Other operating	0.8	0.7	(0.1)	—	—	—
Real estate taxes	8.6	6.7	—	8.2	5.8	—
General and administrative	24.2	16.7	(17.8)	22.4	13.6	(15.8)
Depreciation and amortization	14.2	12.4	(0.9)	13.8	10.1	(0.5)
Total operating expenses	$ 55.5	$ 48.7	$ (21.2)	$ 53.5	$ 41.5	$ (17.9)

Property operating expenses in the Core Portfolio decreased as a result of higher credit loss during 2010.

General and administrative expense in the Core Portfolio increased as a result of higher stock compensation expense and employee severance costs during 2011. The changes in general and administrative expense in the Opportunity Funds and Other, are offsetting, and relate to Promote expense within Fund I, which is eliminated for consolidated financial statement presentation purposes.

Depreciation and amortization expense in the Opportunity Funds increased due to the 2010/2011 Fund Redevelopment Properties and the 2011 Fund Acquisitions.

Other

(dollars in millions)	2011			2010		
	Core Portfolio	Opportunity Funds	Notes Receivable and Other	Core Portfolio	Opportunity Funds	Notes Receivable and Other
Equity in earnings of unconsolidated affiliates	$ 0.7	$ 0.9	$ —	$ 0.6	$ 10.4	$ —
Other interest income	—	—	0.3	—	—	0.4
Gain on debt extinguishment	1.3	—	—	—	—	—
Gain from bargain purchase	—	—	—	—	33.8	—
Interest and other finance expense	(16.0)	(12.7)	(1.0)	(18.0)	(16.8)	0.4
Income tax provision	(1.1)	0.6	—	(3.2)	0.4	—
Income from discontinued operations	—	—	48.7	—	—	3.5
(Loss) income attributable to noncontrolling interests:						
- Continuing operations	(0.3)	13.9	—	(0.3)	(18.7)	—
- Discontinued operations	—	—	(15.8)	—	—	(1.7)

Equity in earnings of unconsolidated affiliates in the Opportunity Funds decreased as a result of a decrease in distributions in excess of basis from our Albertson's investment of $6.3 million in 2011 and a decrease in our pro-rata share of income from our Mervyns investment in 2011.

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

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

Interest expense in the Core Portfolio decreased $2.0 million in 2011. This was the result of a decrease in average outstanding borrowings during 2011 resulting in a decrease of $1.5 million as well as a decrease in loan amortization expense of $0.4 million related to refinanced debt in 2011. Interest expense in the Opportunity Funds decreased $4.1 million in 2011. This was attributable to higher capitalized interest in 2011 and a decrease in loan amortization expense related to refinanced debt in 2010. These were offset by an increase of $1.1 million related to higher average outstanding borrowings and an increase of $1.1 million related to higher average interest rates in 2011.

The variance in the income tax provision in the Core Portfolio related to income taxes at the TRS level for our pro-rata share of income from our Albertson's investment in 2010 and an overaccrual of the 2010 tax liability at the TRS levels.

Income from discontinued operations represents activity related to property sales during 2011.

(Loss) income attributable to noncontrolling interests – Continuing operations and Discontinued operations represents the noncontrolling interests' share of all the Opportunity Funds variances discussed above.

CORE PORTFOLIO

The following discussion of net property operating income ("NOI") and rent spreads on new and renewal leases includes the activity from both our consolidated and our pro-rata share of unconsolidated properties within our Core Portfolio. Our Opportunity Funds invest primarily in properties that typically require significant leasing and redevelopment. Given that the Opportunity Funds are finite-life investment vehicles, these properties are sold following stabilization. For these reasons, we believe NOI and rent spreads are not meaningful measures for our Opportunity Fund investments.

NOI represents property revenues less property expenses. We consider NOI and rent spreads on new and renewal leases for our Core Portfolio to be appropriate supplemental disclosures of portfolio operating performance due to their widespread acceptance and use within the REIT investor and analyst communities. NOI and rent spreads on new and renewal leases are presented to assist investors in analyzing our property performance, however, our method of calculating these may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Net Property Operating Income

NOI is determined as follows:

RECONCILIATION OF OPERATING INCOME TO NET OPERATING INCOME - CORE PORTFOLIO

(dollars in millions)	Year Ended December 31,	
	2012	**2011**
Operating Income	$ 34.9	$ 32.0
Add back:		
General and administrative	21.5	23.0
Depreciation and amortization	32.9	25.7
Impairment of asset	0.4	—
Less:		
Management fee income	(1.4)	(1.7)
Interest income	(7.9)	(11.4)
Straight-line rent and other adjustments	(10.3)	(6.6)
Consolidated NOI	70.1	61.0
Noncontrolling interest in NOI	(9.3)	(8.9)
Operating Partnership's interest in Opportunity Funds	(7.2)	(7.5)
NOI - Core Portfolio	$ 53.6	$ 44.6

Same Store NOI includes Core Portfolio properties that we owned for both the current and prior periods presented, but excludes those properties which we acquired, expect to sell, were sold or redeveloped during these periods. The following table summarizes Same Store NOI for our Core Portfolio for the years ended December 31, 2012 and 2011:

SAME STORE NET OPERATING INCOME - CORE PORTFOLIO

	Year Ended December 31,	
(dollars in millions)	**2012**	**2011**
NOI	$ 53.6	$ 44.6
Less properties excluded from Same Store NOI	(13.3)	(5.7)
Same Store NOI	$ 40.3	$ 38.9
Percent change from historic period	3.7%	
Components of Same Store NOI		
Same Store Revenues	$ 57.9	$ 56.5
Same Store Operating Expenses	17.6	17.6
Same Store NOI	$ 40.3	$ 38.9

Rent Spreads on Core Portfolio New and Renewal Leases

The following table summarizes rent spreads on both a cash basis and straight-line basis for new and renewal leases based on leases executed within our Core Portfolio for the year ended December 31, 2012. Cash basis represents a comparison of rent most recently paid on the previous lease as compared to the initial rent paid on the new lease. Straight-line basis represents a comparison of rents as adjusted for contractual escalations, abated rent and lease incentives for the same comparable leases.

	Year Ended December 31, 2012	
Core Portfolio New and Renewal Leases	**Cash Basis**	**Straight-Line Basis**
Number of new and renewal leases executed	55	55
Gross leasable area	315,431	315,431
New base rent	$ 16.56	$ 17.16
Previous base rent	$ 16.71	$ 16.16
Percent growth in base rent	(0.9)%	6.2%
Average cost per square foot (1)	$ 7.07	$ 7.07
Weighted average lease term (years)	5.5	5.5

Note:
(1) The average cost per square foot includes tenant improvement costs, leasing commissions and tenant allowances.

SELF-STORAGE PORTFOLIO

During the fourth quarter of 2012, we sold 12 of the 14 self-storage properties with two properties remaining under contract. We anticipate closing on the remaining two properties during 2013. Accordingly, activity related to this portfolio is no longer relevant to a discussion of our results of operations.

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS

	For the Years Ended December 31,				
(dollars in thousands)	**2012**	**2011**	**2010**	**2009**	**2008**
Net income attributable to Common Shareholders	$ 39,706	$ 51,555	$ 30,057	$ 31,133	$ 25,068
Depreciation of real estate and amortization of leasing costs:					
Consolidated affiliates, net of noncontrolling interests' share	23,090	18,274	18,445	18,847	18,519
Unconsolidated affiliates	1,581	1,549	1,561	1,604	1,687
Income attributable to noncontrolling interests in operating partnership (1)	510	635	377	464	437
Gain on sale of properties (net of noncontrolling interests' share)					
Consolidated affiliates	(15,451)	(31,716)	—	(2,435)	(7,182)
Unconsolidated affiliates	(609)	—	—	—	(565)
Impairment of asset	—	2,616	—	—	—
Funds from operations (2)	$ 48,827	$ 42,913	$ 50,440	$ 49,613	$ 37,964
Funds From Operations per Share - Diluted					
Weighted average number of Common Shares and OP Units	46,940	41,467	40,876	38,913	34,940
Funds from operations, per share	$ 1.04	$ 1.04	$ 1.23	$ 1.28	$ 1.09

Notes:

(1) Represents income attributable to Common OP Units and does not include distributions paid to Series A and B Preferred OP Unitholders.

(2) We consider funds from operations (“FFO”) as defined by the National Association of Real Estate Investment Trusts (“NAREIT”) and net property operating income ("NOI") to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO and NOI are presented to assist investors in analyzing our performance. They are helpful as they exclude various items included in net income that are not indicative of the operating performance, such as gains (losses) from sales of depreciated property, depreciation and amortization, and impairment of depreciable real estate. In addition, NOI excludes interest expense. Our method of calculating FFO and NOI may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by generally accepted accounting principles (“GAAP”) and is not indicative of cash available to fund all cash needs, including distributions. It should not be considered as an alternative to net income for the purpose of evaluating our performance or to cash flows as a measure of liquidity. Consistent with the NAREIT definition, we define FFO as net income (computed in accordance with GAAP), excluding gains (losses) from sales of depreciated property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. During 2012 NAREIT issued a clarification to the definition of FFO whereby impairment charges for depreciable real estate are to be excluded in the calculation of FFO. Accordingly, 2011 FFO has been restated to exclude an impairment charge of $2.6 million.

LIQUIDITY AND CAPITAL RESOURCES

Uses of Liquidity

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

Distributions

In order to qualify as a REIT for Federal income tax purposes, we must currently distribute at least 90% of our taxable income to our shareholders. For the year ended December 31, 2012, we paid dividends and distributions on our Common Shares and Common OP Units totaling $33.2 million.

Investments

Fund I and Mervyns I

Fund I and Mervyns I have returned all invested capital and accumulated preferred return thus triggering our Promote in all future Fund I and Mervyns I earnings and distributions. As of December 31, 2012, $86.6 million has been invested in Fund I and Mervyns I, of which the Operating Partnership contributed $19.2 million.

As of December 31, 2012, Fund I currently owned, or had ownership interests in three remaining assets comprising approximately 0.1 million square feet.

In addition, we, along with our Fund I investors have invested in Mervyns as discussed in Item 1. of this Form 10-K.

Fund II and Mervyns II

To date, Fund II’s primary investment focus has been in investments involving significant redevelopment activities and the RCP Venture. As of December 31, 2012, $300.0 million has been invested in Fund II and Mervyns II, of which the Operating Partnership contributed $60.0 million.

During September of 2004, through Fund II, we launched our New York Urban/Infill Redevelopment Initiative. Fund II, together with an unaffiliated partner, formed Acadia Urban Development LLC ("Acadia Urban Development") for the purpose of acquiring, constructing, redeveloping, owning, operating, leasing and managing certain retail or mixed-use real estate properties in the New York City metropolitan area. The unaffiliated partner agreed to invest 10% of required capital up to a maximum of $2.2 million and Fund II, the managing member, agreed to invest the balance to acquire assets in which Acadia Urban Development agreed to invest. Of the nine properties acquired by Acadia Urban Development, two have been sold, and one is currently under contact for sale. Of the remaining six assets, four are currently at, or near, stabilization, one is currently under construction and one is in the design phase. Redevelopment costs incurred during 2012 by Acadia Urban Development in connection with the New York Urban/Infill Redevelopment Initiative totaled $52.2 million. Anticipated additional costs for the property currently under construction are currently estimated to range between $107.1 and $197.1 million.

RCP Venture

Reference is made to Note 4 in the Notes to Consolidated Financial Statements, for a table summarizing the RCP Venture investments from inception through December 31, 2012.

Fund III

During 2007, we formed Fund III with 14 institutional investors, including all of the investors from Fund I and a majority of the investors from Fund II with $502.5 million of committed discretionary capital. During 2012, the committed capital amount was reduced to $475.0 million. As of December 31, 2012, $341.0 million has been invested in Fund III, of which the Operating Partnership contributed $67.9 million. The remaining $134.0 million of unfunded capital will be used to fund current redevelopment projects.

Fund III has invested in five redevelopment projects as previously discussed in "—INVESTING ACTIVITIES" in Item 1. of this Form 10-K. Remaining anticipated costs for the projects currently owned by Fund III that can be estimated aggregate between $78.7 million and $99.2.

Other Fund III Investments

In addition to its five redevelopment projects noted above, Fund III also owns, or has ownership interests in, the following 10 assets comprising approximately 1.7 million square feet as follows:

(dollars in millions)

Property	Location	Date Acquired	Purchase Price	GLA
Arundel Plaza	Glen Burnie, MD	August 2012	$ 17.6	265,100
Lincoln Park Centre	Chicago, IL	April 2012	31.5	62,700
640 Broadway	New York, NY	February 2012	32.5	39,600
New Hyde Park	New Hyde Park, NY	December 2011	11.2	31,500
654 Broadway	New York, NY	December 2011	13.7	18,700
Parkway Crossing	Baltimore, MD	December 2011	21.6	260,000
The Heritage Shops at Millennium Park	Chicago, IL	April 2011	31.6	105,000
Lincoln Road	South Miami Beach, FL	February 2011	51.9	61,400
White City Shopping Center	Shrewsbury, MA	December 2010	56.0	225,200
Cortlandt Towne Center	Westchester Co. NY	January 2009	78.0	642,000
Total			$ 345.6	1,711,200

Fund IV

During 2012, we formed Fund IV with 17 principally institutional investors as well as some high-net worth individuals. Reference is made to Note 1 in the Notes to Consolidated Financial Statements, for a detailed discussion of Fund IV.

To date, Fund IV has acquired three properties. Reference is made to Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these acquisitions.

Fund IV has invested in one redevelopment projects as previously discussed in "—INVESTING ACTIVITIES" in Item 1. of this Form 10-K. Remaining costs for this project are currently estimated to aggregate between $4.0 million and $4.5 million.

Notes Receivable

As of December 31, 2012, our notes receivable, net aggregated $129.3 million, with accrued interest thereon of $2.7 million. The notes were collateralized by the underlying properties, the borrower's ownership interest in the entities that own the properties, and/or by the borrower's personal guarantee. Effective interest rates on our notes receivable ranged from 6.0% to 24.0% with maturities from June 2013 through November 2020.

Investments made in notes receivable during 2012 are discussed in Note 5 in the Notes to Consolidated Financial Statements.

Other Investments

Acquisitions made during 2012 are discussed in Note 2 in the Notes to Consolidated Financial Statements.

Core Portfolio Property Redevelopment and Re-anchoring

Our Core Portfolio redevelopment and re-anchoring programs focus on selecting well-located urban/street retail locations and dense suburban shopping centers and creating significant value through re-tenanting and property redevelopment. During 2011, we initiated the re-anchoring of three properties, the Bloomfield Town Square, located in Bloomfield Hills, MI and two former A&P supermarket locations located in the New York City metropolitan area. During 2012, we completed the Bloomfield Hills re-anchoring as well as the re-anchoring of the majority of space at one of the two former A&P supermarket locations. Costs associated with these redevelopments aggregated $10.6 million. Re-anchoring costs for the remainder of the space are estimated to range between $4.0 million and $6.0 million.

Purchase of Convertible Notes

Purchases of the Convertible Notes have been another use of our liquidity, although as of December 31, 2012 all but $0.9 million of the Convertible Notes have been retired. During 2011, we purchased $48.8 million in face amount of our outstanding Convertible Notes for $49.0 million.

Share Repurchase

We have an existing share repurchase program as further described in Item 5. of this Form 10-K. Management has not repurchased any shares under this program since December 2001, although it has the authority to repurchase up to approximately $7.5 million of our outstanding Common Shares.

SOURCES OF LIQUIDITY

We intend on using Fund IV, as well as new opportunity funds that we may establish in the future, as the primary vehicles for our future acquisitions. Fund IV has $365.9 million of unfunded capital commitments from noncontrolling interests as of December 31, 2012. Additional sources of capital for funding property acquisitions, redevelopment, expansion and re-tenanting are expected to be obtained primarily from (i) cash on hand of $91.8 million as of December 31, 2012 and cash flow from operating activities, (ii) the issuance of public equity or debt instruments, (iii) unfunded capital commitments from noncontrolling interests of $107.3 million for Fund III, (iv) additional debt financings, and (v) future sales of existing properties.

During 2012, noncontrolling interest capital contributions to Fund II, III and IV of $14.2 million, $91.5 million and $49.7 million, respectively, were primarily used to fund acquisitions and to pay down existing credit facilities.

Shelf Registration Statements and Issuance of Equity

During April 2012, we filed a new shelf registration on Form S-3 providing for offerings of up to a total of $500.0 million of Common Shares, Preferred Shares and debt securities. We currently have remaining capacity under this registration statement to issue up to approximately $231 million of these securities.

During January 2012, we established an ATM equity program with an aggregate offering of up to $75.0 million in Common Shares. During 2012, we sold approximately 3.3 million Common Shares under this program for gross proceeds of $75.0 million and net proceeds of $73.7 million.

During August 2012, we established a new ATM equity program with an aggregate offering of up to $125.0 million in Common Shares. Through December 31, 2012, we sold approximately 2.8 million Common Shares under this program for gross proceeds of approximately $68.8 million and net proceeds of approximately $67.8 million. As of December 31, 2012, there is $56.2 million remaining under this program.

During October 2012, we issued approximately 3.5 million Common Shares, which generated gross proceeds of approximately $86.9 million and net proceeds of approximately $85.8 million.

We have historically used and in the future intend to use the net proceeds of these equity issuances for general corporate purposes, which may include, among other things, repayment of our debt, future acquisitions, directly and through our Opportunity Funds, and redevelopments of and capital improvements to our properties.

Asset Sales

Asset sales are an additional source of liquidity for us. Dispositions made during 2012 are discussed further in Note 2 in the Notes to Consolidated Financial Statements.

Notes Receivable Repayments

Reference is made to Note 5 in the Notes to Consolidated Financial Statements, for an overview of our notes receivable and for payments received during the years ended December 31, 2012, 2011 and 2010.

Financing and Debt

As of December 31, 2012, our outstanding mortgage and convertible notes payable aggregated $728.1 million, and were collateralized by 35 properties and related tenant leases. Interest rates on our outstanding indebtedness ranged from 1.00% to 7.25% with maturities that ranged from April 2013 to September 2022. Taking into consideration $132.9 million of notional principal under variable to fixed-rate swap agreements currently in effect, $435.2 million of the portfolio, or 60%, was fixed at a 4.97% weighted average interest rate and $292.9 million, or 40% was floating at a 3.95% weighted average interest rate as of December 31, 2012. There is $109.0 million of debt maturing in 2013 at a weighted average interest rate of 4.37%. Of this amount, $6.9 million represents scheduled annual amortization. The loans relating to $20.7 million of the 2013 maturities provide for extension options, which we believe we will be able to exercise. As it relates to the remaining 2013 maturities, we may not have sufficient cash on hand to repay such indebtedness and, as such, we may have to refinance this indebtedness or select other alternatives based on market conditions at that time.

As of December 31, 2012, we had $120.4 million of additional capacity under existing revolving debt facilities. Subsequent to December 31, 2012, the Company closed on a new $150.0 million unsecured line of credit. This facility replaced the existing $64.5 million line of credit to the Operating Partnership that matured.

During November 2012, the U.S. Citizenship and Immigration Services ("USCIS") approved the CityPoint project's application for $200.0 million of construction financing under the U.S.'s Immigrant Investor Program, commonly known as "EB-5". Currently all funds are in escrow and will be released upon the approval of the USCIS.

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

(dollars in millions) Borrower	Total available credit facilities	Amount borrowed as of December 31, 2011	Net borrowings (repayments) during the year ended December 31, 2012	Amount borrowed as of December 31, 2012	Letters of credit outstanding as of December 31, 2012	Amount available under credit facilities as of December 31, 2012
Acadia Realty, LP	$ 64.5	$ 1.0	$ (1.0)	$ —	$ —	$ 64.5
Fund II	—	40.0	(40.0)	—	—	—
Fund III	—	136.1	(136.1)	—	—	—
Fund IV	150.0	—	93.1	93.1	—	56.9
Total	$ 214.5	$ 177.1	$ (84.0)	$ 93.1	$ —	$ 121.4

Reference is made to Note 8 and Note 9 to our Consolidated Financial Statements, for a summary of the financing and refinancing transactions during the year ended December 31, 2012.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

At December 31, 2012, maturities on our mortgage notes ranged from April 2013 to September 2022. In addition, we have non-cancelable ground leases at eight of our shopping centers. We lease space for our White Plains corporate office for a term expiring in 2015. The following table summarizes our debt maturities, obligations under non-cancelable operating leases and construction commitments as of December 31, 2012:

Contractual obligations:	Payments due by period Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
(dollars in millions)					
Future debt maturities	$ 728.1	$ 109.0	$ 381.5	$ 197.6	$ 40.0
Interest obligations on debt	94.1	28.9	45.9	14.2	5.1
Operating lease obligations	145.7	4.3	8.5	6.5	126.4
Construction commitments (1)	92.7	92.7	—	—	—
Total	$ 1,060.6	$ 234.9	$ 435.9	$ 218.3	$ 171.5

Note:

(1) In conjunction with the redevelopment of our Core Portfolio and Opportunity Fund properties, we have entered into construction commitments with general contractors. We intend to fund these requirements with existing liquidity.

OFF BALANCE SHEET ARRANGEMENTS

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

Reference is made to Note 4 in the Notes to Consolidated Financial Statements, for a discussion of our unconsolidated investments. The Operating Partnership's pro-rata share of unconsolidated debt related to those investments is as follows:

(dollars in millions)

Investment	Pro-rata share of mortgage debt Operating Partnership	Interest rate at December 31, 2012	Maturity date
Lincoln Road (Fund III)	$ 3.8	6.14%	August, 2014
Crossroads Shopping Center	29.1	5.37%	December, 2014
Parkway Crossing	2.5	2.41%	January, 2015
Arundel Plaza	1.6	5.60%	April, 2015
Brandywine Town Center	36.9	5.99%	July, 2016
White City Shopping Center	6.5	2.81%	December, 2017
Georgetown Portfolio	9.2	4.72%	November, 2027
Total	$ 89.6		

In addition to our derivative financial instruments, one of our unconsolidated affiliates is a party to two separate interest rate LIBOR swaps with a notional value of $29.1 million, which effectively fix the interest rate at 5.54% and expire in December 2017. The Operating Partnership's pro-rata share of the fair value of the derivative liabilities totaled $0.5 million at December 31, 2012

HISTORICAL CASH FLOW

The following table compares the historical cash flow for the year ended December 31, 2012 (“2012”) with the cash flow for the year ended December 31, 2011 (“2011”).

	Years Ended December 31,		
	2012	2011	Variance
(dollars in millions)			
Net cash provided by operating activities	$ 59.7	$ 66.3	$ (6.6)
Net cash used in investing activities	(136.7)	(153.2)	16.5
Net cash provided by financing activities	79.0	56.1	22.9
Total	$ 2.0	$ (30.8)	$ 32.8

A discussion of the significant changes in cash flow for 2012 versus 2011 is as follows:

The decrease of $6.6 million in net cash provided by operating activities was primarily attributable to the following:

Items which contributed to a decrease in cash from operating activities:
- Insurance proceeds received in 2011 related to the flood damage at the Mark Plaza shopping center and the redeployment of these proceeds in the restoration of the property during 2012
- A decrease in distributions of $2.6 million related to our RCP investment in Albertson's during 2012

Items which contributed to an increase in cash from operating activities:
- Additional rents from Core Portfolio and Opportunity Fund acquisitions

The decrease of $16.5 million in net cash used in investing activities primarily resulted from the following:

Items which contributed to a decrease in cash used in investing activities:
- An increase of $356.4 million in proceeds from the sale of the Self-Storage Portfolio and Canarsie Plaza during 2012
- An increase of $18.0 million in return of capital from unconsolidated affiliates related to the sale of the White Oak Shopping Center and the refinancing of our investment in Georgetown, D.C.

Items which contributed to an increase in cash used in investing activities:
- An increase of $125.5 million used for the acquisition of real estate in 2012
- An increase of $20.0 million in expenditures for redevelopment and tenant installations during 2012
- An increase of $105.9 million in investments and advances to unconsolidated affiliates during 2012 related to the acquisitions of Fund IV's Lincoln Road and 1701 Belmont Avenue
- An increase of $74.3 million in advances of notes receivable during 2012
- A decrease of $31.1 million from the collection of notes receivable during 2012

The $22.9 million increase in net cash provided by financing activities resulted primarily from the following:

Items which contributed to an increase in cash from financing activities:
- An increase of $288.9 million in mortgage debt proceeds during 2012
- An increase of $178.8 million in cash from the issuance of Common Shares, net of costs during 2012
- An additional $54.3 million in contributions from noncontrolling interests during 2012
- An additional $49.0 million in principal payments on convertible notes during 2011

Items which contributed to a decrease in cash from financing activities:
- An increase of $387.7 million in principal payments on mortgage notes during 2012
- An increase of $153.2 million in distributions to noncontrolling interests during 2012

CRITICAL ACCOUNTING POLICIES

Management’s discussion and analysis of financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect the significant judgments and estimates used by us in the preparation of our Consolidated Financial Statements.

Valuation of Property Held for Use and Sale

On a quarterly basis, we review the carrying value of both properties held for use and for sale. We perform an impairment analysis by calculating and reviewing net operating income on a property-by-property basis. We evaluate leasing projections and perform other analyses to conclude whether an asset is impaired. We record impairment losses and reduce the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where we do not expect to recover our carrying costs on properties held for use, we reduce our carrying cost to fair value. For properties held for sale, we reduce our carrying value to the fair value less costs to sell. During the year ended December 31, 2011, we determined that the value of the Granville Centre owned by Fund I was impaired. Accordingly, we recorded an impairment loss of $6.9 million. Granville Centre was subsequently sold during 2011. For the years ended December 31, 2012 and 2010, no impairment losses on our properties were recognized. Management does not believe that the value of any properties in its portfolio was impaired as of December 31, 2012.

Investments in and Advances to Unconsolidated Joint Ventures

We periodically review our investment in unconsolidated joint ventures for other than temporary declines in market value. Any decline that is not expected to be recovered in the next twelve months is considered other than temporary and an impairment charge is recorded as a reduction in the carrying value of the investment. During the year ended December 31, 2012, we recorded a reduction in the carrying amount of our investments in Mervyn's of $2.0 million related to the estimated value of the remaining assets. No impairment charges related to our investment in unconsolidated joint ventures were recognized for the years ended December 31, 2011 and 2010.

Bad Debts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make payments on arrearages in billed rents, as well as the likelihood that tenants will not have the ability to make payments on unbilled rents including estimated expense recoveries. We also maintain a reserve for straight-line rent receivables. For the years ended December 31, 2012 and 2011, the allowance for doubtful accounts totaled $6.1 million and $5.3 million, respectively. If the financial condition of our tenants were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Real Estate

Real estate assets are stated at cost less accumulated depreciation. Expenditures for acquisition, redevelopment, construction and improvement of properties, as well as significant renovations are capitalized. Interest costs are capitalized until construction is substantially complete. Construction in progress includes costs for significant property expansion and redevelopment. Depreciation is computed on the straight-line basis over estimated useful lives of 30 to 40 years for buildings, the shorter of the useful life or lease term for tenant improvements and five years for furniture, fixtures and equipment. Expenditures for maintenance and repairs are charged to operations as incurred.

Upon acquisitions of real estate, we assess the fair value of acquired assets (including land, buildings and improvements, and identified intangibles such as above and below market leases and acquired in-place leases and customer relationships) and acquired liabilities in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805 “Business Combinations” and ASC Topic 350 “Intangibles – Goodwill and Other,” and allocate purchase price based on these assessments. We assess fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property.

Involuntary Conversion of Asset

We experienced significant flooding resulting in extensive damage to one of our properties during September 2011. Costs related to the clean-up and redevelopment were insured to a limit sufficient that we believed would allow for full restoration of the property. Loss of rents during the redevelopment were covered by business interruption insurance subject to a $0.1 million deductible. We planned to restore the improvements that were damaged by the flooding and expected that the costs of such restoration and rebuilding would be recoverable from insurance proceeds. In accordance with ASC Topic 360 “Property, Plant and Equipment” and as a result of the above-described property damage, we have recorded a write-down of the asset's carrying value in the accompanying 2011 consolidated balance sheet of approximately $1.4 million. In addition, we recorded an insurance recovery in the same amount that is included in Prepaid Expenses and Other Assets in the accompanying consolidated balance sheet as of December 31, 2011. We also provided a $0.1 million provision in the 2011 consolidated statement of income for its exposure to the insurance deductible attributable to the loss of rents. During the year ended, December 31 2011, we received initial insurance proceeds of approximately $6.9 million. During the year ended December 31, 2012, we received additional insurance proceeds

of approximately $3.7 million. In connection with these proceeds, we recognized a gain on involuntary conversion of asset of $2.4 million.

Revenue Recognition and Accounts Receivable

Leases with tenants are accounted for as operating leases. Minimum rents are recognized on a straight-line basis over the term of the respective leases, beginning when the tenant takes possession of the space. Certain of these leases also provide for percentage rents based upon the level of sales achieved by the tenant. Percentage rent is recognized in the period when the tenants' sales breakpoint is met. In addition, leases typically provide for the reimbursement to us of real estate taxes, insurance and other property operating expenses. These reimbursements are recognized as revenue in the period the expenses are incurred.

We make estimates of the uncollectability of our accounts receivable related to tenant revenues. An allowance for doubtful accounts has been provided against certain tenant accounts receivable that are estimated to be uncollectible. See "Bad Debts" above. Once the amount is ultimately deemed to be uncollectible, it is written off.

Notes Receivable

Real estate notes receivable investments are intended to be held to maturity and are carried at cost. Interest income from notes receivable and preferred equity investments are recognized on the effective interest method over the expected life of the loan. Under the effective interest method, interest or fees to be collected at the origination of the loan or the payoff of the loan is recognized over the term of the loan as an adjustment to yield.

Allowances for real estate notes receivable are established based upon management's quarterly review of the investments. In performing this review, management considers the estimated net recoverable value of the loan as well as other factors, including the fair value of any collateral, the amount and status of any senior debt, and the prospects for the borrower. Because this determination is based upon projections of future economic events, which are inherently subjective, the amounts ultimately realized from the loans may differ materially from the carrying value at the balance sheet date. Interest income recognition is generally suspended for loans when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the suspended loan becomes contractually current and performance is demonstrated to be resumed.

During 2012, we provided for a $0.4 million net reserve on notes receivable as a result of a decrease in the value of the underlying collateral properties.

INFLATION

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Reference is made to the Notes to Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information as of December 31, 2012

Our primary market risk exposure is to changes in interest rates related to our mortgage debt. See Note 8 in the Notes to Consolidated Financial Statements, for certain quantitative details related to our mortgage debt.

Currently, we manage our exposure to fluctuations in interest rates primarily through the use of fixed-rate debt and interest rate swap agreements. As of December 31, 2012, we had total mortgage and convertible notes payable of $728.1 million, net of unamortized discount of $0.1 million, of which $435.2 million, or 60% was fixed-rate, inclusive of debt with rates fixed through the use of derivative financial instruments, and $292.9 million, or 40%, was variable-rate based upon LIBOR rates plus certain spreads. As of December 31, 2012, we were a party to seven interest rate swap transactions and four interest rate caps transaction to hedge our exposure to changes in interest rates with respect to $132.9 million and $141.2 million of LIBOR-based variable-rate debt, respectively.

The following table sets forth information as of December 31, 2012 concerning our long-term debt obligations, including principal cash flows by scheduled maturity and weighted average interest rates of maturing amounts (dollars in millions):

Consolidated mortgage debt:

Year	Scheduled amortization	Maturities	Total	Weighted average interest rate
2013	$ 6.9	$ 102.1	$ 109.0	4.4%
2014	6.8	49.4	56.2	5.6%
2015	6.1	319.2	325.3	2.7%
2016	2.2	114.2	116.4	5.7%
2017	1.1	80.1	81.2	5.7%
Thereafter	2.4	37.6	40.0	2.2%
	$ 25.5	$ 702.6	$ 728.1	

Mortgage debt in unconsolidated partnerships (at our pro-rata share):

Year	Scheduled amortization	Maturities	Total	Weighted average interest rate
2013	$ 1.0	$ —	$ 1.0	n/a
2014	1.0	31.6	32.6	5.5%
2015	0.3	3.9	4.2	3.7%
2016	0.2	36.9	37.1	6.0%
2017	0.3	6.0	6.3	2.8%
Thereafter	2.1	6.3	8.4	4.7%
	$ 4.9	$ 84.7	$ 89.6	

$109.0 million of our total consolidated debt and $1.0 million of our pro-rata share of unconsolidated outstanding debt will become due in 2013. $56.2 million of our total consolidated debt and $32.6 million of our pro-rata share of unconsolidated debt will become due in 2014. As we intend on refinancing some or all of such debt at the then-existing market interest rates, which may be greater than the current interest rate, our interest expense would increase by approximately $2.0 million annually if the interest rate on the refinanced debt increased by 100 basis points. After giving effect to noncontrolling interests, our share of this increase would be $0.6 million. Interest expense on our variable-rate debt of $292.9 million, net of variable to fixed-rate swap agreements currently in effect, as of December 31, 2012 would increase $2.9 million if LIBOR increased by 100 basis points. After giving effect to noncontrolling interests, our share of this increase would be $0.6 million. We may seek additional variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, we would consider hedging against the interest rate risk related to such additional variable-rate debt through interest rate swaps and protection agreements, or other means.

Based on our outstanding debt balances as of December 31, 2012, the fair value of our total consolidated outstanding debt would decrease by approximately $10.0 million if interest rates increase by 1%. Conversely, if interest rates decrease by 1%, the fair value of our total outstanding debt would increase by approximately $8.0 million.

As of December 31, 2012 and 2011, we had notes receivable of $129.3 million and $60.0 million, respectively. We determined the estimated fair value of our notes receivable equated the carrying values by discounting future cash receipts utilizing a discount rate equivalent to the rate at which similar notes receivable would be originated under conditions then existing.

Based on our outstanding notes receivable balances as of December 31, 2012, the fair value of our total outstanding notes receivable would decrease by approximately $1.8 million if interest rates increase by 1%. Conversely, if interest rates decrease by 1%, the fair value of our total outstanding notes receivable would increase by approximately $1.9 million.

Summarized Information as of December 31, 2011

As of December 31, 2011, we had total mortgage and convertible notes payable of $648.6 million of which $288.7 million, or 45% was fixed-rate, inclusive of interest rate swaps, and $359.9 million, or 55%, was variable-rate based upon LIBOR plus certain spreads. As of December 31, 2011, we were a party to five interest rate swap transactions and one interest rate cap transaction to hedge our exposure to changes in interest rates with respect to $57.0 million and $28.9 million of LIBOR-based variable-rate debt,

respectively. We were also a party to one forward interest rate swap transaction with respect to $12.5 million of LIBOR-based variable-rate debt.

Interest expense on our variable debt of $359.9 million as of December 31, 2011 would have increased $3.6 million if LIBOR increased by 100 basis points. Based on our outstanding debt balances as of December 31, 2011, the fair value of our total outstanding debt would have decreased by approximately $10.3 million if interest rates increased by 1%. Conversely, if interest rates decreased by 1%, the fair value of our total outstanding debt would have increased by approximately $11.9 million.

Changes in Market Risk Exposures from 2012 to 2011

Our interest rate risk exposure from December 31, 2011 to December 31, 2012 has decreased on both a dollar amount and as a percentage of our overall debt, as we had $359.9 million in variable-rate debt (or 55% of our total debt) at December 31, 2011, as compared to $292.9 million (or 40% of our total debt) in variable-rate debt at December 31, 2012.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements beginning on page F-1 of this Form 10-K are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

(i) Disclosure Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of management including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2012 to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(ii) Internal Control Over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

Management of Acadia Realty Trust is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13(a)-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2012 as required by the Securities Exchange Act of 1934 Rule 13(a)-15(c). In making this assessment, we used the criteria set forth in the framework in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Based on our evaluation under the COSO criteria, our management concluded that our internal control over financial reporting was effective as of December 31, 2012 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

BDO USA, LLP, an independent registered public accounting firm that audited our Financial Statements included in this Annual Report, has issued an attestation report on our internal control over financial reporting as of December 31, 2012, which appears in paragraph (b) of this Item 9A.

Acadia Realty Trust
White Plains, New York
February 27, 2013

(b) Attestation report of the independent registered public accounting firm

The Shareholders and Trustees of
Acadia Realty Trust

We have audited Acadia Realty Trust and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Acadia Realty Trust and subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on a company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Acadia Realty Trust and subsidiaries maintained in all material respects effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Acadia Realty Trust and subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012 and our report dated February 27, 2013 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
New York, New York
February 27, 2013

(c) Changes in internal control over financial reporting

There was no change in our internal control over financial reporting during our fourth fiscal quarter ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None

PART III

In accordance with the rules of the SEC, certain information required by Part III is omitted and is incorporated by reference into this Form 10-K from our definitive proxy statement relating to our 2013 annual meeting of stockholders (our "2013 Proxy Statement") that we intend to file with the SEC no later than April 29, 2013.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information under the following headings in the 2013 Proxy Statement is incorporated herein by reference:

- "PROPOSAL 1 — ELECTION OF TRUSTEES"
- "MANAGEMENT"
- "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE"

ITEM 11. EXECUTIVE COMPENSATION.

The information under the following headings in the 2013 Proxy Statement is incorporated herein by reference:

- "ACADIA REALTY TRUST COMPENSATION COMMITTEE REPORT"
- "COMPENSATION DISCUSSION AND ANALYSIS"
- "EXECUTIVE AND TRUSTEE COMPENSATION"
- "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION"

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information under the heading "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" in the 2013 Proxy Statement is incorporated herein by reference.

The information under Item 5. of this Form 10-K under the heading "(c) Securities authorized for issuance under equity compensation plans" is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information under the following headings in the 2013 Proxy Statement is incorporated herein by reference:

- "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS"
- "PROPOSAL 1 — ELECTION OF TRUSTEES—Trustee Independence"

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information under the heading "AUDIT COMMITTEE INFORMATION" in the 2013 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

1. Financial Statements: See "Index to Financial Statements" at page F-1 below.
2. Financial Statement Schedule: See "Schedule III—Real Estate and Accumulated Depreciation" at page F-48 below.
3. Exhibits: The index of exhibits below is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

ACADIA REALTY TRUST
(Registrant)

By: /s/ Kenneth F. Bernstein
Kenneth F. Bernstein
Chief Executive Officer,
President and Trustee

By: /s/ Jonathan W. Grisham
Jonathan W. Grisham
Senior Vice President and
Chief Financial Officer

By: /s/ Richard Hartmann
Richard Hartmann
Senior Vice President and
Chief Accounting Officer

Dated: February 27, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kenneth F. Bernstein (Kenneth F. Bernstein)	Chief Executive Officer, President and Trustee (Principal Executive Officer)	February 27, 2013
/s/ Jonathan W. Grisham (Jonathan W. Grisham)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 27, 2013
/s/ Richard Hartmann (Richard Hartmann)	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 27, 2013
/s/ Douglas Crocker II (Douglas Crocker II)	Trustee	February 27, 2013
/s/ Lorrence T. Kellar (Lorrence T. Kellar)	Trustee	February 27, 2013
/s/ Wendy Luscombe (Wendy Luscombe)	Trustee	February 27, 2013
/s/ William T. Spitz (William T. Spitz)	Trustee	February 27, 2013
/s/ Lee S. Wielansky (Lee S. Wielansky)	Trustee	February 27, 2013

EXHIBIT INDEX

The following is an index to all exhibits including (i) those filed with this Annual Report on Form 10-K and (ii) those incorporated by reference herein:

Exhibit No.	Description
3.1	Declaration of Trust of the Company (1)
3.2	First Amendment to Declaration of Trust of the Company (1)
3.3	Second Amendment to Declaration of Trust of the Company (1)
3.4	Third Amendment to Declaration of Trust of the Company (1)
3.5	Fourth Amendment to Declaration of Trust (incorporated by reference to the copy thereof filed as Exhibit 3.1 (a) to Company's Quarterly Report on Form 10-Q filed for the quarter ended September 30, 1998.)
3.6	Fifth Amendment to Declaration of Trust (incorporated by reference to the copy thereof filed as Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2009.)
3.7	Amended and Restated Bylaws of the Company (incorporated by reference to the copy thereof filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2005.)
3.8	First Amendment the Amended and Restated Bylaws of the Company (incorporated by reference to the copy thereof filed as Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2009.)
4.1	Voting Trust Agreement between the Company and Yale University dated February 27, 2002 (incorporated by reference to the copy thereof filed as Exhibit 99.1 to Yale University's Schedule 13D filed on September 25, 2002.)
10.1	1999 Share Incentive Plan (incorporated by reference to the copy thereof filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed on September 28, 1999.(2)
10.2	2003 Share Incentive Plan (incorporated by reference to the copy thereof filed as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on April 29, 2003.) (2)
10.3	Acadia Realty Trust 1999 Share Incentive Plan and 2003 Share Incentive Plan Deferral and Distribution Election Form (incorporated by reference to the copy thereof filed as Exhibit 10.45 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2004.) (2)
10.4	Amended and Restated Acadia Realty Trust 2006 Share Incentive Plan (incorporated by reference to the copy thereof filed as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on April 5, 2012.) (2)
10.5	Certain information regarding the compensation arrangements with certain officers of registrant (incorporated by reference to the copy thereof filed as to Item 5.02 of the registrant's Form 8-K filed with the SEC on February 4, 2008.)
10.6	Description of Long Term Investment Alignment Program (incorporated by reference to the copy thereof filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2009.)
10.7	Form of Share Award Agreement (incorporated by reference to the copy thereof filed as Exhibit 99.1 to the Company's Current Report on Form S-8 filed on July 2, 2003.) (2)
10.8	Registration Rights and Lock-Up Agreement (RD Capital Transaction) (incorporated by reference to the copy thereof filed as Exhibit 99.1 (a) to the Company's Registration Statement on Form S-3 filed on March 3, 2000.)

10.9 Registration Rights and Lock-Up Agreement (Pacesetter Transaction) (incorporated by reference to the copy thereof filed as Exhibit 99.1 (b) to the Company's Registration Statement on Form S-3 filed on March 3, 2000.)

10.10 Form of Registration Rights Agreement and Lock-Up Agreement (incorporated by reference to the copy thereof filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2003.)

10.11 Contribution and Share Purchase Agreement dated as of April 15, 1998 among Mark Centers Trust, Mark Centers Limited Partnership, the Contributing Owners and Contributing Entities named therein, RD Properties, L.P. VI, RD Properties, L.P. VIA and RD Properties, L.P. VIB (incorporated by reference to the copy thereof filed as Exhibit 10.1 to the Company's Form 8-K filed on April 20, 1998.)

10.12 Agreement of Contribution among Acadia Realty Limited Partnership, Acadia Realty Trust and Klaff Realty, LP and Klaff Realty, Limited (incorporated by reference to the copy thereof filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2003.)

10.13 Employment agreement between the Company and Kenneth F. Bernstein dated October 1998 (incorporated by reference to the copy thereof filed as Exhibit 10.34 to the Company's Annual Report on Form10-K filed for the fiscal year ended December 31, 1998.) (2)

10.14 First Amendment to Employment Agreement between the Company and Kenneth Bernstein dated as of January 1, 2001 (incorporated by reference to the copy thereof filed as Exhibit 10.54 to Company's Quarterly Report on Form 10-Q filed for the quarter ended June 30, 2001.) (2)

10.15 Fourth Amendment to employment agreement between the Company and Kenneth F. Bernstein dated January 19, 2007 (incorporated by reference to the copy thereof filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 24, 2007.) (2)

10.16 Fifth Amendment to Employment Agreement between the Company and Kenneth F. Bernstein dated August 5, 2008 (incorporated by reference to the copy thereof filed as Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2010.) (2)

10.17 Sixth Amendment to the Employment Agreement between the Company and Kenneth F. Bernstein dated March 7, 2011 (incorporated by reference to the copy thereof filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed on March 9, 2011.) (2)

10.18 Letter of employment offer between the Company and Michael Nelsen, Sr. Vice President and Chief Financial Officer dated February 19, 2003 (incorporated by reference to the copy thereof filed as Exhibit 10.63 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2002.) (2)

10.19 Form of Amended and Restated Severance Agreement, dated June 12, 2008, that was entered into with each of Joel Braun, Executive Vice President and Chief Investment Officer; Michael Nelsen, Senior Vice President and Chief Financial Officer; Robert Masters, Senior Vice President, General Counsel, Chief Compliance Officer and Secretary; and Joseph Hogan, Senior Vice President and Director of Construction (incorporated by reference to the copy thereof filed as Exhibit 10.1 to the Company's Form 8-K filed on June 12, 2008.) (2)

10.20 First Amendment to Severance Agreements between the Company and Joel Braun Executive Vice President and Chief Investment Officer, Michael Nelsen, Senior Vice President and Chief Financial Officer, Robert Masters, Senior Vice President, General Counsel, Chief Compliance Officer and Secretary and Joseph Hogan, Senior Vice President and Director of Construction dated January 19, 2007 (incorporated by reference to the copy thereof filed as Exhibits 10.2, 10.3, 10.4 and 10.5 to the Company's Current Report on Form 8-K filed on January 24, 2007.) (2)

10.21 Amended and Restated Severance Agreement, dated April 19, 2011, that was entered into with Christopher Conlon, Senior Vice President, Leasing and Development (incorporated by reference to the copy thereof filed as Exhibit 10.43 to the Company's Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2011.) (2)

10.22 Amended and Restated Loan Agreement among Acadia Cortlandt LLC and Bank of America, N.A., Note between Acadia Cortlandt LLC and Bank of America, N.A., Note Consolidation and Modification Agreement between Acadia Cortlandt LLC and Bank of America, N.A., Note between Acadia Cortlandt LLC and Bank of America, N.A., Mortgage Consolidation and Modification Agreement between Acadia Cortlandt LLC and Bank of America, N.A., Mortgage Security Agreement between Acadia Cortlandt LLC and Bank of America, N.A. and Amended and Restated Guaranty Agreement between Acadia Cortlandt LLC and Bank of America, N.A., all dated October 26, 2010 (incorporated by reference to the copy thereof filed as Exhibit 10.36 to the Company's Quarterly Report on Form 10-K filed for the year ended December 31, 2010.)

10.23 Revolving Credit Agreement Dated as of November 21, 2012 by and among Acadia Strategic Opportunity Fund IV LLC as Borrower, Acadia Realty Acquisition IV LLC as Borrowers Managing Member, Acadia Realty Limited Partnership as Guarantor, Acadia Realty Trust as Guarantor General Partner, Acadia Investors IV Inc. as Pledgor and Bank of America, N.A. as Administrative Agent, Structuring Agent, Sole Bookrunner, Sole Lead Arranger, Letter of Credit Issuer, and Lender (1)

10.24 Agreement and Plan Of Merger Dated as of December 22, 2005 by and among Acadia Realty Acquisition I, LLC, Ara Btc LLC, ARA MS LLC, ARA BS LLC, ARA BC LLC and ARA BH LLC, Acadia Investors, Inc., AII BTC LLC, AII MS LLC, AII BS LLC, AII BC LLC And AII BH LLC, Samuel Ginsburg 2000 Trust Agreement #1, Martin Ginsburg 2000 Trust Agreement #1, Martin Ginsburg, Samuel Ginsburg and Adam Ginsburg, and GDC SMG, LLC, GDC Beechwood, LLC, Aspen Cove Apartments, LLC and SMG Celebration, LLC (incorporated by reference to the copy thereof filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed on January 4, 2006.)

10.25 Purchase and Sale Agreement dated as of December 14, 2012, by and among Acadia Storage Company LLC, Acadia Storage Post Portfolio Company LLC, Acadia Suffern LLC, Acadia Atlantic Avenue LLC, Acadia Pelham Manor LLC and Acadia Liberty LLC, as Sellers and SP Holdings I LLC, as Purchaser (1)

10.26 Amended and Restated Agreement of Limited Partnership of the Operating Partnership (incorporated by reference to the copy thereof filed as Exhibit 10.1 (c) to the Company's Registration Statement on Form S-3 filed on March 3, 2000.)

10.27 First and Second Amendments to the Amended and Restated Agreement of Limited Partnership of the Operating Partnership (incorporated by reference to the copy thereof filed as Exhibit 10.1 (d) to the Company's Registration Statement on Form S-3 filed on March 3, 2000.)

10.28 Third Amendment to Amended and Restated Agreement of Limited Partnership of the Operating Partnership (incorporated by reference to the copy thereof filed as Exhibit 99.3 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2003.)

10.29 Fourth Amendment to Amended and Restated Agreement of Limited Partnership of the Operating Partnership (incorporated by reference to the copy thereof filed as Exhibit 99.4 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2003.)

21 List of Subsidiaries of Acadia Realty Trust (1)

23.1 Consent of Registered Public Accounting Firm to incorporation by reference its reports into Forms S-3 and Forms S-8 (1)

31.1 Certification of Chief Executive Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (1)

31.2 Certification of Chief Financial Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (1)

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)

99.1 Certificate of Designation of Series A Preferred Operating Partnership Units of Limited Partnership Interest of Acadia Realty Limited Partnership (incorporated by reference to the copy thereof filed as Exhibit 99.5 to Company's Quarterly Report on Form 10-Q filed for the quarter ended June 30, 1997.)

99.2 Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Acadia Realty Limited Partnership (incorporated by reference to the copy thereof filed as Exhibit 99.6 to the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2003.)

101.INS XBRL Instance Document* (3)

101.SCH XBRL Taxonomy Extension Schema Document* (3)

101.CAL XBRL Taxonomy Extension Calculation Document* (3)

101.DEF XBRL Taxonomy Extension Definitions Document* (3)

101.LAB XBRL Taxonomy Extension Labels Document* (3)

101.PRE XBRL Taxonomy Extension Presentation Document* (3)

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

Notes:

(1) Filed herewith.

(2) Management contract or compensatory plan or arrangement.

(3) XBRL Interactive Data File will be filed by amendment to this Annual Report on Form 10-K within 30 days of the filing date of this Annual Report on Form 10-K, as permitted by Rule 405(a)(2)(ii) of Regulation S-T.

ACADIA REALTY TRUST AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Shareholders and Trustees of
Acadia Realty Trust

We have audited the accompanying consolidated balance sheets of Acadia Realty Trust and subsidiaries (the "Company") as of December 31, 2012 and 2011 and the related consolidated statements of income and comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012. In connection with our audits of the financial statements we have also audited the accompanying financial statement schedule listed in the accompanying index. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Acadia Realty Trust and subsidiaries at December 31, 2012, and 2011 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with generally accepted accounting principles in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Acadia Realty Trust and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 27, 2013 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

New York, New York
February 27, 2013

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	December 31, 2012	December 31, 2011
ASSETS		
Operating real estate		
Land	$ 293,691	$ 176,278
Buildings and improvements	953,020	698,214
Construction in progress	2,429	5,885
	1,249,140	880,377
Less: accumulated depreciation	187,029	160,541
Net operating real estate	1,062,111	719,836
Real estate under development	246,602	218,384
Notes receivable, net	129,278	59,989
Investments in and advances to unconsolidated affiliates	221,694	84,568
Cash and cash equivalents	91,813	89,812
Cash in escrow	18,934	20,482
Rents receivable, net	27,744	23,089
Deferred charges, net	26,777	19,608
Acquired lease intangibles, net	31,975	26,721
Prepaid expenses and other assets	29,241	25,572
Accounts receivable from related parties	210	1,375
Assets of discontinued operations	22,061	363,883
Total assets	$ 1,908,440	$ 1,653,319
LIABILITIES		
Mortgages payable	$ 727,048	$ 647,739
Convertible notes payable	930	930
Distributions in excess of income from, and investments in, unconsolidated affiliates	22,707	21,710
Accounts payable and accrued expenses	29,309	36,569
Dividends and distributions payable	9,674	7,914
Acquired lease and other intangibles, net	14,115	5,462
Other liabilities	21,303	18,517
Liabilities of discontinued operations	13,098	145,169
Total liabilities	838,184	884,010
EQUITY		
Shareholders' Equity		
Common shares, $.001 par value, authorized 100,000,000 shares, issued and outstanding 52,482,598 and 42,586,376 shares, respectively	52	43
Additional paid-in capital	581,925	348,667
Accumulated other comprehensive loss	(4,307)	(3,913)
Retained earnings	45,127	39,317
Total shareholders’ equity	622,797	384,114
Noncontrolling interests	447,459	385,195
Total equity	1,070,256	769,309
Total liabilities and equity	$ 1,908,440	$ 1,653,319

The accompanying notes are an integral part of these consolidated financial statements

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts)	Years ended December 31, 2012	2011	2010
Revenues			
Rental income	$ 99,697	$ 80,140	$ 75,082
Interest income	7,879	11,429	19,161
Expense reimbursements	24,385	21,141	19,883
Management fee income	1,455	1,674	1,424
Other	1,009	694	840
Total revenues	134,425	115,078	116,390
Operating Expenses			
Property operating	21,991	17,513	19,508
Other operating	3,898	1,455	—
Real estate taxes	18,811	15,320	14,006
General and administrative	21,532	23,066	20,209
Depreciation and amortization	32,931	25,672	23,419
Reserve for notes receivable	405	—	—
Total operating expenses	99,568	83,026	77,142
Operating income	34,857	32,052	39,248
Equity in earnings of unconsolidated affiliates	550	1,555	12,450
Gain (loss) on sale of unconsolidated affiliates	3,061	—	(1,479)
Impairment of unconsolidated affiliates	(2,032)	—	—
Other interest income	148	276	406
Gain from bargain purchase	—	—	33,805
Gain on involuntary conversion of asset	2,368	—	—
(Loss) gain on debt extinguishment	(198)	1,268	—
Interest and other finance expense	(28,768)	(29,632)	(34,414)
Income from continuing operations before income taxes	9,986	5,519	50,016
Income tax benefit (provision)	568	(461)	(2,869)
Income from continuing operations	10,554	5,058	47,147
Discontinued operations			
Operating income from discontinued operations	10,720	8,752	3,520
Impairment of asset	—	(6,925)	—
Loss on debt extinguishment	(2,541)	—	—
Gain on sale of property	71,203	46,830	—
Income from discontinued operations	79,382	48,657	3,520
Net income	89,936	53,715	50,667
Noncontrolling interests			
Continuing operations	13,480	13,655	(18,914)
Discontinued operations	(63,710)	(15,815)	(1,696)
Net income attributable to noncontrolling interests	(50,230)	(2,160)	(20,610)
Net income attributable to Common Shareholders	$ 39,706	$ 51,555	$ 30,057
Basic earnings per share			
Income from continuing operations	$ 0.51	$ 0.45	$ 0.69
Income from discontinued operations	0.34	0.80	0.04
Basic earnings per share	$ 0.85	$ 1.25	$ 0.73
Diluted earnings per share			
Income from continuing operations	$ 0.51	$ 0.45	$ 0.69
Income from discontinued operations	0.34	0.80	0.04
Diluted earnings per share	$ 0.85	$ 1.25	$ 0.73

The accompanying notes are an integral part of these consolidated financial statements

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)	Years ended December 31, 2012	2011	2010
Net income	$ 89,936	$ 53,715	$ 50,667
Other Comprehensive (loss) income:			
Unrealized loss on valuation of swap agreements	(3,519)	(5,611)	(2,683)
Reclassification of realized interest on swap agreements	2,268	3,081	2,749
Other comprehensive (loss) income	(1,251)	(2,530)	66
Comprehensive income	88,685	51,185	50,733
Comprehensive income attributable to noncontrolling interests	(49,373)	(686)	(20,539)
Comprehensive income attributable to Common Shareholders	$ 39,312	$ 50,499	$ 30,194

The accompanying notes are an integral part of these consolidated financial statements.

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(amounts in thousands, except per share amounts)	Common Shares	Share Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Common Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2010	39,787	$ 40	$ 299,014	$ (2,994)	$ 16,125	$ 312,185	$ 220,292	$ 532,477
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	365	—	3,240	—	—	3,240	(3,240)	—
Vesting of employee Restricted Share and LTIP awards	133	—	2,060	—	—	2,060	1,778	3,838
Dividends declared ($0.72 per Common Share)	—	—	—	—	(28,976)	(28,976)	(723)	(29,699)
Exercise of trustees options	7	—	109	—	—	109	—	109
Common Shares issued under Employee Share Purchase Plan	6	—	100	—	—	100	—	100
Issuance of Common Shares to Trustees	13	—	266	—	—	266	—	266
Employee Restricted Shares canceled	(57)	—	(966)	—	—	(966)	—	(966)
Noncontrolling interest distributions	—	—	—	—	—	—	(2,892)	(2,892)
Noncontrolling interest contributions	—	—	—	—	—	—	33,556	33,556
	40,254	40	303,823	(2,994)	(12,851)	288,018	248,771	536,789
Comprehensive income (loss):								
Net income	—	—	—	—	30,057	30,057	20,610	50,667
Unrealized loss on valuation of swap agreements	—	—	—	(2,329)	—	(2,329)	(354)	(2,683)
Reclassification of realized interest on swap agreements	—	—	—	2,466	—	2,466	283	2,749
Total comprehensive income	—	—	—	137	30,057	30,194	20,539	50,733
Balance at December 31, 2010	40,254	40	303,823	(2,857)	17,206	318,212	269,310	587,522

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(amounts in thousands, except per share amounts)	Common Shares	Share Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Common Shareholders' Equity	Noncontrolling Interests	Total Equity
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	11	—	56	—	—	56	(56)	—
Issuance of Common Shares, net of issuance costs	2,250	2	44,658	—	—	44,660	—	44,660
Vesting of employee Restricted Share and LTIP awards	96	1	481	—	—	482	3,550	4,032
Dividends declared ($0.72 per Common Share)	—	—	—	—	(29,444)	(29,444)	(984)	(30,428)
Exercise of trustees options	2	—	16	—	—	16	—	16
Common Shares issued under Employee Share Purchase Plan	5	—	93	—	—	93	—	93
Issuance of LTIP Unit awards to employees	—	—	—	—	—	—	2,441	2,441
Issuance of Common Shares to Trustees	8	—	264	—	—	264	—	264
Employee Restricted Shares canceled	(40)	—	(724)	—	—	(724)	—	(724)
Noncontrolling interest distributions	—	—	—	—	—	—	(7,697)	(7,697)
Noncontrolling interest contributions	—	—	—	—	—	—	117,945	117,945
	42,586	43	348,667	(2,857)	(12,238)	333,615	384,509	718,124
Comprehensive income (loss):								
Net income	—	—	—	—	51,555	51,555	2,160	53,715
Unrealized loss on valuation of swap agreements	—	—	—	(3,461)	—	(3,461)	(2,150)	(5,611)
Reclassification of realized interest on swap agreements	—	—	—	2,405	—	2,405	676	3,081
Total comprehensive (loss) income	—	—	—	(1,056)	51,555	50,499	686	51,185
Balance at December 31, 2011	42,586	43	348,667	(3,913)	39,317	384,114	385,195	769,309

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(amounts in thousands, except per share amounts)	Common Shares	Share Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Common Shareholders' Equity	Noncontrolling Interests	Total Equity
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	334	—	5,880	—	—	5,880	(5,880)	—
Issuance of Common Shares, net of issuance costs	9,510	9	226,712	—	—	226,721	—	226,721
Issuance of OP Units to acquire real estate	—	—	—	—	—	—	2,279	2,279
Dividends declared ($0.72 per Common Share)	—	—	—	—	(33,896)	(33,896)	(1,098)	(34,994)
Vesting of employee Restricted Share and LTIP awards	44	—	192	—	—	192	3,448	3,640
Common Shares issued under Employee Share Purchase Plan	4	—	75	—	—	75	—	75
Issuance of LTIP Unit awards to employees	—	—	—	—	—	—	2,577	2,577
Issuance of Common Shares to trustees	—	—	384	—	—	384	—	384
Exercise of Share options	13	—	187	—	—	187	—	187
Employee Restricted Shares canceled	(9)	—	(172)	—	—	(172)	—	(172)
Noncontrolling interest distributions	—	—	—	—	—	—	(160,663)	(160,663)
Noncontrolling interest contributions	—	—	—	—	—	—	172,228	172,228
	52,482	52	581,925	(3,913)	5,421	583,485	398,086	981,571
Comprehensive (loss) income:								
Net income	—	—	—	—	39,706	39,706	50,230	89,936
Unrealized loss on valuation of swap agreements	—	—	—	(1,815)	—	(1,815)	(1,704)	(3,519)
Reclassification of realized interest on swap agreements	—	—	—	1,421	—	1,421	847	2,268
Total comprehensive (loss) income	—	—	—	(394)	39,706	39,312	49,373	88,685
Balance at December 31, 2012	52,482	$ 52	$ 581,925	$ (4,307)	$ 45,127	$ 622,797	$ 447,459	$ 1,070,256

The accompanying notes are an integral part of these consolidated financial statements.

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)	Years ended December 31, 2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 89,936	$ 53,715	$ 50,667
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	38,769	33,683	34,499
Amortization of financing costs	3,569	3,918	6,054
Gain from bargain purchase	—	—	(33,805)
Gain on sale of property	(71,203)	(46,830)	—
Loss (gain) on debt extinguishment	2,739	(1,268)	—
Gain on involuntary conversion of asset	(2,368)	—	—
Reserve for notes receivable	405	—	—
Impairment of asset	—	6,925	—
Amortization of discount on convertible debt	—	829	1,042
Non-cash accretion of notes receivable	(453)	(786)	(6,164)
Share compensation expense	4,021	4,299	4,104
Equity in earnings of unconsolidated affiliates	(1,579)	(1,555)	(10,971)
Distributions of operating income from unconsolidated affiliates	3,733	5,515	12,124
Other, net	731	724	4,237
Changes in assets and liabilities			
Cash in escrow	2,035	7,319	(20,028)
Rents receivable, net	(6,757)	(8,894)	(4,662)
Prepaid expenses and other assets	1,283	(5,906)	4,297
Accounts receivable from related parties	(250)	1,034	(2,408)
Accounts payable and accrued expenses	(5,648)	14,513	1,874
Other liabilities	709	(903)	3,517
Net cash provided by operating activities	59,672	66,332	44,377
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of real estate	(241,894)	(116,408)	(2,849)
Redevelopment and property improvement costs	(88,787)	(65,090)	(77,671)
Deferred leasing costs	(7,275)	(6,298)	(3,904)
Insurance proceeds from involuntary conversion of asset	3,672	—	—
Investments in and advances to unconsolidated affiliates	(160,888)	(54,981)	(19,116)
Return of capital from unconsolidated affiliates	22,296	4,504	785
Proceeds from notes receivable	25,388	56,519	42,010
Issuance of notes receivable	(108,629)	(34,343)	—
Proceeds from sale of property	419,372	62,940	—
Net cash used in investing activities	(136,745)	(153,157)	(60,745)

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2012	**2011**	**2010**
	(dollars in thousands)		
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on mortgage notes	(549,095)	(161,389)	(127,823)
Proceeds received on mortgage notes	433,815	144,959	175,793
Purchase of convertible notes payable	—	(48,997)	(240)
Increase in deferred financing and other costs	(6,772)	(2,877)	(6,830)
Capital contributions from noncontrolling interests	172,228	117,945	33,556
Distributions to noncontrolling interests	(161,765)	(8,605)	(1,638)
Dividends paid to Common Shareholders	(32,143)	(29,033)	(28,909)
Proceeds from issuance of Common Shares, net of issuance costs of $762, $206 and $0, respectively	223,477	44,659	—
Repurchase and cancellation of Common Shares	(762)	(726)	(966)
Other employee and trustee stock compensation, net	91	109	209
Net cash provided by financing activities	79,074	56,045	43,152
Increase (decrease) in cash and cash equivalents	2,001	(30,780)	26,784
Cash and cash equivalents, beginning of period	89,812	120,592	93,808
Cash and cash equivalents, end of period	$ 91,813	$ 89,812	$ 120,592
Supplemental disclosure of cash flow information			
Cash paid during the period for interest, net of capitalized interest of $5,955, $4,850, and $2,903, respectively	$ 32,327	$ 32,120	$ 31,920
Cash paid for income taxes	$ 941	$ 3,776	$ 1,263
Supplemental disclosure of non-cash investing activities			
Acquisition of real estate through assumption of debt	$ 63,766	$ —	$ —
Acquisition of real estate through issuance of OP Units	$ 2,279	$ —	$ —
Acquisition of real estate through conversion of notes receivable	$ 14,000	$ —	$ —
Acquisition of interest in unconsolidated affiliates			
Real Estate, net	$ —	$ —	$ (108,000)
Assumption of mortgage debt	—	—	25,990
Gain from bargain purchase	—	—	33,805
Other assets and liabilities	—	—	7,532
Investment in unconsolidated affiliates	—	—	37,824
Cash included in investment in real estate	$ —	$ —	$ (2,849)

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies

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

All of the Company’s assets are held by, and all of its operations are conducted through, Acadia Realty Limited Partnership (the “Operating Partnership”) and entities in which the Operating Partnership owns an interest. As of December 31, 2012, the Trust controlled approximately 99% of the Operating Partnership as the sole general partner. As the general partner, the Trust is entitled to share, in proportion to its percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners primarily represent entities or individuals that contributed their interests in certain properties or entities to the Operating Partnership in exchange for common or preferred units of limited partnership interest (“Common OP Units” or “Preferred OP Units”) and employees who have been awarded restricted Common OP Units (“LTIP Units”) as long-term incentive compensation (Note 15). Limited partners holding Common OP and LTIP Units are generally entitled to exchange their units on a one-for-one basis for common shares of beneficial interest of the Trust (“Common Shares”). This structure is referred to as an umbrella partnership REIT or “UPREIT.”

As of December 31, 2012, the Company has ownership interests in 72 properties within its core portfolio, which consist of those properties either 100% owned, or partially owned through joint venture interests, by the Operating Partnership, or subsidiaries thereof, not including those properties owned through its opportunity funds ("Core Portfolio"). The Company also has ownership interests in 28 properties within its opportunity funds, Acadia Strategic Opportunity Fund I, LP ("Fund I"), Acadia Strategic Opportunity II, LLC ("Fund II"), Acadia Strategic Opportunity Fund III LLC ("Fund III") and Acadia Strategic Opportunity Fund IV LLC (("Fund IV") and together with Funds I, II, and III, the "Opportunity Funds"). The 100 Core Portfolio and Opportunity Fund properties primarily consist of urban/street retail, dense suburban neighborhood and community shopping centers and mixed-use properties with a strong retail component. In addition, the Company, together with the investors in the Opportunity Funds, invest in operating companies through Acadia Mervyn Investors I, LLC ("Mervyns I"), Acadia Mervyn Investors II, LLC ("Mervyns II") and Fund II, all on a non-recourse basis.

The Operating Partnership is the sole general partner or managing member of the Opportunity Funds and Mervyns I and II and earns fees or priority distributions for asset management, property management, construction, redevelopment, leasing, and legal services. Cash flows from the Opportunity Funds and Mervyns I and II are distributed pro-rata to their respective partners and members (including the Operating Partnership) until each receives a certain cumulative return ("Preferred Return"), and the return of all capital contributions. Thereafter, remaining cash flow is distributed 20% to the Operating Partnership ("Promote") and 80% to the partners or members (including the Operating Partnership).

Following is a table summarizing the general terms and Operating Partnership's equity interests in the Opportunity Funds and Mervyns I and II:

Entity	Formation Date	Operating Partnership Share of Capital	Committed Capital		Capital Called as of December 31, 2012	Equity Interest Held By Operating Partnership	Preferred Return	Capital Returned as of December 31, 2012
Fund I and Mervyns I (1)	9/2001	22.22%	$ 90.0		$ 86.6	37.78%	9%	$ 86.6
Fund II and Mervyns II	6/2004	20.00%	300.0		300.0	20.00%	8%	84.5
Fund III	5/2007	19.90%	475.0	(2)	341.0	19.90%	6%	164.0
Fund IV	5/2012	23.12%	540.6		64.6	23.12%	6%	—

Note:

(1) - Fund I and Mervyns I have returned all capital and preferred return. The Operating Partnership is now entitled to a Promote on all future cash distributions.

(2) - Original committed capital of Fund III was $502.5 million. During 2012, this amount was reduced to $475.0 million.

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies, continued

Principles of Consolidation

The consolidated financial statements include the consolidated accounts of the Company and its controlling investments in partnerships and limited liability companies in which the Company has control in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810 "Consolidation" ("ASC Topic 810"). The ownership interests of other investors in these entities are recorded as noncontrolling interests. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in entities for which the Company has the ability to exercise significant influence over, but does not have financial or operating control, are accounted for using the equity method of accounting. Accordingly, the Company's share of the earnings (or losses) of these entities are included in consolidated net income.

Variable interest entities are accounted for within the scope of ASC Topic 810 and are required to be consolidated by their primary beneficiary. The primary beneficiary of a variable interest entity is the enterprise that has the power to direct the activities that most significantly impact the variable interest entity's economic performance and the obligation to absorb losses or the right to receive benefits of the variable interest entity that could be significant to the variable interest entity. Management has evaluated the applicability of ASC Topic 810 to its investments in certain joint ventures and determined that these joint ventures are not variable interest entities or that the Company is not the primary beneficiary and, therefore, consolidation of these ventures is not required. These investments are accounted for using the equity method of accounting.

Investments in and Advances to Unconsolidated Joint Ventures

The Company primarily accounts for its investments in unconsolidated joint ventures using the equity method as it does not exercise control over significant asset decisions such as buying, selling or financing nor is it the primary beneficiary under ASC Topic 810, as discussed above in most of these investments. The Company does have significant influence over most of these investments, which requires equity method accounting. Under the equity method, the Company increases its investment for its proportionate share of net income and contributions to the joint venture and decreases its investment balance by recording its proportionate share of net loss and distributions. The Company accounts for some of its investments under the cost method. Due to its minor ownership of three investments as well as the terms of the underlying operating agreements, the Company has no influence over such entities' operating and financial policies. Other than the minority investor rights to which the Company is entitled pursuant to statute, it has no rights other than to receive its pro-rata share of cash distributions as declared by the managers of these investments. The Company has no rights with respect to the control and operation of these investments vehicles, nor with the formulation and execution of business and investment policies. The Company recognizes income for distributions in excess of its investment where there is no recourse to the Company. For investments in which there is recourse to the Company, distributions in excess of the investment are recorded as a liability. Although the Company accounts for its investment in Albertson's (Note 4) under the equity method of accounting, the Company adopted the policy of not recording its equity in earnings or losses of this unconsolidated affiliate until it receives the audited financial statements of Albertson's to support the equity earnings or losses in accordance with ASC Topic 323, "Investments – Equity Method and Joint Ventures."

The Company periodically reviews its investment in unconsolidated joint ventures for other-than-temporary losses in investment value. Any decline that is not expected to be recovered is considered other than temporary and an impairment charge is recorded as a reduction in the carrying value of the investment. During 2012, the Company recorded an impairment charge of $2.0 million in connection with the estimated fair value in its investment in Mervyns. During the years ended December 31, 2011 and 2010, there were no impairment charges related to the Company's investment in unconsolidated joint ventures.

Use of Estimates

Accounting principles generally accepted in the United States of America ("GAAP") require the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, revenue recognition and the collectability of notes receivable and rents receivable. Application of these estimates and assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

Real Estate

Real estate assets are stated at cost less accumulated depreciation. Construction in progress includes costs for significant property expansion and redevelopment. Depreciation is computed on the straight-line basis over estimated useful lives of 30 to

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies, continued

Real Estate, continued

40 years for buildings, the shorter of the useful life or lease term for tenant improvements and five years for furniture, fixtures and equipment. Expenditures for maintenance and repairs are charged to operations as incurred.

Upon acquisitions of real estate, the Company assesses the fair value of acquired assets and assumed liabilities (including land, buildings and improvements, and identified intangibles such as above and below market leases and acquired in-place leases and customer relationships) and acquired liabilities in accordance with ASC Topic 805 “Business Combinations” and ASC Topic 350 “Intangibles – Goodwill and Other,” and allocates the acquisition price based on these assessments. Fixed-rate renewal options have been included in the calculation of the fair value of acquired leases where applicable. To the extent there were fixed-rate options at below-market rental rates, the Company included these along with the current term below-market rent in arriving at the fair value of the acquired leases. The discounted difference between contract and market rents is being amortized over the remaining applicable lease term, inclusive of any option periods. The Company assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property.

The Company capitalizes certain costs related to the development and redevelopment of real estate including pre-construction costs, interest, real estate taxes, insurance, construction costs and salaries and related costs of personnel directly involved with the specific project. Additionally, the Company capitalizes interest costs related to development and redevelopment activities. Capitalization of these costs begin when the activities and related expenditures commence, and cease when the property is held available for occupancy upon substantial completion of tenant improvements, but no later than one year from the completion of major construction activity at which time the project is placed in service and depreciation commences.

The Company reviews its long-lived assets for impairment when there is an event or a change in circumstances that indicates that the carrying amount may not be recoverable. The Company measures and records impairment losses and reduces the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Company does not expect to recover its carrying costs on properties held for use, the Company reduces its carrying costs to fair value, and for properties held for sale, the Company reduces its carrying value to the fair value less costs to sell. During the year ended December 31, 2011, the Company determined that the value of the Granville Centre owned by Fund I was impaired. Accordingly, an impairment loss of $6.9 million was recorded, of which the Operating Partnership's share was $1.5 million. During the years ended December 31, 2012, and 2010, no impairment charges were recorded. Management does not believe that the values of its properties within the portfolio are impaired as of December 31, 2012.

The Company recognizes property sales in accordance with ASC Topic 970 “Real Estate.” The Company generally records the sales of operating properties and outparcels using the full accrual method at closing when the earnings process is deemed to be complete. Sales not qualifying for full recognition at the time of sale are accounted for under other appropriate deferral methods.

The Company evaluates the held-for-sale classification of its real estate each quarter. Assets that are classified as held for sale are recorded at the lower of their carrying amount or fair value less cost to sell. Assets are generally classified as held for sale once management has initiated an active program to market them for sale and has received a firm purchase commitment. The results of operations of these real estate properties are reflected as discontinued operations in all periods presented.

On occasion, the Company will receive unsolicited offers from third parties to buy individual Company properties. Under these circumstances, the Company will classify the properties as held for sale when a sales contract is executed with no contingencies and the prospective buyer has funds at risk to ensure performance.

Involuntary Conversion of Asset

The Company experienced significant flooding resulting in extensive damage to one of its properties during September 2011. Costs related to the clean-up and redevelopment were insured for an amount sufficient that would allow for full restoration of the property. Loss of rents during the redevelopment were covered by business interruption insurance subject to a $0.1 million deductible.

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies, continued

Involuntary Conversion of Asset, continued

In accordance with ASC Topic 360 “Property, Plant and Equipment” and as a result of the above-described property damage, the Company had recorded a write-down of the asset's carrying value of approximately $1.4 million, as well as an insurance recovery in the same amount that is included in Prepaid Expenses and Other Assets in the accompanying consolidated balance sheets as of December 31, 2011. The Company also provided a $0.1 million provision in the 2011 consolidated statement of income for its exposure to the insurance deductible attributable to the loss of rents. During the years ended December 31, 2012 and 2011, the Company received insurance proceeds of approximately $3.7 million and $6.9 million, respectively. The Company recognized a gain on involuntary conversion of $2.4 million as these proceeds exceeded the asset's net basis.

Deferred Costs

Fees and costs paid in the successful negotiation of leases are deferred and amortized on a straight-line basis over the terms of the respective leases. Fees and costs incurred in connection with obtaining financing are deferred and amortized over the term of the related debt obligation. The Company capitalizes salaries, commissions and benefits related to time spent by leasing and legal department personnel involved in originating leases.

Management Contracts

Income from management contracts is recognized on an accrual basis as such fees are earned. The initial acquisition costs of any management contracts are amortized over the estimated lives of the contracts acquired.

Revenue Recognition and Accounts Receivable

Leases with tenants are accounted for as operating leases. Minimum rents are recognized, net of any rent concessions or tenant lease incentives, including free rent, on a straight-line basis over the term of the respective leases, beginning when the tenant is entitled to take possession of the space. As of December 31, 2012 and 2011, included in Rents Receivable, net on the accompanying consolidated balance sheets are unbilled rents receivable relating to the straight-lining of rents of $25.7 million and $22.8 million, respectively. Certain of these leases also provide for percentage rents based upon the level of sales achieved by the tenant. Percentage rent is recognized in the period when the tenants’ sales breakpoint is met. In addition, leases typically provide for the reimbursement to the Company of real estate taxes, insurance and other property operating expenses. These reimbursements are recognized as revenue in the period the related expenses are incurred.

The Company makes estimates of the uncollectability of its accounts receivable related to tenant revenues. An allowance for doubtful accounts has been provided against certain tenant accounts receivable that are estimated to be uncollectible. Once the amount is ultimately deemed to be uncollectible, it is written off. Rents receivable at December 31, 2012 and 2011 are shown net of an allowance for doubtful accounts of $6.1 million and $5.3 million, respectively.

Notes Receivable

Notes receivable are intended to be held to maturity and are carried at amortized cost. Interest income from notes receivable are recognized on the effective interest method over the expected life of the loan. Under the effective interest method, interest or fees collected at the origination of the loan or the payoff of the loan are recognized over the term of the loan as an adjustment to yield.

Allowances for real estate notes receivable are established based upon management’s quarterly review of the investments. In performing this review, management considers the estimated net recoverable value of the loan as well as other factors, including the fair value of any collateral, the amount and status of any senior debt, and the prospects for the borrower. Because this determination is based upon projections of future economic events, which are inherently subjective, the amounts ultimately realized from the loans may differ materially from their carrying values at the balance sheet date. Interest income recognition is generally suspended for loans when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the suspended loan becomes contractually current and performance is demonstrated to be resumed.

During 2012, the Company provided a $0.4 million net reserve on note receivables as a result of changes in the value of the underlying collateral properties.

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed the federally insured limit by the Federal Deposit Insurance Corporation. The Company has never experienced any losses related to these balances.

Restricted Cash and Cash in Escrow

Restricted cash and cash in escrow consist principally of cash held for real estate taxes, construction costs, property maintenance, insurance, minimum occupancy and property operating income requirements at specific properties as required by certain loan agreements.

Income Taxes

The Company has made an election to be taxed, and believes it qualifies, as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”). To maintain REIT status for Federal income tax purposes, the Company is generally required to distribute at least 90% of its REIT taxable income to its shareholders as well as comply with certain other income, asset and organizational requirements as defined in the Code. Accordingly, the Company is generally not subject to Federal corporate income tax to the extent that it distributes 100% of its REIT taxable income each year.

Although it may qualify for REIT status for Federal income tax purposes, the Company is subject to state income or franchise taxes in certain states in which some of its properties are located. In addition, taxable income from non-REIT activities managed through the Company’s taxable REIT subsidiaries (“TRS”) is fully subject to Federal, state and local income taxes.

The Company accounts for TRS income taxes under the liability method as required by ASC Topic 740, “Income Taxes.” Under the liability method, deferred income taxes are recognized for the temporary differences between the GAAP basis and tax basis of the TRS income, assets and liabilities.

In accordance with ASC Topic 740, the Company believes that it has appropriate support for the income tax positions taken and, as such, does not have any uncertain tax positions that, if successfully challenged, could result in a material impact on the Company's financial position or results of operation. The prior three years' income tax returns are subject to review by the Internal Revenue Service. The Company recognizes potential interest and penalties related to uncertain tax positions as a component of the provision for income taxes.

Stock-based Compensation

The Company accounts for stock-based compensation pursuant to ASC Topic 718, “Compensation – Stock Compensation.” As such, all equity based awards are reflected as compensation expense in the Company’s consolidated financial statements over their vesting period based on the fair value at the date of grant.

Recent Accounting Pronouncements

During February 2013, the FASB issued Accounting Standards Update (“ASU”) No. 2013-03, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." ASU 2013-03 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. ASU is effective prospectively for reporting periods beginning after December 15, 2012. The adoption of ASU 2013-03 is not expected to have a material impact on the Company's financial condition or results of operations.

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

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, continued

During May 2011, the FASB issued ASU No. 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” ASU No. 2011-04 amended ASC 820, Fair Value Measurements and Disclosures, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (“IFRS”). The amendments, which primarily require additional fair value disclosure, are to be applied prospectively. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU No. 2011-04 did not have a material impact on the Company's financial condition or results of operations.

During June 2011, the FASB issued ASU No. 2011-05, “Presentation of Comprehensive Income,” which revises the manner in which companies present comprehensive income. Under ASU No. 2011-05, companies may present comprehensive income, which is net income adjusted for the components of other comprehensive income, either in a single continuous statement of comprehensive income or by using two separate but consecutive statements. Regardless of the alternative chosen, companies must display adjustments for items reclassified from other comprehensive income into net income within the presentation of both net income and other comprehensive income. ASU 2011-05 is effective for interim and annual periods beginning after December 15, 2011, on a retrospective basis. The Company adopted ASU 2011-05 as of December 31, 2011 and the adoption did not have a material impact on the Company's financial condition or results of operations.

During December 2011, the FASB issued ASU No. 2011-10, “Property, Plant and Equipment (Topic 360): Derecognition of In substance Real Estate - a Scope Clarification" which clarifies current guidance found in ASC Topic 810 as to how to account when a reporting entity ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt. ASU No. 2011-10 is effective for fiscal years, and interim periods within those years, beginning on or after June 15, 2012. The adoption of ASU No. 2011-10 is not expected to have a material impact on the Company's financial condition or results of operations.

2. Acquisition and Disposition of Properties and Discontinued Operations

A. Acquisition and Disposition of Properties

Acquisitions

During 2012, the Company acquired the following properties through its Core Portfolio and Opportunity Funds as follows:

Core Portfolio

(dollars in thousands)

Property	GLA	Percent Owned	Type	Month of Acquisition	Purchase Price	Debt Assumption	Location
1520 N Milwaukee Ave	3,100	100%	Street Retail	January	$ 3,800	$ —	Chicago, IL
330-340 River St	53,300	100%	Shopping Center	February	18,900	7,022	Cambridge, MA
Chicago Street Retail	42,264	100%	Street Retail	March	18,800	16,029	Chicago, IL
930 N Rush St	2,900	100%	Street Retail	April	20,700	—	Chicago, IL
28 Jericho Turnpike	96,000	100%	Single Tenant	May	27,300	—	Westbury, NY
Rhode Island Shopping Center	57,000	100%	Shopping Center	June	21,700	16,510	Washington, D. C.
83 Spring St	4,800	100%	Street Retail	July	11,500	—	New York, NY
60 Orange Street	129,010	98%	Single Tenant	October	12,500	—	Bloomfield, NJ
Chicago Street Retail	42,524	100%	Street Retail	November	41,100	—	Chicago, IL
181 Main Street	14,850	100%	Street Retail	December	14,100	—	Westport, CT
Connecticut Ave	42,000	100%	Street Retail	December	23,200	—	Washington, D.C.
639 W Diversey	22,095	100%	Street Retail	December	10,700	4,431	Chicago, IL
Total	**509,843**				**$ 224,300**	**$ 43,992**	

The Company expensed $2.1 million of costs for the year ended December 31, 2012 related to these 2012 Core Portfolio acquisitions.

2. Acquisition and Disposition of Properties and Discontinued Operations, continued

Fund III

(dollars in thousands)

Property	GLA	Percent Owned	Type	Month of Acquisition	Purchase Price	Debt Assumption	Location
640 Broadway	45,700	50%	Street Retail	February	$ 32,500	$ —	New York, NY
Lincoln Park Centre	62,700	100%	Shopping Center	April	31,500	19,763	Chicago, IL
Broad Hollow Commons (1)(2)	Undeveloped Land	100%	Undeveloped Land	August	12,386	—	Farmingdale, NY
Arundel Plaza	265,000	90%	Shopping Center	August	17,600	9,256	Glen Burnie, MD
Cortlandt Crossing(1)	Undeveloped Land	100%	Undeveloped Land	August	11,000	—	Mohegan Lake, NY
3104 M St	4,900	100%	Street Retail	August	3,000	—	Washington, D.C.
Total	**378,300**				**$ 107,986**	**$ 29,019**	

Notes:
(1) Acquisition of land which is not treated as a business combination in accordance with ASC Topic 805.

(2) Fund III obtained a deed in lieu of foreclosure on an undeveloped property encumbered by the Fund's $10.0 million first mortgage loan which originated in September 2008. The $12,386 includes the first mortgage loan along with accrued interest.

The Company expensed $2.2 million of costs for the year ended December 31, 2012 related to these 2012 Fund III acquisitions.

Fund IV

(dollars in thousands)

Property	GLA	Percent Owned	Type	Month of Acquisition	Purchase Price	Debt Assumption	Location
1701 Belmont Avenue	58,000	90%	Single Tenant	December	$ 4,700	$ —	Catonsville, MD
210 Bowery	9,200	100%	Street Retail	December	7,500	—	Manhattan, NY
Lincoln Road	54,400	95%	Street Retail	December	139,000	—	Miami Beach, FL
Total	**121,600**				**$ 151,200**	**—**	

The Company expensed $0.5 million of costs for the year ended December 31, 2012 related to these 2012 Fund IV acquisitions.

The above Core Portfolio and Opportunity Fund acquisitions, excluding the acquisitions of undeveloped land, have been accounted for as business combinations. The purchase prices were allocated to the acquired assets and assumed liabilities based on the Company's current best estimate of fair value of these acquired assets and assumed liabilities at the dates of acquisition. The preliminary measurements of fair value reflected below are subject to change. The Company expects to finalize the valuations and complete the purchase price allocations within one year from the dates of acquisition.

The following table summarizes both the Company's preliminary and finalized allocations of the purchase prices of assets acquired and liabilities assumed during 2012:

2. Acquisition and Disposition of Properties and Discontinued Operations, continued

	Allocations Finalized			Allocations Not Finalized
(dollars in thousands)	Purchase Price Allocation as Originally Reported	Adjustments	Finalized Purchase Price Allocation	Preliminary Purchase Price Allocation
Land	$ 68,439	$ 446	$ 68,885	$ 86,826
Buildings and Improvements	120,010	(2,083)	117,927	226,650
Acquisition-related intangible assets (in Acquired lease intangibles, net)	2,482	8,830	11,312	—
Acquisition-related intangible liabilities (in Acquired lease and other intangibles, net)	(4,387)	(7,267)	(11,654)	—
Above-below market debt assumed (included in Mortgages payable)	935	74	1,009	—
Total Consideration	$ 187,479	$ —	$ 187,479	$ 313,476

During 2011, the Company acquired properties and recorded the preliminary allocation of the purchase price to the assets acquired based on provisional measurements of fair value. During 2012, the Company finalized the allocation of the purchase price and made certain measurement period adjustments. The following table summarizes the preliminary allocation of the purchase price of properties as recorded as of December 31, 2011, and the finalized allocation of the purchase price as adjusted as of December 31, 2012:

(dollars in thousands)	Preliminary Purchase Price Allocation	Finalized Purchase Price Allocation
Land	$ 5,438	$ 12,150
Buildings and Improvements	18,563	11,009
Acquisition-related intangible assets (in Acquired lease intangibles, net)	—	1,027
Acquisition-related intangible liabilities (in Acquired lease and other intangibles, net)	—	(185)
Total Consideration	$ 24,001	$ 24,001

Dispositions

During 2012, there were no Core Portfolio dispositions. The Opportunity Funds disposed of the following properties:

(dollars in thousands)

Property	Owner	Month Sold	Sales Price	Gain (Loss)	GLA
White Oak Shopping Center (1)	Fund III	June	$ 13,778	$ 3,402	64,600
Tarrytown Centre	Fund I	June	12,800	2,935	35,000
125 Main Street	Fund III	August	33,500	5,867	25,732
Canarsie Plaza	Fund II	December	124,000	(1,315)	273,542
Self Storage Portfolio	Fund II & Fund III	December	261,600	63,716	—
Total			$ 445,678	$ 74,605	398,874

Note:
(1) This property was accounted for as an unconsolidated investment.

2. Acquisition and Disposition of Properties and Discontinued Operations, continued

B. Discontinued Operations

The Company reports properties sold and held-for-sale during the periods as discontinued operations. The assets and liabilities and results of operations of discontinued operations are reflected as a separate component within the accompanying consolidated financial statements for all periods presented.

The combined assets and liabilities as of December 31, 2012 and 2011, and the results of operations of the properties classified as discontinued operations for the years ended December 31, 2012, 2011 and 2010, are summarized as follows:

BALANCE SHEET		
ASSETS	**December 31, 2012**	**December 31, 2011**
(dollars in thousands)		
Net real estate	$ 19,400	$ 352,729
Rents receivable, net	917	3,326
Deferred charges, net	612	6,246
Prepaid expenses and other assets	1,132	1,582
Total assets of discontinued operations	$ 22,061	$ 363,883
LIABILITIES		
Mortgages payable	$ 9,208	$ 140,171
Accounts payable and accrued expenses	3,125	3,078
Other liabilities	765	1,920
Total liabilities of discontinued operations	$ 13,098	$ 145,169

	Years ended December 31,		
STATEMENTS OF OPERATIONS	**2012**	**2011**	**2010**
(dollars in thousands)			
Total revenues	$ 37,464	$ 40,392	$ 36,568
Total expenses	26,744	31,640	33,048
Operating income	10,720	8,752	3,520
Impairment of asset	—	(6,925)	—
Loss on debt extinguishment	(2,541)	—	—
Gain on sale of property	71,203	46,830	—
Income from discontinued operations	79,382	48,657	3,520
Income from discontinued operations attributable to noncontrolling interests	(63,710)	(15,815)	(1,696)
Income from discontinued operations attributable to Common Shareholders	$ 15,672	$ 32,842	$ 1,824

3. Segment Reporting

The Company has four reportable segments: Core Portfolio, Opportunity Funds, Notes Receivable and Other. Notes Receivable consists of the Company's notes receivable and preferred equity investment and related interest income. Other consists primarily of management fees and interest income. As a result of the sale of the majority of the Company's Self-Storage Portfolio during 2012, the Company no longer reports these discontinued operations as a separate segment. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates property performance primarily based on net operating income before depreciation, amortization and certain nonrecurring items. Investments in the Core Portfolio are typically held long-term. Given the contemplated finite life of the Opportunity Funds, these investments are typically held for shorter terms. Fees earned by the Company as the general partner or managing member of the Opportunity Funds are eliminated in the Company's consolidated financial statements. The following table sets forth certain segment information for the Company, reclassified for discontinued operations, as of and for the years ended December 31, 2012, 2011, and 2010 (does not include unconsolidated affiliates or discontinued operations):

2012

(dollars in thousands)	Core Portfolio	Opportunity Funds	Notes Receivable	Other	Amounts Eliminated in Consolidation	Total
Revenues	$ 70,599	$ 54,286	$ 7,973	$ 22,947	$ (21,380)	$ 134,425
Property operating expenses, other operating and real estate taxes	21,699	26,001	—	—	(3,000)	44,700
General and administrative expenses	22,817	14,373	—	—	(15,658)	21,532
Income before depreciation and amortization	$ 26,083	$ 13,912	$ 7,973	$ 22,947	$ (2,722)	$ 68,193
Depreciation and amortization	$ 18,316	$ 15,594	$ —	$ —	$ (979)	$ 32,931
Interest and other finance expense	$ 15,229	$ 12,910	$ —	$ —	$ 629	$ 28,768
Real estate at cost	$ 744,880	$ 764,471	$ —	$ —	$ (13,609)	$ 1,495,742
Total assets	$ 877,926	$ 1,017,870	$ 129,278	$ —	$ (138,695)	$ 1,886,379
Acquisition of real estate	$ 175,556	$ 66,338	$ —	$ —	$ —	$ 241,894
Redevelopment and property improvement costs	$ 5,381	$ 78,265	$ —	$ —	$ (1,519)	$ 82,127
Reconciliation to net income and net income attributable to Common Shareholders						
Income before depreciation and amortization						$ 68,193
Other interest income						148
Depreciation and amortization						(32,931)
Equity in earnings of unconsolidated affiliates						1,579
Interest and other finance expense						(28,768)
Loss on debt extinguishment						(198)
Income tax benefit						568
Reserve for notes receivable						(405)
Gain on involuntary conversion of asset						2,368
Operating income from discontinued operations						10,720
Loss on debt extinguishment from discontinued operations						(2,541)
Gain on sale of property						71,203
Net income						89,936
Net income attributable to noncontrolling interests						(50,230)
Net income attributable to Common Shareholders						$ 39,706

3. Segment Reporting, continued

2011

(dollars in thousands)	Core Portfolio	Opportunity Funds	Notes Receivable	Other	Amounts Eliminated in Consolidation	Total
Revenues	$ 57,994	$ 43,994	$ 11,429	$ 25,782	$ (24,121)	$ 115,078
Property operating expenses, other operating and real estate taxes	17,087	19,618	—	—	(2,417)	34,288
General and administrative expenses	24,226	16,658	—	—	(17,818)	23,066
Income before depreciation and amortization	$ 16,681	$ 7,718	$ 11,429	$ 25,782	$ (3,886)	$ 57,724
Depreciation and amortization	$ 14,206	$ 12,361	$ —	$ —	$ (895)	$ 25,672
Interest and other finance expense	$ 15,967	$ 12,672	$ —	$ —	$ 993	$ 29,632
Real estate at cost	$ 499,872	$ 614,321	$ —	$ —	$ (15,432)	$ 1,098,761
Total assets	$ 633,345	$ 730,029	$ 59,989	$ —	$ (133,927)	$ 1,289,436
Acquisition of real estate	$ 60,305	$ 56,103	$ —	$ —	$ —	$ 116,408
Redevelopment and property improvement costs	$ 12,266	$ 51,128	$ —	$ —	$ (2,083)	$ 61,311
Reconciliation to net income and net income attributable to Common Shareholders						
Income before depreciation and amortization						$ 57,724
Other interest income						276
Depreciation and amortization						(25,672)
Equity in earnings of unconsolidated affiliates						1,555
Interest and other finance expense						(29,632)
Gain on debt extinguishment						1,268
Income tax provision						(461)
Operating income from discontinued operations						8,752
Impairment of asset						(6,925)
Gain on sale of property						46,830
Net income						53,715
Net income attributable to noncontrolling interests						(2,160)
Net income attributable to Common Shareholders						$ 51,555

3. Segment Reporting, continued

2010

(dollars in thousands)	Core Portfolio	Opportunity Funds	Notes Receivable	Other	Amounts Eliminated in Consolidation	Total
Revenues	$ 57,084	$ 38,721	$ 19,161	$ 22,479	$ (21,055)	$ 116,390
Property operating expenses, other operating and real estate taxes	17,236	17,814	—	—	(1,536)	33,514
General and administrative expenses	22,439	13,577	—	—	(15,807)	20,209
Income before depreciation and amortization	$ 17,409	$ 7,330	$ 19,161	$ 22,479	$ (3,712)	$ 62,667
Depreciation and amortization	$ 13,798	$ 10,061	$ —	$ —	$ (440)	$ 23,419
Interest and other finance expense	$ 18,036	$ 16,820	$ —	$ —	$ (442)	$ 34,414
Real estate at cost	$ 441,714	$ 522,345	$ —	$ —	$ (13,349)	$ 950,710
Total assets	$ 574,497	$ 629,292	$ 89,202	$ —	$ (105,611)	$ 1,187,380
Acquisition of real estate	$ —	$ 2,849	$ —	$ —	$ —	$ 2,849
Redevelopment and property improvement costs	$ 4,137	$ 74,460	$ —	$ —	$ (2,302)	$ 76,295
Reconciliation to net income and net income attributable to Common Shareholders						
Income before depreciation and amortization						$ 62,667
Other interest income						406
Depreciation and amortization						(23,419)
Equity in earnings of unconsolidated affiliates						10,971
Interest and other finance expense						(34,414)
Income tax provision						(2,869)
Gain from bargain purchase						33,805
Operating income from discontinued operations						3,520
Net income						50,667
Net income attributable to noncontrolling interests						(20,610)
Net income attributable to Common Shareholders						$ 30,057

4. Investments In and Advances to Unconsolidated Affiliates

Core Portfolio

The Company owns a 22.2% interest in an approximately one million square foot retail portfolio (the “Brandywine Portfolio”) located in Wilmington, Delaware, a 49% interest in a 311,000 square foot shopping center located in White Plains, New York (“Crossroads”) and a 50% interest in an approximately 28,000 square foot retail portfolio located in Georgetown, Washington D.C. (the "Georgetown Portfolio"). These investments are accounted for under the equity method.

Opportunity Funds

RCP Venture

The Opportunity Funds, along with Klaff Realty, LP (“Klaff”) and Lubert-Adler Management, Inc. ("Lubert-Adler"), formed an investment group, the RCP Venture, for the purpose of making investments in surplus or underutilized properties owned by retailers. The RCP Venture is neither a single entity nor a specific investment. Any member of this group has the option of participating, or not, in any individual investment and each individual investment has been made on a stand-alone basis through a separate limited liability company (“LLC”). These investments have been made through different investment vehicles with different affiliated and unaffiliated investors and different economics to the Company. Investments under the RCP Venture are structured as separate joint ventures as there may be other investors participating in certain investments in addition to Klaff, Lubert-Adler and Acadia. The Company has made these investments through its subsidiaries, Mervyns I, Mervyns II and Fund II, (together the “Acadia Investors”), all on a non-recourse basis. Through December 31, 2012, the Acadia Investors have made investments in Mervyns Department Stores (“Mervyns”) and Albertson’s, as well as additional investments in locations that are separate from these original investments (“Add-On Investments”). Additionally, they have invested in Shopko, Marsh and Rex Stores Corporation (collectively “Other RCP Investments”).

Mervyns Department Stores

Through Mervyns I and Mervyns II, the Company invested in a consortium to acquire Mervyns, consisting of 262 stores (“REALCO”) and its retail operations (“OPCO”), from Target Corporation. The Company’s share of this investment was $23.2 million. Subsequent to the initial acquisition, the Company, through Mervyns I and Mervyns II, made additional investments of $3.9 million. Through December 31, 2012, REALCO has disposed of a significant portion of the portfolio. In addition, in November 2007, the Company sold its interest in OPCO and, as a result, has no further investment in OPCO. Through December 31, 2012, the Company has received distributions from this investment totaling $46.0 million.

Through December 31, 2012, the Company, through Mervyns I and Mervyns II, made Add-On Investments in Mervyns totaling $6.5 million and have received distributions totaling $3.6 million.

During the year ended December 31, 2012, the Company recorded an impairment charge of $2.0 million on its investment in Mervyn's relating to a reduction in the fair value of the remaining assets of the portfolio. The Operating Partnership's share of this impairment, net of taxes, was $0.2 million.

Albertson’s

The RCP Venture made its second investment as part of an investment consortium, acquiring Albertson’s and Cub Foods, of which the Company’s share was $20.7 million. Through December 31, 2012, the Company has received distributions from this investment totaling $81.7 million, including $2.4 million and $4.5 million received in 2012 and 2011, respectively.

Through December 31, 2012, the Company, through Mervyns II, made Add-On Investments in Albertson’s totaling $2.4 million and received distributions totaling $4.8 million, including $3.1 million received in 2012.

Other RCP Investments

Through December 31, 2012, the Company, through Fund II, made investments of $1.1 million in Shopko, $0.7 million in Marsh, and $2.0 million in Marsh Add-On Investments. As of December 31, 2012, the Company has received distributions totaling $1.7 million from its Shopko investment and $2.6 million from its Marsh and Marsh Add-On Investments.

During July of 2007, the RCP Venture acquired a portfolio of 87 retail properties from Rex Stores Corporation, which the Company invested through Mervyns II. The Company’s share of this investment was $2.7 million. As of December 31, 2012, the Company has received distributions totaling $2.0 million, including $1.1 million received in 2012.

4. Investments In and Advances to Unconsolidated Affiliates, continued

The following table summarizes activity related to the RCP Venture investments from inception through December 31, 2012:

Investment	Year Acquired	Invested Capital and Advances	Distributions	Operating Partnership Share: Invested Capital and Advances	Operating Partnership Share: Distributions
Mervyns	2004	$ 27,088	$ 45,966	$ 4,901	$ 11,251
Mervyns Add-On investments	2005/2008	6,517	3,558	1,252	819
Albertsons	2006	20,717	81,680	4,239	16,318
Albertsons Add-On investments	2006/2007	2,416	4,778	388	972
Shopko	2006	1,108	1,659	222	332
Marsh and Add-On investments	2006/2008	2,667	2,639	533	528
Rex Stores	2007	2,701	1,956	535	392
Total		$ 63,214	$ 142,236	$ 12,070	$ 30,612

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

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

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

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

4. Investments In and Advances to Unconsolidated Affiliates, continued

Other Opportunity Fund Investments

Fund II Investments

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

Fund III Investments

The unaffiliated venture partners for the Lincoln Road, Arundel Plaza, Parkway Crossing and the White City Shopping Center investments maintain control over these entities and, as such, the Company accounts for these investments under the equity method.

During June 2010, Fund III, in a joint venture with an unaffiliated partner, invested in an entity for the purpose of providing management services to owners of self-storage properties. Fund III has a 50% interest in the entity. This entity was determined to be a variable interest entity but it was determined that the Company was not the primary beneficiary. As such, the Company accounts for this investment under the equity method.

Fund IV Investments

The unaffiliated venture partners for 1701 Belmont Avenue (Note 2) and Lincoln Road (Note 2) investment maintain control over the entity and, as such, the Company accounts for these investments under the equity method.

Summary of Investments in Unconsolidated Affiliates

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

Summary of Investments in Unconsolidated Affiliates, continued

(dollars in thousands)	December 31, 2012	December 31, 2011
Combined and Condensed Balance Sheets		
Assets:		
Rental property, net	$ 441,611	$ 280,470
Investment in unconsolidated affiliates	93,923	156,421
Other assets	39,035	29,587
Total assets	$ 574,569	$ 466,478
Liabilities and partners' equity:		
Mortgage notes payable	$ 326,296	$ 319,425
Other liabilities	24,267	16,902
Partners' equity	224,006	130,151
Total liabilities and partners' equity	$ 574,569	$ 466,478
Company's investment in and advances to unconsolidated affiliates	$ 221,694	$ 84,568
Company's share of distributions in excess of share of income and investments in unconsolidated affiliates	$ (22,707)	$ (21,710)

4. Investments In and Advances to Unconsolidated Affiliates, continued

(dollars in thousands)	Years Ended December 31, 2012	2011	2010
Combined and Condensed Statements of Operations			
Total revenues	$ 49,729	$ 42,185	$ 29,460
Operating and other expenses	18,919	15,924	10,617
Interest expense	18,547	17,099	13,525
Equity in earnings of unconsolidated affiliates	583	7,243	56,482
Depreciation and amortization	9,551	8,837	4,839
Loss on debt extinguishment	293	—	—
Gain (loss) on sale of property, net	3,402	—	(2,957)
Net income	$ 6,404	$ 7,568	$ 54,004
Company's share of net income	$ 1,971	$ 1,946	$ 11,363
Amortization of excess investment	(392)	(391)	(392)
Company's equity in earnings of unconsolidated affiliates	$ 1,579	$ 1,555	$ 10,971

5. Notes Receivable and Other Real Estate Related Investments

During 2012, the Company made total net investments in notes receivable aggregating $69.2 million.

The following table reconciles notes receivable investments from January 1, 2010 to December 31, 2012:

(dollars in thousands)	For the years ended December 31, 2012	2011	2010
Beginning Balance	$ 59,989	$ 89,202	$ 125,221
Additions during period:			
New mortgage loans	108,629	34,758	—
Deductions during period:			
Collections of principal	(25,388)	(56,517)	(42,010)
Conversion to real estate through receipt of deed or through foreclosure	(14,000)	—	—
Reclass to investments in unconsolidated affiliates	—	(8,000)	—
Non-cash accretion of notes receivable	453	786	6,164
Reserves	(405)	(240)	(93)
Other	—	—	(80)
Ending Balance	$ 129,278	$ 59,989	$ 89,202

As of December 31, 2012, the Company's notes receivable, net, approximated $129.3 million and were collateralized by the underlying properties, the borrower's ownership interest in the entities that own the properties and/or by the borrower's personal guarantee. Notes receivable were as follows at December 31, 2012:

5. Notes Receivable and Other Real Estate Related Investments, continued

Note Description	Effective interest rate (1)	Maturity date	Periodic payment terms	Prior liens	Face amount of notes	Carrying amount of notes	Accrued Interest
(dollars in thousands)							
First Mortgage	6.00%	12/31/2013	(2)	$ —	$ 10,250	$ 10,250	$ 54
First Mortgage	8.00%	12/31/2013	(2)	—	8,000	8,000	—
First Mortgage	5.25%	Demand	(2)	—	23,555	18,500	803
First Mortgage	6.00%	6/1/2013	(2)	—	12,609	12,333	319
First Mortgage	11.00%	1/1/2014	(2)	—	25,000	25,000	—
Construction	20.51%	12/31/2012	(2)	—	5,400	5,400	168
Individually less than 3%	10.00% to 11.60%	12/31/13 to Capital Event	(2)	—	2,198	269	90
Sub-total first mortgages	8.60%				87,012	79,752	1,434
Zero Coupon	24.00%	1/3/2016	(2)	166,200	5,644	3,961	—
Mezzanine	10.00%	12/31/2013	(2)	85,835	9,089	9,089	176
Mezzanine	15.00%	Capital Event	(2)	13,265	3,834	3,834	1,135
Mezzanine	15.00%	11/9/2020	(2)	—	30,879	30,879	—
Individually less than 3%	12.00% to 17.50%	1/1/17 to Capital Event	(2)	37,623	9,198	1,763	—
Sub-total other	14.78%				58,644	49,526	1,311
Total					$ 145,656	$ 129,278	$ 2,745

Notes:

(1) The effective interest rate includes points and exit fees.

(2) Interest only payable monthly, principal due on maturity.

The following table reconciles the allowance for notes receivable from December 31, 2010 to December 31, 2012:

(dollars in thousands)	Allowance for Notes Receivable
Balance at December 31, 2010	$ 3,036
Change in allowance, net	240
Balance at December 31, 2011	$ 3,276
Change in allowance, net	405
Balance at December 31, 2012	$ 3,681

6. Deferred Charges

Deferred charges consist of the following as of December 31, 2012 and 2011:

	December 31,	
(dollars in thousands)	2012	2011
Deferred financing costs	$ 31,835	$ 24,438
Deferred leasing and other costs	32,302	27,192
	64,137	51,630
Accumulated amortization	(37,360)	(32,022)
Total	$ 26,777	$ 19,608

7. Acquired Lease Intangibles

Upon acquisitions of real estate, the Company assesses the fair value of acquired assets (including land, buildings and improvements, and identified intangibles such as above and below market leases, acquired in-place leases and customer relationships) and acquired liabilities in accordance with ASC Topic 805. The intangibles are amortized over the remaining non-cancelable terms of the respective leases.

The scheduled amortization of acquired lease intangible assets and liabilities as of December 31, 2012 is as follows:

(dollars in thousands)	Acquired lease intangible	
	Assets	Liabilities
2013	$ 4,490	$ 2,196
2014	3,989	1,864
2015	3,787	1,692
2016	3,536	1,668
2017	2,798	1,506
Thereafter	13,375	5,189
Total	$ 31,975	$ 14,115

8. Mortgages Payable

At December 31, 2012 and 2011, mortgage notes payable, excluding the net valuation premium on the assumption of debt, aggregated $727.1 million and $647.7 million respectively, and were collateralized by 35 properties and related tenant leases. Interest rates on the Company's outstanding mortgage indebtedness ranged from 1.00% to 7.25% with maturities that ranged from April 2013 to September 2022. Certain loans are cross-collateralized and contain cross-default provisions. The loan agreements contain customary representations, covenants and events of default. Certain loan agreements require the Company to comply with affirmative and negative covenants, including the maintenance of debt service coverage and leverage ratios.

The following table reflects mortgage loan activity for the year ended December 31, 2012:

(dollars in thousands)

Property	Date	Amount Borrowed or Assumed	Interest Rate	Maturity Date	Amount Repaid
340 River Street	February	$ 7,022	6.26%	5/1/2016	$ —
Chicago Street Retail Portfolio	March	14,490	5.62%	2/1/2016	—
Chicago Street Retail Portfolio	March	1,538	5.55%	2/1/2016	—
Lincoln Park Centre	April	19,763	5.85%	12/31/2013	—
West Diversey	April	15,500	LIBOR + 1.90%	4/27/2019	—
Cortlandt Towne Center (1)	April	24,005	LIBOR + 1.90%	10/26/2015	—
Canarsie Plaza (2)	April	13,124	LIBOR + 2.25%	5/1/2015	68,644
330 River Street	May	4,250	3.68%	5/1/2016	—
Tarrytown Shopping Center	June	—			8,260
Rhode Island Place Shopping Center	June	16,510	6.35%	12/1/2016	—
640 Broadway	June	22,750	LIBOR + 2.95%	7/1/2015	—
Atlantic Avenue	July	10,600	LIBOR + 3.35%	7/1/2015	22,100
125 Main Street	August	—			12,500
CityPoint (3)	August	5,262	1.00%	8/23/2019	—
Heritage Shops	August	21,000	LIBOR + 2.25%	8/10/2015	—
CityPoint (4)	August	50,000	LIBOR + 3.30%	8/23/2015	—
Fordham Place	September	83,261	LIBOR + 3.00%	9/25/2015	83,261
4401 White Plains Rd	September	6,400	LIBOR + 1.90%	9/1/2022	—
A&P Shopping Plaza	September	8,000	4.20%	9/6/2022	7,763
New Hyde Park Shopping Center	October	6,500	LIBOR + 2.25%	11/10/2015	—
Six self-storage properties	October	120,000	LIBOR + 2.15%	10/24/2013	161,895
639 West Diversey	December	4,400	6.65%	3/1/2017	—
Total		$ 454,375			$ 364,423

Notes:
(1) - Loan was amended from $50.0 million to $74.0 million.
(2) - Loan was amended from $56.5 million to $69.6 million.
(3) - The Company entered into a $20.0 million loan under the New Markets Tax Credit program to finance the construction of this property. Of the total principal, $14.8 million is due to an affiliate included in the consolidated group which has been netted on the accompanying balance sheet and the resulting $5.2 million is included in Mortgages Payable in the accompanying consolidated balance sheet at December 31, 2012.
(4) - As of December 31, 2012 no funds have been drawn down on this construction loan.

8. Mortgages Payable, continued

The following table sets forth certain information pertaining to our secured credit facilities as of December 31, 2012:

(dollars in thousands) **Borrower**	**Total amount of credit facility**	**Amount borrowed as of December 31, 2011**	**Net borrowings (repayments) during the year ended December 31, 2012**	**Amount borrowed as of December 31, 2012**	**Letters of credit outstanding as of December 31, 2012**	**Amount available under credit facilities as of December 31, 2012**
Acadia Realty, LP (1)	$ 64,498	$ 1,000	$ (1,000)	$ —	$ —	$ 64,498
Fund II	—	40,000	(40,000)	—	—	—
Fund III	—	136,079	(136,079)	—	—	—
Fund IV	150,000	—	93,050	93,050	—	56,950
Total	$ 214,498	$ 177,079	$ (84,029)	$ 93,050	$ —	$ 121,448

Note:
(1) - Subsequent to December 31, 2012, the Company closed on a new $150.0 million unsecured credit facility, which replaced this maturing secured credit facility.

8. Mortgages Payable, continued

The following table summarizes the Company's mortgage and other secured indebtedness as of December 31, 2012 and December 31, 2011:

(dollars in thousands)

Description of Debt and Collateral	12/31/2012	12/31/2011	Interest Rate at December 31, 2012	Maturity	Payment Terms
Mortgage notes payable – variable-rate					
161st Street	$ 28,900	$ 28,900	5.71% (LIBOR+5.50%)	4/1/2013	Interest only monthly.
CityPoint	20,650	20,650	2.71% (LIBOR+2.50%)	8/12/2013	Interest only monthly.
Pelham Manor	33,833	34,000	2.96% (LIBOR+2.75%)	12/1/2013	Monthly principal and interest.
Branch Shopping Plaza	12,526	12,761	2.46% (LIBOR+2.25%)	9/30/2014	Monthly principal and interest.
640 Broadway	22,750	—	3.16% (LIBOR+2.95%)	7/1/2015	Interest only monthly.
Heritage Shops	21,000	—	2.46% (LIBOR+2.25%)	8/10/2015	Interest only monthly.
Fordham Place	82,205	84,277	3.21% (LIBOR+3.00%)	9/25/2015	Monthly principal and interest.
Cortlandt Towne Center	73,499	50,000	2.11% (LIBOR+1.90%)	10/26/2015	Monthly principal and interest.
New Hyde Park Shopping Center	6,484	—	2.46% (LIBOR+2.25%)	11/10/2015	Monthly principal and interest.
Village Commons Shopping Center	9,192	9,310	1.61% (LIBOR+1.40%)	6/30/2018	Monthly principal and interest.
West Diversey	15,273	—	2.11% (LIBOR+1.90%)	4/27/2019	Monthly principal and interest.
4401 N White Plains Rd	6,381	—	2.11% (LIBOR+1.90%)	9/1/2022	Monthly principal and interest.
Sub-total mortgage notes payable	332,693	239,898			
Secured credit facilities – variable-rate:					
Fund III revolving subscription line of credit	—	136,079	2.46% (LIBOR+2.25%)	10/10/2012	Interest only monthly.
Six Core Portfolio properties	—	1,000	1.46% (LIBOR+1.25%)	12/1/2012	Annual principal and monthly interest.
Fund II term loan	—	40,000	3.11% (LIBOR+2.90%)	12/22/2014	Interest only monthly.
Fund IV revolving subscription line of credit (2)	93,050	—	1.86% (LIBOR+1.65%)	11/20/2015	Interest only monthly.
Sub-total secured credit facilities	93,050	177,079			
Interest rate swaps (1)	(132,857)	(57,027)			
Total variable-rate debt	292,886	359,950			

8. Mortgages Payable, continued

(dollars in thousands)

Description of Debt and Collateral	12/31/2012	12/31/2011	Interest Rate at December 31, 2012	Maturity	Payment Terms
Mortgage notes payable – fixed-rate					
Lincoln Park Centre	$ 19,478	$ —	5.85%	12/1/2013	Monthly principal and interest.
Clark Diversey	4,345	4,491	6.35%	7/1/2014	Monthly principal and interest.
New Loudon Center	13,634	13,882	5.64%	9/6/2014	Monthly principal and interest.
CityPoint	20,000	20,000	7.25%	11/1/2014	Interest only quarterly.
Crescent Plaza	17,025	17,287	4.98%	9/6/2015	Monthly principal and interest.
Pacesetter Park Shopping Center	11,742	11,941	5.12%	11/6/2015	Monthly principal and interest.
Elmwood Park Shopping Center	33,258	33,738	5.53%	1/1/2016	Monthly principal and interest.
Chicago Street Retail Portfolio	15,835	—	5.55%	2/1/2016	Monthly principal and interest.
The Gateway Shopping Center	20,036	20,308	5.44%	3/1/2016	Monthly principal and interest.
Acadia Cambridge	6,931	—	6.26%	5/1/2016	Monthly principal and interest.
Acadia 330 River Street	4,197	—	3.68%	5/1/2016	Monthly principal and interest.
Walnut Hill Plaza	23,194	23,458	6.06%	10/1/2016	Monthly principal and interest.
Rhode Island Place Shopping Center	16,426	—	6.35%	12/1/2016	Monthly principal and interest.
239 Greenwich Avenue	26,000	26,000	5.42%	2/11/2017	Interest only monthly.
639 West Diversey	4,431	—	6.65%	3/1/2017	Monthly principal and interest.
Merrillville Plaza	26,151	26,250	5.88%	8/1/2017	Monthly principal and interest.
216th Street	25,500	25,500	5.80%	10/1/2017	Interest only monthly.
CityPoint	5,262	—	1.00%	8/23/2019	Interest only monthly.
A&P Shopping Plaza	7,967	7,874	4.20%	9/6/2022	Monthly principal and interest.
Interest rate swaps (1)	132,857	57,027	5.41%		
Total fixed-rate debt	434,269	287,756			
Unamortized (discount) premium	(107)	33			
Total	$ 727,048	$ 647,739			

Notes:
(1) Represents the amount of the Company's variable-rate debt that has been fixed through certain cash flow hedge transactions (Note 10).
(2) The Fund IV revolving subscription line of credit is secured by unfunded investor capital commitments.

The scheduled principal repayments of all indebtedness, including Convertible Notes (Note 9), as of December 31, 2012 are as follows (does not include $107,000 net valuation discount on assumption of debt):

(dollars in thousands)

2013	$ 108,974
2014	56,191
2015	325,388
2016	116,402
2017	81,192
Thereafter	39,938
	$ 728,085

9. Convertible Notes Payable

In December 2006 and January 2007, the Company issued a total of $115.0 million of convertible notes with a fixed interest rate of 3.75% due 2026 (the “Convertible Notes”). The Convertible Notes were issued at par and require interest payments semi-annually in arrears on June 15 and December 15 of each year. The Convertible Notes are unsecured, unsubordinated obligations and rank equally with all other unsecured and unsubordinated indebtedness. The Convertible Notes have an effective interest rate of 6.03% giving effect to the accounting treatment required by ASC Topic 470-20, “Debt with Conversion and Other Options.” The Convertible Notes had an initial conversion price of $30.86 per share. The conversion rate may be adjusted under certain circumstances, including the payment of cash dividends in excess of the regular quarterly cash dividend in place at the time the Convertible Notes were issued. As of December 31, 2012, the adjusted conversion price is $29.26. Upon conversion of the Convertible Notes, the Company will deliver cash and, in some circumstances, Common Shares, as specified in the indenture relating to the Convertible Notes. In general, the Convertible Notes may only be converted prior to maturity during any calendar quarter beginning after December 31, 2006 if the Company’s Common Shares trade at 130% of the conversion price for at least 20 days within a consecutive 30 day trading period. Prior to December 20, 2011, the Company did not have the right to redeem Convertible Notes, except to preserve its status as a REIT. After December 20, 2011, the Company has the right to redeem the notes, in whole or in part, at any time and from time to time, for cash equal to 100% of the principal amount of the notes plus any accrued and unpaid interest to, but not including, the redemption date. The Holders of notes may require the Company to repurchase their notes, in whole or in part, on December 20, 2011, December 15, 2016, and December 15, 2021 for cash equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest to, but not including, the repurchase date (the "Repurchase Option").

In general, upon a conversion of notes, the Company will deliver cash and, at the Company’s election, its Common Shares, with an aggregate value, which the Company refers to as the “conversion value”, equal to the conversion rate multiplied by the average price of the Company’s Common Shares. The net amount may be paid, at the Company’s option, in cash, its Common Shares or any combination of the two.

The Convertible Notes "if-converted" value does not exceed their principal amount as of December 31, 2012, and there are no derivative transactions that were entered into in connection with the issuance of the Convertible Notes.

Effective January 1, 2009, the Company adopted ASC Topic 470-20 which required it to retrospectively restate and reclassify previously disclosed consolidated financial statements to allocate the proceeds from the issuance of convertible debt between a debt component and an equity component. The resulting discount on the debt component was amortized over the period the convertible debt was expected to be outstanding, which was December 11, 2006 to December 20, 2011, as additional non-cash interest expense. The equity component recorded as additional paid-in capital was $11.3 million, which represented the difference between the proceeds from the issuance of the Convertible Notes and the fair value of the liability at the time of issuance. As the Company determined, in connection with the Repurchase Option, that the Convertible Notes matured on December 20, 2011, as of December 31, 2012, all loan costs associated with the issuance have been expensed and there is no remaining carrying amount of the equity component included in additional paid-in capital.

The carrying amount of the equity component included in additional paid-in capital totaled $1.1 million at December 31, 2010. Interest expense relating to the contractual interest coupon recognized in the Consolidated Statements of Income was $0.03 million, $1.5 million, and $1.9 million for the years ended December 31, 2012, 2011, and 2010, respectively, The additional non-cash interest expense recognized in the Consolidated Statements of Income was $0.8 million and $1.0 million for the years ended December 31, 2011 and 2010, respectively.

During 2011, the Company purchased $48.8 million of the Convertible Notes, including $24.0 million that was repurchased on December 20, 2011 pursuant to the Repurchase Option. As of December 31, 2012, the Company has purchased $114.1 million in principal amount of its convertible debt at an average discount of approximately 11%. The transactions resulted in a loss on debt extinguishment of ($0.4) million for the year ended December 31, 2011. The outstanding Convertible Notes principal amount and net carrying amount was $0.9 million as of December 31, 2012 and 2011.

10. Financial Instruments and Fair Value Measurements

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

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

(dollars in thousands)	Level 1	Level 2	Level 3
Liabilities			
Derivative financial instruments	$ —	$ 4,416	$ —

During the year ended December 31, 2011, the Company determined that the value of the Granville Centre owned by Fund I was impaired and recorded an impairment loss of $6.9 million (Note 1). The Company estimated the Granville Centre's fair value by using projected future cash flows, which it determined were not sufficient to recover the property's net book value. The inputs used to determine the fair value of the Granville Centre were classified as Level 3 under authoritative guidance for fair value measurements.

During the year ended December 31, 2012, the Company determined that carrying value in its investment in Mervyns was overstated and recorded an impairment of $2.0 million (Note 1). The analysis performed consisted of discounted cash flows which were used to determine the fair value of the Mervyns investment and were classified as Level 3 under authoritative guidance for fair value measurements.

Derivative Financial Instruments

The FASB's derivative and hedging guidance establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. As required by the FASB guidance, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecast transactions, are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in earnings. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive (loss) income (outside of earnings) and subsequently reclassified to earnings when the hedged transaction affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. The Company assesses the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction. For derivatives not designated as hedges, changes in fair value would be recognized in earnings.

As of December 31, 2012, the Company's derivative financial instruments consisted of seven interest rate LIBOR swaps with an aggregate notional value of $132.9 million, which fix interest at rates from 1.57% to 3.77%, and mature between May 2015 and December 2022. The Company also has four derivative financial instruments with a notional value of $141.4 million which cap interest rates ranging from 3.0% to 6.0% and mature between April 2013 and November 2015. The fair value of the derivative liability of these instruments, which is included in other liabilities in the consolidated balance sheets, totaled $4.4 million and $3.5 million at December 31, 2012 and 2011, respectively. The notional value does not represent exposure to credit, interest rate or market risks.

These derivative instruments have been designated as cash flow hedges and hedge the future cash outflows on variable rate mortgage debt. Such instruments are reported at the fair value reflected above. As of December 31, 2012 and 2011, unrealized losses totaling $4.3 million and $3.9 million, respectively, were reflected in accumulated other comprehensive loss. It is estimated that approximately $1.5 million included in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense in the 2013 results of operations.

10. Financial Instruments and Fair Value Measurements, continued

Derivative Financial Instruments, continued

As of December 31, 2012 and 2011, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Company does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges. As of December 31, 2012, none of the Company's hedges were ineffective.

Financial Instruments

Certain of the Company's assets and liabilities meet the definition of financial instruments. Except as disclosed below, the carrying amounts of these financial instruments approximates their fair value due to the short-term nature of such accounts.

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

	December 31, 2012		December 31, 2011	
(dollars in thousands)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Notes Receivable	$ 129,278	$ 129,278	$ 59,989	$ 59,989
Mortgage Notes Payable and Convertible Notes Payable	$ 727,978	$ 734,807	$ 648,669	$ 652,269

11. Shareholders' Equity and Noncontrolling Interests

Common Shares

During the year ended December 31, 2012, 8,595 employee Restricted Shares were canceled to pay the employees' income taxes due on the value of the portion of their Restricted Shares that vested. During the year ended December 31, 2012, the Company recognized accrued Common Share and Common OP Unit-based compensation totaling $3.6 million in connection with the vesting of Restricted Shares and Units (Note 15).

During 2012, the Company issued approximately 6.1 million Common Shares from the ATM program generating net proceeds of approximately $140.8 million and completed a public share offering of approximately 3.5 million Common Shares generating net proceeds of approximately $85.9 million.

During 2012, Kenneth Bernstein, President and CEO, converted 250,000 Common OP Units into Common Shares.

During November 2011, the Company issued 2.3 million Common Shares generating net proceeds of approximately $45.0 million.

Noncontrolling Interests

The following table summarizes the change in the noncontrolling interests since December 31, 2011:

11. Shareholders' Equity and Noncontrolling Interests, continued

Noncontrolling Interests, continued

(dollars in thousands)	Noncontrolling Interests in Operating Partnership	Noncontrolling Interests in Partially-Owned Affiliates
Balance at December 31, 2011	$ 9,992	$ 375,203
Distributions declared of $0.72 per Common OP Unit	(1,098)	—
Net income for the period January 1 through December 31, 2012	528	49,702
Conversion of 334,445 OP Units to Common Shares by limited partners of the Operating Partnership	(5,880)	—
Issuance of LTIP Unit Awards to employees	2,577	—
Issuance of OP Units to acquire real estate	2,279	—
Other comprehensive income - unrealized loss on valuation of swap agreements	(72)	(1,632)
Reclassification of realized interest expense on swap agreements	20	827
Noncontrolling interest contributions	—	172,228
Noncontrolling interest distributions and other reductions	—	(160,663)
Employee Long-term Incentive Plan Unit Awards	3,448	—
Balance at December 31, 2012	$ 11,794	$ 435,665

Noncontrolling interests in the Operating Partnership represents (i) the limited partners' 284,097 and 279,748 Common OP Units at December 31, 2012 and 2011, respectively, (ii) 188 Series A Preferred OP Units at both December 31, 2012 and 2011, with a stated value of $1,000 per unit, which are entitled to a preferred quarterly distribution of the greater of (a) $22.50 (9% annually) per Series A Preferred OP Unit or (b) the quarterly distribution attributable to a Series A Preferred OP Unit if such unit was converted into a Common OP Unit, and (iii) 1,109,727 and 1,061,564 LTIP units as of December 31, 2012 and December 31, 2011, respectively, as discussed in Share Incentive Plan (Note 15).

Noncontrolling interests in partially-owned affiliates include third-party interests in Fund I, II, III and IV, and Mervyns I and II, and twelve other entities.

In 2005, the Company issued 250,000 Restricted Common OP Units to Klaff in consideration for an interest in certain management contract rights. During 2010, Klaff converted the 250,000 Restricted Common OP Units into Common Shares.

The Series A Preferred OP Units were issued in 1999 in connection with the acquisition of a property. Through December 31, 2012, 1,392 Series A Preferred OP Units were converted into 185,600 Common OP Units and then into Common Shares. The 188 remaining Series A Preferred OP Units are currently convertible into Common OP Units based on the stated value divided by $7.50. Either the Company or the holders can currently call for the conversion of the Series A Preferred OP Units at the lesser of $7.50 or the market price of the Common Shares as of the conversion date.

12. Related Party Transactions

During February 2010, Klaff converted all 250,000 of its Restricted Common OP Units into 250,000 Common Shares.

The Company earned property management, construction development, legal and leasing fees from three of its investments in unconsolidated partnerships totaling $0.8 million, $1.3 million and $0.8 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Related party receivables due from unconsolidated affiliates totaled $0.2 million and $1.4 million at December 31, 2012 and 2011, respectively.

Lee Wielansky, the Lead Trustee of the Company, was paid a consulting fee of $0.1 million for each of the years ended December 31, 2012, 2011, and 2010.

13. Tenant Leases

Space in the shopping centers and other retail properties is leased to various tenants under operating leases that usually grant tenants renewal options and generally provide for additional rents based on certain operating expenses as well as tenants' sales volume.

Minimum future rentals to be received under non-cancelable leases for shopping centers and other retail properties as of December 31, 2012 are summarized as follows:

(dollars in thousands)		
2013	$	102,003
2014		93,026
2015		86,460
2016		81,154
2017		73,551
Thereafter		533,293
Total	$	969,487

During the years ended December 31, 2012, 2011 and 2010, no single tenant collectively accounted for more than 10% of the Company's total revenues.

14. Lease Obligations

The Company leases land at eight of its shopping centers, which are accounted for as operating leases and generally provide the Company with renewal options. Ground rent expense was $3.2 million, $2.2 million, and $3.2 million (including capitalized ground rent at properties under redevelopment of $0.8 million, ($0.2 million) and $0.5 million) for the years ended December 31, 2012, 2011 and 2010, respectively. The leases terminate at various dates between 2020 and 2078. These leases provide the Company with options to renew for additional terms aggregating from 20 to 71 years. The Company leases space for its White Plains corporate office for a term expiring in 2015. Office rent expense under this lease was $1.4 million, $1.4 million and $1.5 million for the years ended December 31, 2012, 2011 and 2010, respectively. Future minimum rental payments required for leases having remaining non-cancelable lease terms are as follows:

(dollars in thousands)		
2013	$	4,248
2014		4,174
2015		4,362
2016		3,256
2017		3,256
Thereafter		126,425
Total	$	145,721

15. Share Incentive Plan

During 2012, the Company terminated the 1999 and 2003 Plans and adopted the Amended 2006 Plan. The Amended 2006 Plan increased the authorization to issue options, Restricted Shares and LTIP Units (collectively "Awards") available to officers and employees by 1.9 million shares to 2.1 million shares. Options are granted by the Compensation Committee (the "Committee"), which currently consists of three non-employee Trustees, and will not have an exercise price less than 100% of the fair market value of the Common Shares and a term of greater than ten years at the grant date. Vesting of options is at the discretion of the Committee. The Committee determines the restrictions placed on Awards, including the dividends or distributions thereon and the term of such restrictions. The Committee also determines the award and vesting of the awards based on the attainment of specified performance objectives of the Company within a specified performance period.

15. Share Incentive Plan, continued

On March 15, 2012, the Company issued a total of 279,611 LTIP Units and 1,358 Restricted Share Units to officers of the Company and 9,435 Restricted Share Units to other employees of the Company. Vesting with respect to these awards is generally recognized ratably over the five annual anniversaries following the issuance date. Vesting with respect to 17% of the awards issued to officers is also generally subject to achieving certain Company performance measures. LTIP Units are similar to Restricted Shares but provide for a quarterly partnership distribution in a like amount as paid to Common OP Units. This distribution is paid on both unvested and vested LTIP Units. The LTIP Units are convertible into Common OP Units and Common Shares upon vesting and a revaluation of the book capital accounts.

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

The total value of the above Restricted Share Units and LTIP Units as of the grant date was $6.4 million, of which $2.6 million was recognized in compensation expense during 2011 and $3.8 million will be recognized in compensation expense over the vesting period. The weighted average fair value for Restricted Shares and LTIP Units granted for the years ended December 31, 2012, 2011 and 2010 were $21.98, $19.08 and $16.73, respectively.

Total long-term incentive compensation expense, including the expense related to the above mentioned plans, was $3.6 million, $4.0 million and $3.8 million for the years ended December 31, 2012, 2011 and 2010, respectively.

On May 10, 2012, the Company issued 19,360 Restricted Shares to Trustees of the Company in connection with Trustee fees. Vesting with respect to 8,983 of the Restricted Shares will be on the first anniversary of the date of issuance and 10,377 of the Restricted Shares vest over three years with 33% vesting on each of the next three anniversaries of the issuance date. The Restricted Shares do not carry voting rights or other rights of Common Shares until vesting and may not be transferred, assigned or pledged until the recipients have a vested non-forfeitable right to such shares. Dividends are not paid currently on unvested Restricted Shares, but are paid cumulatively from the issuance date through the applicable vesting date of such Restricted Shares. Trustee fee expense of $0.2 million for the year ended December 31, 2012 has been recognized in the accompanying consolidated statement of income related to this issuance.

In 2009, the Company adopted the Long Term Investment Alignment Program (the “Program”) pursuant to which the Company may award units primarily to senior executives which would entitle them to receive up to 25% of any future Fund III Promote when and if such Promote is ultimately realized. The Company has awarded units representing 81% of the Program, which were determined to have no value at issuance or as of December 31, 2012. In accordance with ASC Topic 718, “Compensation - Stock Compensation,” compensation relating to these awards will be recorded based on the change in the estimated fair value at each reporting period.

As of December 31, 2012, the Company had 100,647 options outstanding to officers and employees and 37,000 options outstanding to non-employee Trustees of the Company all of which have vested. These options are for ten-year terms from the grant date and vested in three equal annual installments, which began on their respective grant dates.

A summary of option activity under all option arrangements as of December 31, 2012 and 2011, and changes during the years then ended, is presented below:

15. Share Incentive Plan, continued

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (dollars in thousands)
Outstanding and exercisable at December 31, 2010	152,283	$ 18.20	4.5	$ 6
Granted	—	—	—	—
Exercised	(2,000)	8.21	—	24
Forfeited or Expired	—	—	—	—
Outstanding and exercisable at December 31, 2011	150,283	18.33	3.5	272
Granted	—	—	—	—
Exercised	(12,636)	14.23	—	137
Forfeited or Expired	—	—	—	—
Outstanding and exercisable at December 31, 2012	137,647	$ 18.71	2.6	$ 877

The total intrinsic value of options exercised during the years ended December 31, 2012, 2011 and 2010 was $0.1 million, $0.02 million and $0.03 million, respectively.

A summary of the status of the Company’s unvested Restricted Shares and LTIP Units as of December 31, 2012 and 2011 and changes during the years then ended is presented below:

15. Share Incentive Plan, continued

Unvested Restricted Shares and LTIP Units	Restricted Shares	Weighted Grant-Date Fair Value	LTIP Units	Weighted Grant-Date Fair Value
Unvested at December 31, 2010	153,430	$ 19.75	562,739	$ 16.61
Granted	32,970	19.13	431,412	19.08
Vested	(104,196)	20.95	(153,895)	16.78
Forfeited	(6,465)	14.73	(1,358)	16.86
Unvested at December 31, 2011	75,739	18.25	838,898	17.85
Granted	30,153	21.88	281,714	21.99
Vested	(43,819)	19.29	(176,926)	16.92
Forfeited	(1,157)	16.02	—	—
Unvested at December 31, 2012	60,916	$ 19.36	943,686	$ 19.27

As of December 31, 2012, there was $9.6 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under share incentive plans. That cost is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Restricted Shares that vested during the years ended December 31, 2012, 2011 and 2010 was $0.8 million, $2.2 million and $3.0 million, respectively.

16. Employee Share Purchase and Deferred Share Plan

The Acadia Realty Trust Employee Share Purchase Plan (the “Purchase Plan”), allows eligible employees of the Company to purchase Common Shares through payroll deductions. The Purchase Plan provides for employees to purchase Common Shares on a quarterly basis at a 15% discount to the closing price of the Company’s Common Shares on either the first day or the last day of the quarter, whichever is lower. A participant may not purchase more the $25,000 in Common Shares per year. Compensation expense will be recognized by the Company to the extent of the above discount to the closing price of the Common Shares with respect to the applicable quarter. During 2012, 2011 and 2010, a total of 3,829, 4,886 and 6,184 Common Shares, respectively, were purchased by employees under the Purchase Plan. Associated compensation expense of $0.01 million was recorded in both 2012 and 2011 and $0.02 million was recorded in 2010.

During May of 2006, the Company adopted a Trustee Deferral and Distribution Election (“Trustee Deferral Plan”), whereby the participating Trustees have deferred compensation of $0.06 million for 2012, 2011 and 2010.

17. Employee 401(k) Plan

The Company maintains a 401(k) plan for employees under which the Company currently matches 50% of a plan participant’s contribution up to 6% of the employee’s annual salary. A plan participant may contribute up to a maximum of 15% of their compensation, up to $17,000, for the year ended December 31, 2012. The Company contributed $0.3 million for the year ended December 31, 2012 and $0.2 million for each of the years ended December 31, 2011 and 2010.

18. Dividends and Distributions Payable

On November 5, 2012, the Board of Trustees declared a cash dividend for the quarter ended December 31, 2012 of $0.18 per Common Share, which was paid on January 15, 2013 to holders of record as of December 31, 2012.

19. Federal Income Taxes

The Company has elected to qualify as a REIT in accordance with Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), and intends at all times to qualify as a REIT under the Code. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its annual REIT taxable income to its shareholders. As a REIT, the Company generally will not be subject to corporate Federal income tax, provided that distributions to its shareholders equal at least the amount of its REIT taxable income as defined under the Code. As the Company distributed sufficient taxable income for the years ended December 31, 2012, 2011 and 2010, no U.S. Federal income or excise taxes were incurred. If the Company fails to qualify as a REIT in any taxable year, it will be subject to Federal income taxes at the regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for the four subsequent taxable years. Even though the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property and Federal income and excise taxes on any undistributed taxable income. In addition, taxable income from non-REIT activities managed through the Company's Taxable REIT Subsidiaries ("TRS") is subject to Federal, state and local income taxes.

Characterization of Distributions:

The Company has determined that the cash distributed to the shareholders is characterized as follows for Federal income tax purposes:

	For the years ended December 31,		
	2012	**2011**	**2010**
Ordinary income	63%	75%	100%
Qualified dividend	—%	22%	—%
Capital gain	37%	3%	—%
	100%	100%	100%

Taxable REIT Subsidiaries

Income taxes have been provided for using the liability method as required by ASC Topic 740, "Income Taxes." The Company's TRS income and provision for income taxes for the years ended December 31, 2012, 2011 and 2010 are summarized as follows:

(dollars in thousands)	**2012**	**2011**	**2010**
TRS (loss) income before income taxes	$ (2,056)	$ 376	$ 5,716
(Benefit) provision for income taxes:			
Federal	(592)	222	2,164
State and local	(147)	59	543
TRS net (loss) income before noncontrolling interests	(1,317)	95	3,009
Noncontrolling interests	702	1,245	(545)
TRS net (loss) income	$ (615)	$ 1,340	$ 2,464

19. Federal Income Taxes, continued

The income tax provision differs from the amount computed by applying the statutory federal income tax rate to income before income taxes as follows (not adjusted for temporary book/tax differences):

(dollars in thousands)	2012	2011	2010
Federal (benefit) provision at statutory tax rate	$ (699)	$ 128	$ 1,943
TRS state and local taxes, net of federal benefit	(109)	20	358
Tax effect of:			
Permanent differences, net	809	(279)	406
Prior year overaccrual, net	(553)	—	—
Restricted stock vesting	(159)	266	—
Other	(35)	133	(21)
REIT state and local income and franchise taxes	178	193	183
Total (benefit) provision for income taxes	$ (568)	$ 461	$ 2,869

20. Earnings Per Common Share

Basic earnings per Common Share is computed by dividing net income attributable to Common Shareholders by the weighted average Common Shares outstanding. At December 31, 2012, the Company has unvested LTIP Units (Note 15) which provide for non-forfeitable rights to dividend equivalent payments. Accordingly, these unvested LTIP Units are considered participating securities and are included in the computation of basic earnings per Common Share pursuant to the two-class method.

Diluted earnings per Common Share reflects the potential dilution of the conversion of obligations and the assumed exercises of securities including the effects of restricted share unit ("Restricted Share Units") and share option awards issued under the Company’s Share Incentive Plans (Note 15). The effect of the assumed conversion of 188 Series A Preferred OP Units into 25,067 Common Shares would be dilutive and therefore are included in the computation of diluted earnings per share for the years ended December 2012, 2011 and 2010.

The effect of the conversion of Common OP Units is not reflected in the computation of basic and diluted earnings per share, as they are exchangeable for Common Shares on a one-for-one basis. The income allocable to such units is allocated on this same basis and reflected as noncontrolling interests in the accompanying consolidated financial statements. As such, the assumed conversion of these units would have no net impact on the determination of diluted earnings per share. The conversion of the convertible notes payable (Note 9) is not included in the computation of basic and diluted earnings per share as such conversion, based on the current market price of the Common Shares, would be settled with cash.

20. Earnings Per Common Share, continued

	Years ended December 31,		
(dollars in thousands, except per share amounts)	**2012**	**2011**	**2010**
Numerator:			
Income from continuing operations	$ 24,034	$ 18,713	$ 28,233
Less: net income attributable to participating securities	466	384	389
Income from continuing operations net of income attributable to participating securities	23,568	18,329	27,844
Effect of dilutive securities:			
Preferred OP Unit distributions	18	18	18
Numerator for diluted earnings per Common Share	23,586	18,347	27,862
Denominator:			
Weighted average shares for basic earnings per share	45,854	40,697	40,136
Effect of dilutive securities:			
Employee share options	456	264	245
Convertible Preferred OP Units	25	25	25
Dilutive potential Common Shares	481	289	270
Denominator for diluted earnings per share	46,335	40,986	40,406
Basic earnings per Common Share from continuing operations attributable to Common Shareholders	$ 0.51	$ 0.45	$ 0.69
Diluted earnings per Common Share from continuing operations attributable to Common Shareholders	$ 0.51	$ 0.45	$ 0.69

21. Summary of Quarterly Financial Information (unaudited)

The quarterly results of operations of the Company for the years ended December 31, 2012 and 2011 are as follows:

(dollars in thousands, except per share amounts)	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
Revenue	$ 29,913	$ 32,723	$ 34,648	$ 37,141
Income from continuing operations attributable to Common Shareholders	$ 3,437	$ 5,677	$ 6,238	$ 8,682
Income from discontinued operations attributable to Common Shareholders	573	1,162	1,343	12,594
Net income attributable to Common Shareholders	$ 4,010	$ 6,839	$ 7,581	$ 21,276
Net income attributable to Common Shareholders per Common Share - basic:				
Income from continuing operations	$ 0.08	$ 0.13	$ 0.13	$ 0.17
Income from discontinued operations	0.01	0.02	0.03	0.25
Net income per share	$ 0.09	$ 0.15	$ 0.16	$ 0.42
Net income attributable to Common Shareholders per Common Share - diluted:				
Income from continuing operations	$ 0.08	$ 0.13	$ 0.13	$ 0.17
Income from discontinued operations	0.01	0.02	0.03	0.25
Net income per share	$ 0.09	$ 0.15	$ 0.16	$ 0.42
Cash dividends declared per Common Share	$ 0.18	$ 0.18	$ 0.18	$ 0.18
Weighted average Common Shares outstanding:				
Basic	42,735,731	44,245,401	46,338,218	50,046,774
Diluted	43,146,093	44,673,565	46,812,349	50,582,584

21. Summary of Quarterly Financial Information (unaudited) (continued)

(dollars in thousands, except per share amounts)	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011
Revenue	$ 29,733	$ 29,206	$ 27,356	$ 28,783
Income from continuing operations attributable to Common Shareholders	$ 7,897	$ 3,841	$ 3,514	$ 3,462
Income from discontinued operations attributable to Common Shareholders	1,526	26,393	497	4,425
Net income attributable to Common Shareholders	$ 9,423	$ 30,234	$ 4,011	$ 7,887
Net income attributable to Common Shareholders per Common Share - basic:				
Income from continuing operations	$ 0.19	$ 0.09	$ 0.09	$ 0.08
Income from discontinued operations	0.04	0.64	0.01	0.10
Net income per share	$ 0.23	$ 0.73	$ 0.10	$ 0.18
Net income attributable to Common Shareholders per Common Share - diluted:				
Income from continuing operations	$ 0.19	$ 0.09	$ 0.09	$ 0.08
Income from discontinued operations	0.04	0.64	0.01	0.11
Net income per share	$ 0.23	$ 0.73	$ 0.10	$ 0.19
Cash dividends declared per Common Share	$ 0.18	$ 0.18	$ 0.18	$ 0.18
Weighted average Common Shares outstanding:				
Basic	40,317,603	40,333,575	40,339,958	41,785,261
Diluted	40,580,173	40,633,317	40,628,781	42,066,390

22. Commitments and Contingencies

Under various Federal, state and local laws, ordinances and regulations relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for the cost of removal or remediation of certain hazardous or toxic substances disposed, stored, generated, released, manufactured or discharged from, on, at, under, or in a property. As such, the Company may be potentially liable for costs associated with any potential environmental remediation at any of its formerly or currently owned properties.

The Company conducts Phase I environmental reviews with respect to properties it acquires. These reviews include an investigation for the presence of asbestos, underground storage tanks and polychlorinated biphenyls (PCBs). Although such reviews are intended to evaluate the environmental condition of the subject property as well as surrounding properties, there can be no assurance that the review conducted by the Company will be adequate to identify environmental or other problems that may exist. Where a Phase II assessment is so recommended, a Phase II assessment is conducted to further determine the extent of possible environmental contamination. In all instances where a Phase I or II assessment has resulted in specific recommendations for remedial actions, the Company has either taken or scheduled the recommended remedial action. To mitigate unknown risks, the Company has obtained environmental insurance for most of its properties, which covers only unknown environmental risks.

The Company believes that it is in compliance in all material respects with all Federal, state and local ordinances and regulations regarding hazardous or toxic substances. Management is not aware of any environmental liability that it believes would have a material adverse impact on the Company’s financial position or results of operations. Management is unaware of any instances in which the Company would incur significant environmental costs if any or all properties were sold, disposed of or abandoned. However, there can be no assurance that any such non-compliance, liability, claim or expenditure will not arise in the future.

The Company is involved in various matters of litigation arising in the normal course of business. While the Company is unable to predict with certainty the amounts involved, the Company’s management and counsel are of the opinion that, when such litigation is resolved, the Company’s resulting liability, if any, will not have a significant effect on the Company’s consolidated financial position, results of operations, or liquidity. The Company's policy is to accrue legal expenses as they are incurred.

22. Commitments and Contingencies (continued)

In September 2008, the Company, certain of its subsidiaries, and other unrelated entities (the “Investor Consortium”) were named as defendants in an adversary proceeding brought by Mervyns LLC (“Mervyns”) in the United States Bankruptcy Court for the District of Delaware. The action involved five claims alleging fraudulent transfers in which Mervyns was nominally seeking approximately $1.175 billion in damages from the Investor Consortium, although the actual claims made by the administrator and the unsecured creditors were substantially less. The first claim contended that, at the time of the sale of Mervyns by Target Corporation ("Target") to the Investor Consortium, a transfer of assets was made in an effort to defraud creditors. The Company believed that this aspect of the case is without merit. The remaining four claims related to transfers of assets of Mervyns at various times after the sale by Target. The Company believed that there were substantial defenses to these claims.

During the third quarter of 2012, the parties to this litigation arrived at an agreement to settle the claim. The settlement was approved by the bankruptcy court and provided for a payment of $166.0 million. Based on the defendants' agreement, the net cost of the settlement to the Investor Consortium amounted to approximately $149.0 million. After applying cash on hand at the investee level, Mervyns I and Mervyns II's combined contribution to this settlement was approximately $1.0 million. In addition, the Company reduced its carrying value of these investments from $6.3 million to its fair value of $5.3 million. In total, this resulted in a charge of $2.0 million during the year ended December 31, 2012, of which the Operating Partnership's share, net of income taxes, was $0.2 million.

During August 2009, the Company terminated the employment of a former Senior Vice President (the “Former Employee”) for engaging in conduct that fell within the definition of “cause” in his severance agreement with the Company. Had the Former Employee not been terminated for “cause,” he would have been eligible to receive approximately $0.9 million under the severance agreement. Because the Company terminated him for “cause,” it did not pay the Former Employee any severance benefits under the agreement. The Former Employee has brought a lawsuit against the Company in New York State Supreme Court, alleging breach of the severance agreement. The suit is in the pre-trial discovery stage. The Company believes it has meritorious defenses to the suit.

23. Subsequent Events

During January 2013, the Company closed on a new $150 million unsecured credit facility. This revolving facility replaced the $64.5 million secured credit facility that has matured. The new credit facility matures on January 31, 2016 with an additional one-year extension option.

During January 2013, Fund III received $2.5 million, representing the reimbursement of costs and accrued interest, relating to a project that was previously fully impaired for financial reporting purposes. This will be recognized as income during 2013.

During February 2013, Fund III acquired a property on Nostrand Avenue located in Brooklyn, New York for $19.0 million. In connection with this acquisition, we received repayment of an $18.5 million note receivable. In addition, as part of this transaction, Fund III closed on a new mortgage loan for $16.0 million. The new loan bears interest at LIBOR plus 265 basis points and matures on February 1, 2016 with two one-year extension options.

During February 2013, the Board of Trustees declared a cash dividend for the quarter ended March 31, 2013 of $0.21 per Common Share, which is payable on April 15, 2013 to holders of record as of March 29, 2013. The effective date for record holders is March 28, 2013.

ACADIA REALTY TRUST

SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION

December 31, 2012

Description	Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition	Amount at which Carried at December 31, 2012			Accumulated Depreciation	Date of Acquisition (a) Construction (c)	
		Land	Buildings & Improvements		Land	Buildings & Improvements	Total			
Shopping Centers										
Core Portfolio:										
Crescent Plaza Brockton, MA	$ 17,025	$ 1,147	$ 7,425	$ 1,335	$ 1,147	$ 8,760	$ 9,907	$ 6,385	1993	(a)
New Loudon Center Latham, NY	13,634	505	4,161	12,518	505	16,679	17,184	12,231	1993	(a)
Mark Plaza Edwardsville, PA	—	—	4,268	(872)	—	3,396	3,396	2,663	1993	(c)
Plaza 422 Lebanon, PA	—	190	3,004	2,301	190	5,305	5,495	4,336	1993	(c)
Route 6 Mall Honesdale, PA	—	1,664	—	11,422	1,664	11,422	13,086	6,746	1994	(c)
Bartow Avenue Bronx, NY	—	1,691	5,803	560	1,691	6,363	8,054	1,919	2005	(c)
Amboy Road Staten Island, NY	—	—	11,909	2,035	—	13,944	13,944	2,813	2005	(a)
Abington Towne Center Abington, PA	—	799	3,197	2,007	799	5,204	6,003	2,704	1998	(a)
Bloomfield Town Square Bloomfield Hills, MI	—	3,207	13,774	20,420	3,207	34,194	37,401	11,867	1998	(a)
Walnut Hill Plaza Woonsocket, RI	23,194	3,122	12,488	1,941	3,122	14,429	17,551	5,804	1998	(a)
Elmwood Park Shopping Center Elmwood Park, NJ	33,258	3,248	12,992	15,401	3,798	27,843	31,641	13,235	1998	(a)
Merrillville Plaza Hobart, IN	26,151	4,288	17,152	2,677	4,288	19,829	24,117	7,797	1998	(a)
Marketplace of Absecon Absecon, NJ	—	2,573	10,294	3,799	2,577	14,089	16,666	5,574	1998	(a)
Clark Diversey Chicago, IL	4,345	10,061	2,773	246	10,061	3,019	13,080	553	2006	(a)
A&P Shopping Plaza Boonton, NJ	7,967	1,328	7,188	399	1,328	7,587	8,915	1,297	2006	(a)
Chestnut Hill Philadelphia, PA	—	8,289	5,691	3,577	8,289	9,268	17,557	1,169	2006	(a)
Third Avenue Bronx, NY	—	11,108	8,038	4,288	11,855	11,579	23,434	1,252	2006	(a)
Hobson West Plaza Naperville, IL	—	1,793	7,172	1,771	1,793	8,943	10,736	3,638	1998	(a)
Village Commons Shopping Center Smithtown, NY	9,192	3,229	12,917	3,934	3,229	16,851	20,080	6,691	1998	(a)
Town Line Plaza Rocky Hill, CT	—	878	3,510	7,508	907	10,989	11,896	8,207	1998	(a)
Branch Shopping Center Smithtown, NY	12,526	3,156	12,545	7,181	3,401	19,481	22,882	5,299	1998	(a)
Methuen Shopping Center Methuen, MA	—	956	3,826	594	961	4,415	5,376	1,811	1998	(a)
The Gateway Shopping Center South Burlington, VT	20,036	1,273	5,091	12,230	1,273	17,321	18,594	6,257	1999	(a)
330 River Street Cambridge, MA	4,197	3,510	2,886	—	3,510	2,886	6,396	77	2012	(a)
Rhode Island Place Shopping Center Washington, D.C.	16,426	4,340	17,360	—	4,340	17,360	21,700	217	2012	(a)
Mad River Station Dayton, OH	—	2,350	9,404	1,058	2,350	10,462	12,812	3,926	1999	(a)

Description	Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition	Amount at which Carried at December 31, 2012			Accumulated Depreciation	Date of Acquisition (a) Construction (c)	
		Land	Buildings & Improvements		Land	Buildings & Improvements	Total			
Shopping Centers										
Pacesetter Park Shopping Center Ramapo, NY	11,742	1,475	5,899	2,040	1,475	7,939	9,414	3,023	1999	(a)
239 Greenwich Avenue Greenwich, CT	26,000	1,817	15,846	549	1,817	16,395	18,212	5,701	1998	(a)
West Shore Expressway Staten Island, NY	—	3,380	13,554	(55)	3,380	13,499	16,879	2,206	2007	(a)
West 54th Street Manhattan, NY	—	16,699	18,704	74	16,699	18,778	35,477	2,695	2007	(a)
East 17th Street Manhattan, NY	—	3,048	7,281	40	3,048	7,321	10,369	945	2008	(a)
West Diversey Chicago, IL	15,273	8,576	17,256	—	8,576	17,256	25,832	683	2011	(a)
Mercer Street Manhattan, NY	—	1,887	2,483	—	1,887	2,483	4,370	93	2011	(a)
4401 White Plains Bronx, NY	6,381	1,581	5,054	—	1,581	5,054	6,635	168	2011	(a)
Chicago Street Retail Portfolio	15,775	17,816	56,965	153	17,854	57,080	74,934	800	2011	(a)
1520 Milwaukee Avenue Chicago, IL	—	2,110	1,306	—	2,110	1,306	3,416	66	2012	(a)
340 River Street Cambridge, MA	6,528	4,704	10,208	—	4,704	10,208	14,912	237	2012	(a)
930 North Rush Street Chicago, IL	—	5,175	15,525	—	5,175	15,525	20,700	291	2012	(a)
28 Jericho Turnpike Westbury, NY	—	6,220	24,416	—	6,220	24,416	30,636	374	2012	(a)
181 Main Street Westport, CT	—	3,539	10,618	—	3,539	10,618	14,157	22	2012	(a)
83 Spring Street Manhattan, NY	—	1,754	9,200	—	1,754	9,200	10,954	115	2012	(a)
60 Orange Street Bloomfield, NJ	—	12,477	—	—	12,477	—	12,477	—	2012	(a)
179-53 & 1801-03 Connecticut Avenue Washington, D.C.	—	5,811	17,433	—	5,811	17,433	23,244	—	2012	(a)
639 West Diversey Chicago, IL	4,431	2,672	8,016	—	2,672	8,016	10,688	—	2012	(a)
Undeveloped Land	—	250	—	—	250	—	250			
Fund I:										
Kroger/Safeway Various	—	—	4,215	—	—	4,215	4,215	4,016	2003	(a)
Fund II:										
Pelham Plaza Pelham Manor, NY	33,833	—	—	57,001	—	57,001	57,001	6,055	2004	(a)
Fordham Place Bronx, NY	82,205	11,144	18,010	102,590	16,254	115,490	131,744	11,912	2004	(a)
216th Street Manhattan, NY	25,500	7,261	—	19,197	7,261	19,197	26,458	3,023	2005	(a)
161st Street Bronx, NY	28,900	16,679	28,410	17,355	16,679	45,765	62,444	6,082	2005	(a)
Fund III:										
Cortlandt Towne Center Mohegan Lake, NY	73,499	7,293	61,395	5,600	7,293	66,995	74,288	11,833	2009	(a)
Cortlandt Crossing Mohegan Lake, NY	—	11,000	—	—	11,000	—	11,000	—	2012	(a)
Heritage Shops Chicago, IL	21,000	13,131	15,409	54	13,131	15,463	28,594	923	2011	(a)
654 Broadway Manhattan, NY	—	9,040	3,654	(2)	9,040	3,652	12,692	99	2011	(a)
New Hyde Park Shopping Center New Hyde Park, NY	6,484	3,115	7,285	623	3,115	7,908	11,023	208	2011	(a)
640 Broadway Manhattan, NY	22,750	12,503	19,960	—	12,503	19,960	32,463	487	2012	(a)

Description	Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition	Amount at which Carried at December 31, 2012			Accumulated Depreciation	Date of Acquisition (a) Construction (c)	
		Land	Buildings & Improvements		Land	Buildings & Improvements	Total			
Shopping Centers										
Lincoln Park Centre Chicago, IL	19,834	5,090	25,353	—	5,090	25,353	30,443	481	2012	(a)
3104 M Street Washington, D.C.	—	750	2,251	—	750	2,251	3,001	23	2012	(a)
Broad Hollow Commons Farmingdale, NY	—	12,386	—	—	12,386	—	12,386	—	2012	(a)
Fund IV:										
210 Bowery New York, NY	—	1,875	5,625	—	1,875	5,625	7,500	—	2012	(a)
Acadia Strategic Opportunity Fund IV	93,050	—	—	—	—	—	—	—		(a)
Real Estate Under Development	45,912	45,658	2,564	200,809	45,658	203,373	249,031	—		(a)
Total	$ 727,048	$ 332,621	$ 638,763	$ 524,358	$ 339,349	$ 1,156,393	$ 1,495,742	$ 187,029		

1. Depreciation on buildings and improvements reflected in the consolidated statements of income is calculated over the estimated useful life of the assets as follows:

Buildings: 30 to 40 years

Improvements: Shorter of lease term or useful life

2. The aggregate gross cost of property included above for Federal income tax purposes was $1,347.0 million as of December 31, 2012

3. (a) Reconciliation of Real Estate Properties:

The following table reconciles the real estate properties from January 1, 2010 to December 31, 2012:

	For the years ended December 31,		
(dollars in thousands)	**2012**	**2011**	**2010**
Balance at beginning of year	$ 1,098,761	$ 950,710	$ 817,170
Other improvements	72,633	42,167	133,540
Property Acquired	324,348	105,884	—
Balance at end of year	$ 1,495,742	$ 1,098,761	$ 950,710

3. (b) Reconciliation of Accumulated Depreciation:

The following table reconciles accumulated depreciation from January 1, 2010 to December 31, 2012:

	For the years ended December 31,		
(dollars in thousands)	**2012**	**2011**	**2010**
Balance at beginning of year	$ 160,541	$ 143,232	$ 124,562
Depreciation related to real estate	26,488	17,309	18,670
Balance at end of year	$ 187,029	$ 160,541	$ 143,232

MARK CENTERS TRUST

DECLARATION OF TRUST
Dated March 4, 1993

This DECLARATION OF TRUST (hereinafter, "Declaration of Trust" or "Declaration") is made as of the date set forth above by the undersigned Trustees.

WHEREAS, the Trustees desire to create a real estate investment trust under the laws of the state of Maryland; and

WHEREAS, the Trustees desire that this trust qualify as a "real estate investment trust" under the Internal Revenue Code of 1986, as amended (the "Code"), and under Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended ("Title 8"), so long as such qualification, in the opinion of the Trustees, is advantageous to the Shareholders (as hereinafter defined); and

WHEREAS, the beneficial interest in the Trust shall be divided into transferable shares of one or more classes evidenced by certificates;

NOW, THEREFORE, the Trustees hereby declare that they will hold in trust all property which they have or may hereafter acquire as such Trustees, together with the proceeds thereof, in trust, and manage the Trust Property for the benefit of the Shareholders as provided by this Declaration of Trust.

Article I

THE TRUST; DEFINITIONS

SECTION 1.1 Name. The name of the trust (hereinafter called the "Trust") is:

Mark Centers Trust

So far as may be practicable, the. business of the Trust shall be conducted and transacted under that name, which name (and the word "Trust" wherever used in this Declaration of Trust, except where the- context otherwise requires) shall refer to the Trustees collectively but not individually or personally and shall not refer to the Shareholders of the Trust, or to any officers, employees or agents of the Trust or of such Trustees.

Under circumstances in which the Trustees determine that the use of the name "Mark Centers Trust" is not practicable, they may use any other designation or name for the Trust.

SECTION 1.2 Resident Agent. The name and. address of the resident agent of the Trust in the State of Maryland is The Prentice-Hall Corporation System, Maryland, whose post office address is 11 East Chase Street, Baltimore, Maryland 21202. The Trust may have such offices or places of business within or without the State of Maryland as the Trustees may from time to time determine.

SECTION 1.3 Nature of Trust. The Trust is a real estate investment trust within the meaning of Title 8. The Trust shall not be deemed to be a general partnership, limited-partnership, joint venture, joint stock company or, except as provided in Section 11.4, a corporation (but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Code).

SECTION 1.4 Powers. The Trust shall have all of the powers granted to real estate investment trusts generally by Title 8 or any successor statute and shall have any other and further powers as are not inconsistent with and are appropriate to promote and attain the purposes set forth in this Declaration of Trust.

SECTION 1.5 Definitions. As used in this Declaration of Trust, the following terms shall have the following meanings unless the context otherwise requires:

"Adviser" means the Person, if any, appointed, employed or contracted with by the Trust pursuant to Section 4.1.

"Affiliate" or "Affiliated" means, as to any corporation, partnership, trust or other association (other than the Trust), any Person (i) that holds beneficially, directly or indirectly, 5% or more of the outstanding stock or equity interests thereof or (ii) who is an officer, director, partner or trustee thereof or of any Person which controls, is controlled by, or under common control with, such corporation, partnership, trust, or other association or (iii) which controls, is controlled by, or under common control with, such corporation, partnership, trust or other association.

"Mortgages" means mortgages, deeds of trust or other security interests on or applicable to Real Property.

"Person" means an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock

company or other entity, or any government and agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"Real Property" or "Real Estate" means land, rights in land (including leasehold interests), and any buildings, structures, improvements, furnishings, fixtures and equipment located on or used in connection with land and rights or interests in land.

"REIT Provisions of the code" means Sections 856 through 858 of the Code and any successor or other provisions of the Code relating to real estate investment trusts (including provisions as to the attribution of ownership of beneficial interests therein) and the regulations promulgated thereunder.

"Securities" means Shares, any stock, shares or other evidences of equity or beneficial or other interests, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire, any of the foregoing.

"Securities of the Trust" means any Securities issued by the Trust.

"Shareholders" means holders of record of outstanding Shares.

"Shares" means transferable shares of beneficial interest of the Trust of any class or series.

"Trustees" means, collectively, the individuals named in Section 2.2 of this Declaration so long as they continue in office and all other individuals who have been duly elected and qualify as trustees of the Trust hereunder.

"Trust Property" means any and all property, real, personal or otherwise, tangible or intangible, which is transferred or conveyed to the Trust or the Trustees (including all rents, income, profits and gains therefrom), which is owned or held by, or for the account of, the Trust or the Trustees.

ARTICLE II

TRUSTEES

SECTION 2.1 Number. The number of Trustees initially shall be two, which number may thereafter be increased or decreased by the Trustees then in office from time to

time; however, the total number of Trustees shall be not fewer than two and not more than 15. No reduction in the number of Trustees shall cause the removal of any Trustee from office prior to the expiration of his term.

SECTION 2.2 Initial Board; Term. The names and addresses of the Trustees who shall serve until the first annual meeting and until their successors are duly elected and qualify are:

Name	Address
Marvin L. Slomowitz	c/o Mark Centers Trust 600 Third Avenue Kingston, Pennsylvania 18074
Marvin J. Levine	c/o Stadtmauer Bailkin Levine & Masyr 110 East 59th Street New York, New York 10022
Harvey Shanus	c/o Mark Centers Trust 600 Third Avenue Kingston, Pennsylvania 18074
Joseph L. Castle II	c/o Castle Energy Corporation 512 Township Line Road One Valley Square, Suite 101 Blue Bell, Pennsylvania 19422
Lawrence Longua	c/o Mitsubishi Trust and Banking Corporation 520 Madison Avenue New York, New York 10022
Bennett Silvershein	c/o Grand Realty Group 7 Penn Plaza New York, New York 10001
John Vincent Weber	1020 16th Street, N.W. Suite 300 Washington, D.C. 20036

At each annual meeting of the Shareholders of the Trust, Trustees shall be elected to hold office for a term expiring at the annual meeting of Shareholders held in the year following the year of their election.

SECTION 2.3 Resignation Removal or Death. Any Trustee may resign by written notice to the remaining Trustees, effective on the date specified in the notice. A Trustee may be removed, with or without cause, at a meeting of the Shareholders called for that purpose, by the affirmative vote of the holders of not less than two-thirds of the Shares then outstanding

and entitled to vote in the election of Trustees. Upon the resignation or removal of any Trustee, or his otherwise ceasing to be a Trustee, he shall automatically cease to have any right, title or interest in and to the Trust Property and shall execute and deliver such documents as the remaining Trustees require for the conveyance of any Trust Property held in his name, and shall account to the remaining Trustees as they require for all property which he holds as Trustee. Upon the incapacity or death of any Trustee, his legal representative shall perform those acts.

SECTION 2.4 Legal Title. Legal title to all Trust Property shall be vested in the Trustees, but they may cause legal title to any Trust Property to be held by or in the name of any Trustee, or the Trust, or any other Person as nominee. The right, title and interest of the Trustees in and to the Trust Property shall automatically vest in successor and additional Trustees upon their qualification and acceptance of election or appointment as Trustees, and they shall thereupon have all the rights and obligations of Trustees, whether or not conveyancing documents have been executed and delivered pursuant to Section 2.3 or otherwise. Written evidence of the qualification and acceptance of election or appointment of successor and additional Trustees may be filed with the records of the Trust and in such other offices, agencies or places as the Trustees may deem necessary or desirable.

ARTICLE III

POWERS OF TRUSTEES

SECTION 3.1 General. Subject to the express limitations herein or in the Bylaws, (1) the business and affairs of the Trust shall be managed under the direction of the Board of Trustees and (2) the Trustees shall have full, exclusive and absolute power, control and authority over the Trust Property and over the business of the Trust as if they, in their own right, were the sole owners thereof. The Trustees may take any actions as in their sole judgment and discretion are necessary or desirable to conduct the business of the Trust. This Declaration of Trust shall be construed with a presumption in favor of the grant of power and authority to the Trustees. Any construction of this Declaration or determination made in good faith by the Trustees concerning their powers and authority hereunder shall be conclusive. The enumeration and definition of particular powers of the Trustees included in this Article III shall in no way be limited or restricted by reference to or inference from the terms of this or any other provision of this Declaration or construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Trustees under the general laws of the State of Maryland as now or hereafter in force.

SECTION 3.2 Specific Powers and Authority. Subject only to the express limitations herein, and in addition to all other powers and authority conferred by this Declaration or by law, the Trustees, without any vote, action or consent by the Shareholders, shall have and

may exercise, at any time or times, in the name of the Trust or on its behalf the following powers and authorities:

(a) Investments. Subject to Section 8.5, to invest in, purchase or otherwise acquire and to hold real, personal or mixed, tangible or intangible, property of any kind (including, without limitation, Securities and Mortgages) wherever located, or rights or interests therein or in connection therewith, all without regard to whether such property, interests or rights are authorized by law for the investment of funds held by trustees or other fiduciaries, or whether obligations the Trust acquires have a term greater or lesser than the term of office of the Trustees or the possible termination of the Trust, for such consideration as the Trustees may deem proper (including cash, property of any kind or Securities of the Trust), provided, however, that the Trustees shall take such actions as they deem necessary and desirable to comply with any requirements of Title 8 relating to the types of assets held by the Trust.

(b) Sale, Disposition and Use of Property. Subject to Article V and Sections 8.5 and 9.2, to sell, rent, lease, hire, exchange, release, partition, assign, mortgage, grant security interests in, encumber, negotiate, dedicate, grant easements in and options with respect to, convey, transfer (including transfers to entities wholly or partially owned by the Trust or the Trustees) or otherwise dispose of any or all of the Trust Property by deeds (including deeds in lieu of foreclosure with or without consideration), trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or the Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or nominee of the Trust, on such terms as they deem appropriate; to give consents and make contracts relating to the Trust Property and its use or other property or matters; to develop, improve, manage, use, alter and otherwise deal with the Trust Property; and to rent, lease or hire from others property of any kind; provided, however, that the Trust may not use or apply land for any purposes not permitted by applicable law.

(c) Financings. To borrow or in any other manner raise money for the purposes and on the terms they determine, and to evidence the same by issuance of Securities of the Trust, which may have such provisions as the Trustees determine; to reacquire such Securities of the Trust; to enter into other contracts or obligations on behalf of the Trust; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of any Person; to mortgage, pledge, assign, grant security interests in or otherwise encumber the Trust Property to secure any such Securities of the Trust, contracts or obligations (including guarantees, indemnifications and suretyships); and to renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust or participate in any reorganization of obligors to the Trust.

(d) Loans. Subject to the provisions of Section 8.5, to lend money or other Trust Property on such terms, for such purposes and to such Persons as they may determine.

(e) Issuance of Securities. Subject to Section 6.1 to create and authorize the issuance, in shares, units or amounts of one or more types, series or classes, of Securities of the Trust, which may have such voting rights, dividend or interest rates, preferences, subordinations, conversion or redemption prices or rights, maturity dates, distribution, exchange, or liquidation rights or other rights as the Trustees may determine, without vote of or other action by the Shareholders; to issue any type of Securities of the Trust, and any options, warrants, or rights to subscribe therefor, all without vote of or other action by the Shareholders, to such Persons for such consideration, at such time or times and in such manner and on such terms as the Trustees determine; to list any of the Securities of the Trust on any Securities exchange; and to purchase or otherwise acquire, hold, cancel, reissue, sell and transfer any securities of the Trust.

(f) Expenses and Taxes. To pay any charges, expenses or liabilities necessary or desirable, in the sole discretion of the Trustees, for carrying out the purposes of this Declaration and conducting the business of the Trust, including compensation or fees to Trustees, officers, employees and agents of the Trust, and to Persons contracting with the Trust, and any taxes, levies, charges and assessments of any kind imposed upon or chargeable, against the Trust, the Trust Property, or the Trustees in connection therewith; and to prepare and file any tax returns, reports or other documents and take any other appropriate action relating to the payment of any such charges, expenses or liabilities.

(g) Collection and Enforcement. To collect, sue for and receive money or other property due to the Trust; to consent to extensions of the time for payment, or to the renewal, of any securities or obligations; to engage or intervene in, prosecute, defend, compound, enforce, compromise, release, abandon or adjust any actions, suits, proceedings, disputes, claims, demands, security interests, or things relating to the Trust, the Trust Property, or the Trust's affairs; to exercise any rights and enter into any agreements, and take any other action necessary or desirable in connection with the foregoing.

(h) Deposits. To deposit funds or Securities constituting part of the Trust Property in banks, trust companies, savings and loan associations, financial institutions and other depositories, whether or not such deposits will draw interest, subject to withdrawal on such terms and.in such manner as the Trustees determine.

(i) Allocation; Accounts. To determine whether moneys, profits or other assets of the Trust shall be charged or credited to, or allocated between, income and capital,

including whether or not to amortize any premium or discount and to determine in what manner any expenses or disbursements are to be borne as between income and capital (regardless of how such items would normally or otherwise be charged to or allocated between income and capital without such determination); to treat any dividend or other distribution on any investment as, or apportion it between, income and capital; in their discretion to provide reserves for depreciation, amortization, obsolescence or other purposes in respect of any Trust Property in such amounts and by such methods as they determine; to determine what constitutes net earnings, profits or surplus; to determine the method or form in which the accounts and records of the Trust shall be maintained; and to allocate to the Shareholders equity account less than all of the consideration paid for Shares and to allocate the balance to paid-in capital or capital surplus.

(j) Valuation of Property. To determine the value of all or any part of the Trust Property and of any services, Securities, property or other consideration to be furnished to or acquired by the Trust, and to revalue all or any part of the Trust Property, all in accordance with such information as is reasonable, in their sole judgment.

(k) Ownership and Voting Powers. To exercise all of the rights, powers, options and privileges pertaining to the ownership of any Mortgages, Securities, Real Estate and other Trust Property to the same extent that an individual owner might, including without limitation to vote or give any consent, request, or notice or waive any notice, either in person or by proxy or power of attorney, which proxies and powers of attorney may be for any general or special meetings or action, and may include the exercise of discretionary powers.

(l) Officers, Etc.; Declaration of Powers. To elect, appoint or employ such officers for the Trust and such committees of the Board of Trustees with such powers and duties as the Trustees may determine or the Trust's Bylaws provide; to engage, employ or contract with and pay compensation to any Person (including, subject to Section 8.5, any Trustee and any Person who is an Affiliate of any Trustee) as agent, representative, Adviser, members of an advisory board, employee or independent contractor (including advisers, consultants, transfer agents, registrars, underwriters, accountants, attorneys at law, real estate agents, property and other managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, to perform such services on such terms as the Trustees may determine; to delegate to one or more Trustees, officers or other Persons engaged or employed as aforesaid or to committees of Trustees or to the Adviser, the performance of acts or other things (including granting of consents), the making of decisions and the execution of such deeds, contracts or other instruments, either in the names of the Trust, the Trustees or as their attorneys or otherwise, as the Trustees may determine; and to establish such committees as they deem appropriate.

(m) Associations. Subject to Section 8.5, to cause the Trust to enter into joint ventures, general or limited partnerships, participation or agency arrangements or any other lawful combinations, relationships, or associations of any kind.

(n) Reorganizations, Etc. Subject to Sections 9.2 and 9.3, to cause to be organized or assist in organizing any Person under the laws of any jurisdiction to acquire all or any part of the Trust Property or carry on any business in which the Trust shall have an interest; to merge or consolidate the Trust with any Person; to sell, rent, lease, hire, convey, negotiate, assign, exchange or transfer all or any part of the Trust Property to or with any Person in exchange for Securities of such Person or otherwise; and to lend money to, subscribe for and purchase the Securities of, and enter into any contracts with, any Person in which the Trust holds, or is about to acquire, Securities or any other interests.

(o) Insurance. To purchase and pay for out of Trust Property insurance policies insuring the Trust and the Trust Property against any and all risks, and insuring the Shareholders, Trustees, officers, employees and agents of the Trust individually against all claims and liabilities of every nature arising by reason of holding or having held any such status, office or position or by reason of any action alleged to have been taken or omitted (including those alleged to constitute misconduct, gross negligence, reckless disregard of duty or bad faith) by any such Person in such capacity, whether or not the Trust would have the power to indemnify such Person against such claim or liability.

(p) Executive Compensation, Pension and Other Plans. To adopt and implement executive compensation, pension, profit sharing, stock option, stock bonus, stock purchase, stock appreciation rights, savings, thrift, retirement, incentive or benefit plans, trusts or provisions, applicable to any or all Trustees, officers, employees or agents of the Trust, or to other Persons who have benefited the Trust, all on such terms and for such purposes as the Trustees may determine.

(q) Distributions. To declare and pay dividends or other distributions to Shareholders, subject to Section 6.4.

(r) Indemnification. In addition to the indemnification provided for in Section 8.4, to indemnify any Person, including any Adviser or independent contractor, with whom the Trust has dealings.

(s) Charitable Contributions. To make donations for the public welfare or for community, charitable, religious, educational, scientific, civic or similar purposes, regardless of any direct benefit to the Trust.

(t) Discontinue Operations; Bankruptcy. To discontinue the operations of the Trust (subject to Section 10.2); to petition or apply for relief under any provision of federal or state bankruptcy, insolvency or reorganization laws or similar laws for the relief of debtors; to permit any Trust Property to be foreclosed upon without raising any legal or equitable defenses that may be available to the Trust or the Trustees or otherwise defending or responding to such foreclosure; to confess judgment against the Trust; or to take such other action with respect to indebtedness or other obligations of the Trustees, in such capacity, the Trust Property or the Trust as the Trustees in their discretion may determine.

(u) Termination of Status. To terminate the status of the Trust as a real estate investment trust under the REIT Provisions of the Code.

(v) Fiscal Year. Subject to the Code, to adopt, and from time to time change, a fiscal year for the Trust.

(w) Seal. To adopt and use a seal, but the use of a seal shall not be required for the execution of instruments or obligations of the Trust.

(x) Bylaws. To adopt, implement and from time to time amend Bylaws of the Trust relating to the business and organization of the Trust which are not inconsistent with the provisions of this Declaration of Trust.

(y) Voting Trust. To participate in, and accept Securities issued under or subject to, any voting trust.

(z) Proxies. To solicit proxies of the Shareholders at the expense of the Trust.

(aa) Further Powers. To do all other acts, and things and execute and deliver all instruments incident to the foregoing powers, and to exercise all powers which they deem necessary, useful or desirable to carry on the business of the Trust or to carry out the provisions of this Declaration of Trust, even if such powers are not specifically provided hereby.

ARTICLE IV

ADVISER

SECTION 4.1 Appointment. The Trustees are responsible for setting the general policies of the Trust and for the general supervision of its business conducted by officers, agents, employees, advisers or independent contractors of the Trust. However, the Trustees are not required personally to conduct the business of the Trust, and they may (but need not) appoint,

employ or contract with any Person (including a Person Affiliated with any Trustee) as an Adviser and may grant or delegate such authority to the Adviser as the Trustees may, in their sole discretion, deem necessary or desirable. The Trustees may determine the terms of retention and the compensation of the Adviser and may exercise broad discretion in allowing the Adviser to administer and regulate the operations of the Trust, to act as agent for the Trust, to execute documents on behalf of the Trust and to make executive decisions which conform to general policies and principles established by the Trustees.

SECTION 4.2 Affiliation and Functions. The Trustees, by resolution or in the Bylaws, may provide guidelines, provisions, or requirements concerning the affiliation and functions of the Adviser.

ARTICLE V

INVESTMENT POLICY

The fundamental investment policy of the Trust is to make investments in such a manner as to comply with the REIT Provisions of the Code and with the requirements of Title 8, with respect to the composition of the Trust's investments and the derivation of its income. Subject to Section 3.2(u), the Trustees will use their best efforts to carry out this fundamental investment policy and to conduct the affairs of the Trust in such a manner as to continue to qualify the Trust for tax treatment provided in the REIT Provisions of the Code; however, no Trustee, officer, employee or agent of the Trust shall he liable for any act or omission resulting in the loss of tax benefits under the Code, except to the extent provided in Section 8.2. The Trustees may change from time to time by resolution or in the Bylaws of the Trust, such investment policies as they determine to be in the best interests of the Trust, including prohibitions or restrictions upon certain types of investments.

ARTICLE VI

SHARES

SECTION 6.1 Shares. The beneficial interest in the Trust shall be divided into Shares. The total number of Shares which the Trust has authority to issue is 50,000,000, and shall consist of common Shares and such other types or classes of Securities of the Trust as the Trustees may create and authorize from time to time and designate as representing a beneficial interest in the Trust. Shares may be issued for such consideration as the Trustees determine or, if issued as a result of a Share dividend or Share split, without any consideration, in which case all Shares so issued shall be full paid and nonassessable.

SECTION 6.2 Common Shares. Common Shares ("Common Shares") shall have a par value of $.001 per share and shall entitle the holders to one vote per share on all matters upon which Shareholders are entitled to vote pursuant to Section 7.2, and shares of a particular class of issued Common Shares shall have equal dividend, distribution, liquidation and other rights, and shall have no preference, cumulative, preemptive, appraisal, conversion or exchange rights. The Trustees may classify or reclassify any unissued Common Shares by setting or changing the number, designation, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of any such Common Shares and in such event, the Trust shall file for record with the State Department of Assessments and Taxation of Maryland articles supplementary in substance and form as prescribed by Maryland law.

SECTION 6.3 Preferred Shares. The Trustees are hereby expressly granted the authority to authorize from time to time the issuance of one or more series of preferred Shares ("Preferred Shares") and with respect to any such series to fix the numbers, designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption of such series. The Trustees may classify or reclassify any unissued Preferred Shares by setting or changing the number, designation, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of any such Preferred Shares and in such event, the Trust shall file for record with the State Department of Assessments and Taxation of Maryland articles supplementary in substance and form as prescribed by Maryland law.

SECTION 6.4 Dividends or Distributions. The Trustees may from time to time declare and pay to Shareholders such dividends or distributions in cash, property or other assets of the Trust or in Securities of the Trust or from any other source as the Trustees in their discretion shall determine. The Trustees shall endeavor to declare and pay such dividends and distributions as shall be necessary for the Trust to qualify as a real estate investment trust under the REIT Provisions of the Code; however, Shareholders shall have no right to any dividend or distribution unless and until declared by the Trustees. The exercise of the powers and rights of the Trustees pursuant to this Section shall be subject to the provisions of any class or series of Shares at the time outstanding. The receipt by any Person in whose name any Shares are registered on the records of the Trust or by his duly authorized agent shall be a sufficient discharge for all dividends or distributions payable or deliverable in respect of such Shares and from all liability to see to the application thereof.

SECTION 6.5 General Nature of Shares. All Shares shall be personal property entitling the Shareholders only to those rights provided in this Declaration or in the resolution creating any class or series of Shares. The legal ownership of the Trust Property and the right to conduct the business of the Trust are vested exclusively in the Trustees; the

Shareholders shall have no interest therein other than, beneficial interest in the Trust conferred by their Shares and shall have no right to compel any partition, division, dividend or distribution of the Trust or any of the Trust Property. The death of a Shareholder shall not terminate the Trust or give his legal representative any rights against other Shareholders, the Trustees or the Trust Property, except the right, exercised in accordance with applicable provisions of the Bylaws, to receive a new certificate for shares in exchange for the certificate held by the deceased Shareholder.

SECTION 6.6 Trustees' Right to Refuse to Transfer Shares; Limitation on Holdings; Redemption of Shares.

(a) Each Person who owns directly or indirectly more than four percent (or such other percentage, between one-half of one percent and four percent, as provided in the REIT Provisions of the Code) in number or value of the total Shares outstanding shall, within 30 days after January 1 of each year, give written notice to the Trust stating the Person's name and address, the number of Shares directly or indirectly owned by such Person, and a description of the capacity in which such Shares are held. For purposes of this Declaration of Trust, the number and value of the total Shares outstanding shall be determined by the Trustees in good faith, which determination shall be conclusive for all purposes hereunder. In addition, each direct or indirect Shareholder, irrespective of such shareholder's percentage ownership of outstanding Shares, shall upon demand be required to disclose to the Trust in writing such information with respect to the direct or indirect ownership of Shares as the Trustees deem necessary from time to time to enable the Trustees to determine whether the Trust complies with the REIT Provisions of the Code, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

(b) If, in the opinion of the Trustees, which shall be binding upon any prospective acquiror of Shares, any proposed transfer or issuance would jeopardize the status of the Trust as a real estate investment trust under the REIT Provisions of the Code, the Trustees shall have the right, but not the duty, to refuse to permit such transfer or issuance or refuse to give effect to such transfer or issuance and to take any action to void any such issuance or cause any such transfer not to occur.

(c) As a condition to any transfer and/or registration of transfer on the books of the Trust of any Shares or Securities convertible into Shares which could result in direct or indirect ownership (as hereafter defined) of Shares exceeding 4.0% of the lesser of the number or the value of the total Shares outstanding (the "Excess Shares") by a Person other than an Excepted Person, such prospective transferee shall give written notice to the Trust of the proposed transfer and shall furnish such opinions of counsel, affidavits, undertakings,

agreements and information as may be required by the Trustees no later than the 15th day prior to any transfer which, if consummated, would result in such ownership.

(d) Any transfer of Shares or Securities convertible into Shares that would (i) create a direct or indirect owner of Excess Shares other than an Excepted Person; (ii) result in the Shares being owned by fewer than 100 Persons for purposes of the REIT Provisions of the Code; or (iii) result in the Trust being "closely held" within the meaning of Section 856(h) of the Code, shall be void ab initio and the prospective acquiror shall not be entitled to any rights afforded to owners of Shares hereunder and shall be deemed never to have had an interest therein. Any issuance of Shares or Securities convertible into Shares that would (i) create a direct or indirect owner of Excess Shares other than an Excepted Person or (ii) result in the Trust being "closely held" within the meaning of Section 856(h) of the Code, shall be void ab initio and the prospective acquiror shall not be entitled to any rights afforded to owners of Shares hereunder and shall be deemed never to have had an interest therein.

"Excepted Person" shall mean (i) Marvin L. Slomowitz and (ii) any Trustee, employee of the Trust and any other Person approved by the Trustees, at their option and in their sole discretion; provided, however, that such approval shall not be granted to any Person whose ownership of in excess of 4.0% of the lesser of the number or the value of the total Shares outstanding would result, directly, indirectly or as a result of attribution of ownership, in termination of the status of the Trust as a real estate investment trust under the REIT Provisions of the Code.

(e) The Trust, by notice to she holder thereof, may purchase any or all Shares that are proposed to be transferred pursuant to a transfer which, in the opinion of the Trustees, which shall be binding upon any proposed transferee of Shares, would result in any Person acquiring Excess Shares, or would otherwise jeopardize the status of the Trust as a real estate investment trust under the REIT Provisions of the Code. The Trust shall have the power, by lot or other means deemed equitable by them in their sole discretion, to purchase such Excess Shares from the prospective transferor. The purchase price for any Excess shares shall be equal to the fair market value of the Shares on the last trading day immediately preceding the day on which notice of such proposed transfer is sent, as reflected in the closing sale price for the Shares, if then listed on a national securities exchange, or such price for the Shares on the principal exchange if then listed on more than one national securities exchange, or if the Shares are not then listed on a national securities exchange, the latest bid quotation for the Shares if then traded over-the-counter, or, if no such closing sales prices or quotations are available, then the purchase price shall be equal to the fair market value of such Shares as determined by the Trustees in good faith. Prompt payment of the purchase price shall be made in cash by the Trust in such manner as may be determined by the Trustees. From and after the date fixed for purchase by the Trustees, and so long as payment of the purchase price for the Shares to be so

redeemed shall have been made or duly provided for, the holder of any Excess Shares so called for purchase shall cease to be entitled to dividends, distributions, voting rights and other benefits with respect to such Shares, excepting only the right to payment of the purchase price fixed as aforesaid. Any dividend or distribution paid to a proposed transferee on Excess Shares prior to the discovery by the Trust that the Shares have been transferred in violation of this Section 6.6 shall be repaid to the Trust upon demand.

(f) Notwithstanding any other provision in this Declaration of Trust or the Bylaws, Sections 6.6(d), (e), (f) and (g) may not be amended or repealed without the affirmative vote of the holders of not less than two-thirds of the Shares then outstanding and entitled to vote. If Section 6.6(d), (e), (f) or (g) is determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the acquiror of Shares or Securities convertible into Shares in violation of such Sections shall be deemed, at the option of the Trust, to have acted as agent on behalf of the Trust in acquiring such Shares and to hold such Shares on behalf of the Trust.

(g) Notwithstanding any other provision of this Declaration of Trust to the contrary, any purported transfer, sale or acquisition of Shares (whether such purported transfer, sale or acquisition results from the direct or indirect acquisition of ownership (as hereafter defined) of Shares) which would result in the termination of the status of the Trust as a real estate investment trust under the REIT Provisions of the Code shall be null and void ab initio. Any such Shares may be treated by the Trustees in the manner prescribed for Excess Shares in subsection (e) of this Section 6.6.

(h) Nothing contained in this Section 6.6 or in any other provision of this Declaration of Trust shall limit the authority of the Trustees to take such other action as they deem necessary or advisable to protect the Trust and the interests of the Shareholders by preservation of the Trust’s status as a real estate investment trust under the REIT Provisions of the code.

(i) If any provision of this Section 6.6 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court. To the extent this Section 6.6 may be inconsistent with any other provision of this Declaration of Trust, this Section 6.6 shall be controlling.

(j) For purposes of this Declaration of Trust, shares not owned directly shall be deemed to be owned indirectly by a person if that person or a group of which he is a member would be the beneficial owner of such Shares, as defined in Rule 13d-3 under the

Securities Exchange Act of 1934, and/or would be considered to own such Shares by reason of the REIT Provisions of the Code.

ARTICLE VII

SHAREHOLDERS

SECTION 7.1 Meetings of Shareholders. There shall be an annual meeting of the shareholders, to be held at such tine and place as shall be determined by or in the manner prescribed in the Bylaws at which the Trustees shall be elected and any other proper business may be conducted. The annual meeting of Shareholders shall be held after the delivery of the annual report, at a convenient location and on proper notice as provided in the By-Laws. For the purposes of this Section 7.1, a "convenient location" shall mean any place within the continental United states of America. Except as otherwise provided in this Declaration of Trust, special meetings of Shareholders may be called in the manner provided in the Bylaws. If there are no Trustees, the officers of the Trust shall promptly call a special meeting of the shareholders entitled to vote for the election of successor Trustees. Any meeting may be adjourned and reconvened as the Trustees determine or as provided in the Bylaws.

SECTION 7.2 Voting Rights of Shareholders. Subject to the provisions of any class or series of Shares then outstanding, the Shareholders shall be entitled to vote only on the following matters: (a) election or removal of Trustees as provided in Sections 7.1 and 2.3; (b) amendment of this Declaration of Trust as provided in Sections 6.6(f) or 9.1; (c) termination of the Trust as provided in Section 10.2; (d) reorganization of the Trust as provided in Section 9.2; and (e) merger or consolidation of the Trust, or the sale or disposition of substantially all of the Trust Property, as provided in Section 9.3. Except with respect to the foregoing matters, no action taken by the Shareholders at any meeting shall in any way bind the Trustees.

ARTICLE VIII

LIABILITY OF SHAREHOLDERS, TRUSTEES, OFFICERS, EMPLOYEES AND AGENTS AND TRANSACTIONS BETWEEN THEM AND THE TRUST

SECTION 8.1 Limitation of Shareholder Liability. No Shareholder shall be liable for any debt, claim, demand, judgment or obligation of any kind of, against or with respect to the Trust by rear of his being a Shareholder, nor shall any Shareholder be subject to any personal liability whatsoever, in tort, contract or otherwise, to any Person in connection with the Trust Property or the affairs of the Trust.

SECTION 8.2 Limitation of Trustee and Officer Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of trustees and officers of a real estate investment trust, no Trustee or officer of the Trust shall be liable to the Trust or to any Shareholder for money damages. Neither the amendment nor repeal of this Section, nor the adoption or amendment of any other provision of this Declaration of Trust inconsistent with this Section, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. In the absence of any Maryland statute limiting the liability of trustees and officers of a Maryland real estate investment trust for money damages in a suit by or on behalf of the Trust or by any Shareholder, no Trustee or officer of the Trust shall be liable to the Trust or to any Shareholder for money damages except to the extent that (i) the Trustee or officer actually received an improper benefit or profit in money, property, or services, for the amount of the benefit or profit in money, property, or services actually received; or (ii) a judgment or other final adjudication adverse to the Trustee or officer is entered in a proceeding based on a finding in the proceeding that the Trustee's or officer's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

SECTION 8.3 Express Exculpatory Clauses in Instruments. Neither the Shareholders nor the Trustees, officers, employees or agents of the Trust shall be liable under any written instrument creating an obligation of the Trust, and all Persons shall look solely to the Trust Property for the payment of any claim under or for the performance of that instrument. The omission of the foregoing exculpatory language from any instrument shall not affect the validity or enforceability of such instrument and shall not render any Shareholder, Trustee, officer, employee or agent liable thereunder to any third party, nor shall the Trustees or any officer, employee or agent of the Trust be liable to anyone for such omission.

SECTION 8.4 Indemnification. To the extent provided in its Bylaws, the Trust shall have the power to indemnify each Shareholder from all claims and liabilities to which the Shareholder may become subject by reason of his being or having been a Shareholder and any Trustee, officer, employee or agent (including any person who, while a Trustee of the Trust is or was serving at the request of the Trust as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise or employee benefit plan) from all claims and liabilities to which such person may became subject by reason of service in that capacity and to pay or reimburse reasonable expenses, as such expenses are incurred, of each Shareholder from all claims and liabilities to which the Shareholder may become subject by reason of his being or having been a Shareholder, and of each Trustee, officer, employee or agent from all claims and liabilities to which such person may become subject by reason of service in that capacity.

SECTION 8.5 Transactions Between the Trust and its Trustees, Officers Employees and Agents. Subject to any express restrictions in this Declaration of Trust or adopted by the Trustees in the Bylaws or by resolution, the Trust may enter into any contract or transaction of any kind (including without limitation for the purchase or sale of property or for any type of services, including those in connection with underwriting or the offer or sale of Securities of the Trust) with any Person, including any Trustee, officer, employee or agent of the Trust or any Person Affiliated with a Trustee, officer, employee or agent of the Trust, whether or not any of them has a financial interest in such transaction.

ARTICLE IX

AMENDMENT; REORGANIZATION MERGER, ETC.

SECTION 9.1 Amendment.

(a) Except as provided in Sections 6.6, 9.2 and 9.3 hereof, and in subsection (b) of this Section 9.1, this Declaration of Trust may be amended only by the affirmative vote of the holders of not less than a majority of the Shares then outstanding and entitled to vote thereon.

(b) The Trustees, by a two-thirds vote, may amend provisions of this Declaration of Trust from time to time to enable the Trust to qualify as a real estate investment trust under the REIT Provisions of the Code or under Title 8.

(c) An amendment to this Declaration of Trust shall become effective as provided in Section 11.5.

(d) This Declaration of Trust may not be amended except as provided in §8-501 of Title 8 or as provided in this Section 9.1.

SECTION 9.2 Reorganization. Subject to the provisions of any class or series of Shares at the time outstanding, the Trustees shall have the power to (a) cause the organization of a corporation, association, trust or other organization to take over the Trust Property and carry on the affairs of the Trust; (b) merge the Trust into, or sell, convey and transfer the Trust Property to, any such corporation, association, trust or organization in exchange for Securities thereof or beneficial interests therein, and the assumption by the transferee of the liabilities of the Trust; and (c) thereupon terminate the Trust and deliver such Securities or beneficial interests ratably among the Shareholders according to the respective rights of the class or series, of Shares held by them; provided that any such action shall have been approved, at a meeting of the Shareholders called for the purpose, by the affirmative vote of the holders of not less than two-thirds of the Shares then outstanding and entitled to vote thereon.

SECTION 9.3 Merger, Consolidation or Sale of Trust Property. Subject to the provisions of any class or series of Shares at the time outstanding, the Trustees shall have the power to (a) merge the Trust into another entity, (b) consolidate the Trust with one or more other entities into a new entity or (c) sell or otherwise dispose of all or substantially all of the Trust Property; provided, that such action shall have been approved, at a meeting of the Shareholders called for the purpose, by the affirmative vote of the holders of not less than (i) two-thirds, if the Trust is not the surviving entity in any such merger or consolidation or in the event of a proposed sale or disposition of all or substantially all of the Trust Property, or (ii) a majority, in all other cases, of the Shares then outstanding and entitled to vote thereon.

ARTICLE X

DURATION AND TERMINATION OF TRUST

SECTION 10.1 Duration of Trust. The Trust shall continue perpetually unless terminated pursuant to Section 10.2 or pursuant to any applicable provision of Title 8.

SECTION 10.2 Termination of Trust.

(k) Subject to the provisions of any class or series of Shares at the time outstanding, the Trust may be terminated at any meeting of Shareholders called for that purpose, by the affirmative vote of the holders of not less than two-thirds of the Shares outstanding. Upon the termination of the Trust:

(i) The Trust shall carry on no business except for the purpose of winding up its affairs.

(ii) The Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Declaration of Trust shall continue, including the powers to fulfill or discharge the Trust's contracts, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more Persons at public or private sale for consideration which may consist in whole or in part of cash, Securities or other property of any kind, discharge or pay its liabilities and do all other acts appropriate to liquidate its business.

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and agreements as they deem necessary for their protection, the Trustees may distribute the remaining Trust Property, in cash or in kind or partly each, among the Shareholders according to their respective rights, so that after payment in full or the setting apart for payment of such preferential amounts, if any, to which the holders of any Shares (other than Common Shares) at the time outstanding shall be entitled, the

remaining Trust Property available for payment and distribution to Shareholders shall, subject to any participating or similar rights of Shares (other than common Shares) at the time outstanding, be distributed ratably among the holders of Common Shares at the time outstanding.

(l) After termination of the Trust, the liquidation of its business, and the distribution to the Shareholders as herein provided a majority of the Trustees shall execute and file with the Trust's records a document certifying that the Trust has been duly terminated, and the Trustees shall be discharged from all liabilities and duties hereunder, and the rights and interests of all Shareholders shall cease.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 Governing Law. This Declaration of Trust is executed by the Trustees and delivered in the State of Maryland with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland without regard to conflicts of laws provisions thereof.

SECTION 11.2 Reliance by Third Parties. Any certificate shall be final and conclusive as to any Persons dealing with the Trust if executed by an individual who, according to the records of the Trust or of any recording office in which this Declaration of Trust may be recorded, appears to be the Secretary or an Assistant Secretary of the Trust or a Trustee, and if certifying to: (a) the number or identity of Trustees, officers of the Trust or Shareholders; (b) the due authorization of the execution of any document; (c) the action or vote taken, and the existence of a quorum, at a meeting of Trustees or Shareholders; (d) a copy of this Declaration or of the Bylaws as a true and complete copy as then in force; (e) an amendment to this Declaration; (f) the termination of the Trust; or (g) the existence of any fact or facts which relate to the affairs of the Trust. No purchaser, lender, transfer agent or other Person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made on behalf of the Trust by the Trustees or by any officer, employee or agent of the Trust.

SECTION 11.3 Provisions in Conflict with Law or Regulations.

(a) The provisions of this Declaration of Trust are severable, and if the Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with the REIT Provisions of the Code, Title 8 or other applicable federal or state laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Declaration of Trust, even without any amendment of this Declaration

pursuant to Section 9.1; provided, however, that such determination by the Trustees shall not affect or impair any of the remaining provisions of this Declaration of Trust or render invalid or improper any action taken or omitted prior to such determination. No Trustee shall be liable for making or failing to make such a determination.

(b) If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such holding shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

SECTION 11.4 Construction. In this Declaration of Trust, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of this Declaration. In defining or interpreting the powers and duties of the Trust and its Trustees and officers, reference may be made, to the extent appropriate and not inconsistent with the Code or Title 8, to Titles 1 through 3 of the cCorporations and Associations Article of the Annotated Code of Maryland. In furtherance and not in limitation of the foregoing, in accordance with the provisions of Title 3, Subtitles 6 and 7, of the Corporations and Associations Article of the Annotated Code of Maryland, the Trust shall be included within the definition of “corporation” for purposes of such provisions.

SECTION 11.5 Recordation. This Declaration of Trust and any amendment hereto shall be filed for record with the State Department of Assessments and Taxation of Maryland and may also be filed or recorded in such other places as the Trustees deem appropriate, but failure to file for record this Declaration or any amendment hereto in any office other than in the State of Maryland shall not affect or impair the validity or effectiveness of this Declaration or any amendment hereto. A restated Declaration shall, upon filing, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Declaration and the various amendments thereto.

IN WITNESS WHEREOF, this Declaration of Trust has been signed on this 4th day of March, 1993 by the undersigned Trustees, each of whom acknowledges, under penalty of perjury, that this document is his free act and deed, and that to the best of his knowledge, information, and belief, the matters and facts set forth herein are true in all material respects.

/s/ Marvin L. Slomowitz
Marvin L. Slomowitz

/s/ Marvin J. Levine
Marvin J. Levine

/s/ Harvey Shanus
Harvey Shanus

/s/ Joseph L. Castle II
Joseph L. Castle II

/s/ Lawrence Longua
Lawrence Longua

/s/ Bennett Silvershein
Bennett Silvershein

/s/ John Vincent Weber
John Vincent Weber

Mark Centers Trust

First Amendment to Declaration
of Trust
Date May 24, 1993

Mark Centers Trust, a Real Estate Investment Trust formed pursuant to Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland (1993 Replacement Volume) (the "REIT"), hereby certifies to the State Department of Assessments and Taxation that:

FIRST: The Declaration of Trust of the REIT is hereby amended by (i) substituting in lieu of the definition in SECTION 1.5 of "REIT Provisions of the Code" the following definition:

SECTION 1.5 Definitions.

"REIT Provisions of the Code" means Sections 856 through 860 of the Code any successor or other provisions of the Code relating to real estate investment trusts (including provisions as to the attribution of ownership of beneficial interests therein) and the regulations promulgated thereunder.

(ii) adding the following definition to SECTION 1.5:

"Related Party Limit" means 9.8% of the outstanding Common Shares of the Trust.

(iii) adding a SECTION 6.6 (k) as follows:

Any transfer of Shares or Securities convertible into Shares which could result in direct or indirect ownership of Shares exceeding the Related Party Limit shall be void ab initio

and the prospective acquiror shall not be entitled to any rights afforded to owners of Shares hereunder and shall be deemed never to have had an interest therein.

(iv) adding a SECTION 6.7 as follows:

New York Stock Exchange Transactions. Nothing in this Article VI shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange.

SECOND: This amendment to the REIT's Declaration of Trust was duly approved by the affirmative written consent of the holders of at least two-thirds of the shares issued by the REIT and then outstanding on May 22, 1993.

IN WITNESS WHEREOF, Mark Centers Trust has caused these presents to be signed in its name and on its behalf by its President and attested by its Secretary, this 22nd day of May, 1993. Each of the undersigned officers of Mark Centers Trust acknowledges, under the penalties for perjury, that this First Amendment to Declaration of Trust is the act of the REIT and that, to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

ATTEST: MARK CENTERS TRUST

/s/ Marvin J. Levine By /s/ Marvin L. Slomowitz

Marvin J. Levine, Secretary Marvin L. Slomowitz, President

Mark Centers Trust

Second Amendment to Declaration
of Trust
Dated May 26, 1993

Mark Centers Trust, a Real Estate investment Trust formed pursuant to Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland (1993 Replacement Volume) (the "REIT"), hereby certifies to the State Department of Assessments and Taxation that:

FIRST: The Declaration of Trust of the REIT is hereby amended by substituting in lieu of SECTION 6.6(k) a new SECTION 6.6(k) as follows:

Any transfer of Shares or Securities convertible into Shares which could result in direct or indirect ownership of Shares exceeding the Related Party Limit other than by an Excepted Person shall be void ab initio and the prospective acquiror shall not be entitled to any rights afforded to owners of Shares hereunder and shall be deemed never to have had an interest therein.

SECOND: This amendment to the REIT'S Declaration of Trust was duly approved by the affirmative written consent of the holders of at least two-thirds of the shares issued by the REIT and then outstanding on May 26, 1993.

IN WITNESS WHEREOF, Mark Centers Trust has caused these presents to be signed in its name and on its behalf by its President and attested by its Secretary, this 26th day of May, 1993. Each of the undersigned officers of Mark Centers Trust acknowledges, under the penalties for perjury, that this First Amendment to Declaration of Trust is the act of the REIT and that, to

the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

ATTEST: MARK CENTERS TRUST

/s/ Marvin J. Levine By /s/ Marvin L. Slomowitz

Marvin J. Levine, Secretary Marvin L. Slomowitz, President

Mark Centers Trust

Third Amendment to Declaration
of Trust
Dated May 26, 1993

Mark Centers Trust, a Real Estate Investment Trust formed pursuant to Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland (1993 Replacement Volume) (the "REIT"), hereby certifies to the State Department of Assessments and Taxation that:

FIRST: The Declaration of Trust of the REIT is hereby amended by (i) substituting in lieu of the definition in Section 1.5 of "Related Party Limit" the following definition:

"Related Party Limit" means ownership, whether direct, indirect or as a result of attribution of ownership for purposes of the REIT Provisions of the Code, of in excess of 9.8% of either the number of total Shares outstanding or the total combined voting power of all classes of Shares entitled to vote.

(ii) adding a SECTION 6.6(l) as follows:

Notwithstanding any other provision in the Declaration of Trust to the contrary, Marvin L. Slomowitz shall not be permitted to own directly, indirectly or as a result of attribution of ownership, in excess of 33.0% of the lesser of the number or the value of the total Shares outstanding.

(iii) substituting in lieu of the second sentence of SECTION 6.4 Dividends or Distributions a new second sentence as follows:

The Trustees shall endeavor to declare and pay such dividends and distributions as shall be necessary for the Trust to qualify as a real estate investment trust under the REIT Provisions of the Code and to avoid tax liability to the Trust; however, Shareholders shall have no right to any dividend or distribution unless and until declared by the Trustees.

(iv) substituting in lieu of the first sentence in Section 6.6(d) a new first sentence as follows:

Any transfer of Shares or Securities convertible into Shares that would (i) create a direct or indirect owner of Excess Shares other than an Excepted Person; (ii) result in the Shares being owned by fewer than 100 Persons for purposes of the REIT Provisions of the Code; (iii) result in the Trust being "closely held" within the meaning of Section 856(h) of the Code or (iv) jeopardize the status of the Trust as a real estate investment trust under the REIT Provisions of the Code, shall be void ab initio and the prospective acquiror shall not be entitled to any rights afforded to owners of Shares hereunder and shall be deemed never to have had an interest therein.

(v) substituting in lieu of the first sentence in Section 6.6(g) a new first sentence as follows:

Notwithstanding any other provision of this Declaration of Trust to the contrary, any purported transfer, exchange, sale or acquisition of Shares (whether such purported transfer, exchange, sale or acquisition results from the direct or indirect acquisition of ownership (as hereafter defined) of Shares) which would result in the termination of the status of the Trust as a real estate investment trust under the REIT Provisions of the Code shall be null and void ab initio.

SECOND: This amendment to the REIT's Declaration of Trust was duly approved by the affirmative written consent of the holders of at lease two-thirds of the shares issued by the REIT and then outstanding on May 26, 1993.

IN WITNESS WHEREOF, Mark Centers Trust has caused these presents to be signed in its name and on its behalf by its President and attested by its Secretary, this 26th day of May, 1993. Each of the undersigned officers of Mark Centers Trust acknowledges, under the penalties for perjury, that this Third Amendment to Declaration of Trust is the act of the REIT and that, to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

ATTEST: MARK CENTERS TRUST

/s/ Marvin J. Levine By /s/ Marvin L. Slomowitz

Marvin J. Levine, Secretary Marvin L. Slomowitz, President

REVOLVING CREDIT AGREEMENT

ACADIA STRATEGIC OPPORTUNITY FUND IV LLC,
as a Borrower

ACADIA REALTY ACQUISITION IV LLC,
as the Borrowers Managing Member

ACADIA REALTY LIMITED PARTNERSHIP,
as the Guarantor

ACADIA REALTY TRUST,
as the Guarantor General Partner

ACADIA INVESTORS IV, INC.,
as the Pledgor

BANK OF AMERICA, N.A.,
as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and a Lender

November 21, 2012

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REVOLVING CREDIT AGREEMENT

THIS **REVOLVING CREDIT AGREEMENT**, is dated as of November 21, 2012, by and among **ACADIA STRATEGIC OPPORTUNITY FUND IV LLC**, a Delaware limited liability company (the "***Initial Borrower***", a "***Borrower***", and collectively with any other Borrower becoming party hereto (including Qualified Borrowers), the "***Borrowers***"), **ACADIA REALTY LIMITED PARTNERSHIP**, a Delaware limited partnership (the "***Guarantor***"), **ACADIA REALTY TRUST**, a Maryland real estate investment trust (the "***Guarantor General Partner***"), **ACADIA REALTY ACQUISITION IV LLC**, a Delaware limited liability company (the "***Borrower Managing Member***"), **ACADIA INVESTORS IV, INC**, a Maryland corporation (the "***Pledgor***"), the banks and financial institutions from time to time party hereto as Lenders, and **BANK OF AMERICA, N.A.** ("***Bank of America***"), as the Administrative Agent for the Secured Parties, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger and the Letter of Credit Issuer (each as hereinafter defined).

A. The Borrower, the Guarantor and the Pledgor have requested that the Lenders make loans and cause the issuance of letters of credit to provide working capital to the Borrowers for purposes permitted under the Constituent Documents (as defined below) of the Credit Parties (as defined below).

B. The Lenders are willing to lend funds and to cause the issuance of letters of credit upon the terms and subject to the conditions set forth in this Credit Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. DEFINITIONS

1.1. **Defined Terms**. For the purposes of Loan Documents, unless otherwise expressly defined, the following terms shall have the meanings assigned to them below:

"Account Bank" means Bank of America.

"Adequately Capitalized" means compliance with the capital standards for bank holding companies as described in the Bank Holding Company Act of 1956, as amended, and regulations promulgated thereunder.

"Adjusted LIBOR" means, for any LIBOR Rate Loan, for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Administrative Agent to be equal to: (a) the quotient obtained by dividing: (i) LIBOR for such LIBOR Rate Loan for such Interest Period; by (ii) one (1) minus the LIBOR Reserve Requirement for such LIBOR Rate Loan for such Interest Period; plus (b) the Applicable Margin.

"Administrative Agent" means Bank of America, until the appointment of a successor "*Administrative Agent*" pursuant to Section 11.9 and, thereafter, shall mean such successor Administrative Agent.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Administrative Agent.

"Affiliate" of any Person means any other Person that, directly or indirectly, controls or is controlled by, or is under common control with, such Person. For the purpose of this definition, "control" and the correlative meanings of the terms "controlled by" and "under common control with" when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting shares or partnership interests or by contract or otherwise.

"Agency Services Address" means the address for the Administrative Agent set forth in Section 12.6, or such other address as may be identified by written notice from the Administrative Agent to the Borrowers and the Lenders.

"Agents" means, collectively, the Administrative Agent, the Sole Lead Arranger, the Letter of Credit Issuer and any successors and assigns in such capacities.

"Agent-Related Person" has the meaning provided in Section 11.3.

"Alternative Investment Vehicle" means an entity created in accordance with a Constituent Document of the Credit Parties for the purpose of making Investments through a vehicle or entity other than a Credit Party.

"Annual Valuation Period" means the "annual valuation period" as defined in *29 C.F.R. §2510.3-101(d)(5)* as determined for each Borrower and the Guarantor, as applicable.

"Anti–Terrorism Laws" means any Applicable Law relating to money laundering or terrorism, including, without limitation, Executive Order 13224, the OFAC Regulations, the Bank Secrecy Act, the USA Patriot Act, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any executive orders or regulations promulgated thereunder.

"Applicable Law" means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities and all orders and decrees of all courts and arbitrators.

"Applicable Lending Office" means, for each Lender and for each Type of Loan, the "lending office" of such Lender (or of an Affiliate of such Lender) designated for such Type of Loan on Schedule II hereof or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrowers by written notice in accordance with the terms hereof as the office by which its Loans of such Type are to be made and maintained.

"Applicable Margin" means (a) with respect to LIBOR Rate Loans, 165 basis points (1.65%) per annum, (b) with respect to Reference Rate Loans, 100 basis points (1.00%) per annum, and (c) with respect to Letter of Credit Fees, 165 basis points (1.65%) per annum.

"Applicable Requirement" means each of the following requirements:

(a) such Investor (or such Investor's Sponsor, Responsible Party or Credit Provider, if applicable) shall be a Rated Investor, and such Investor (or such Investor's Sponsor, Responsible Party or Credit Provider, as applicable) shall have a Rating of BBB+/Baa1 or higher; and

(b) if such Investor (or such Investor's Sponsor, Responsible Party or Credit Provider, if applicable) is:

(i) a Bank Holding Company, it shall have Adequately Capitalized status or better;

(ii) an insurance company, it shall have a Best's Financial Strength Rating of A- or higher;

(iii) if such Investor or such Investor's Credit Provider, as applicable, is an ERISA Investor or Governmental Plan Investor, or the trustee or nominee of an ERISA Investor or a Governmental Plan Investor, such ERISA Investor or Governmental Plan Investor, as applicable, shall have a minimum Funding Ratio based on the Rating of its Sponsor or Responsible Party, as applicable, as follows:

Sponsor Rating/Responsible Party Rating	***Minimum Funding Ratio***
A-/A3 or higher	**No minimum**
BBB+/Baa1 or higher	**90%; or**

The first Rating indicated in each case above is the S&P Rating and the second Rating indicated in each case above is the Moody's Rating. In the event that the S&P and Moody's Ratings are not equivalent, the Applicable Requirement shall be based on the lower of the two. If any such Person has only one Rating, from either S&P or Moody's, then that Rating shall apply. If the Rating of any Investor (or such Investor's Sponsor, Responsible Party or Credit Provider, as applicable) falls below the rating required by this definition, then such Investor shall be deemed to have failed the Applicable Requirement.

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

"Assignee" has the meaning provided in Section 12.11(b).

"Assignment and Assumption" means the agreement contemplated by Section 12.11(b), pursuant to which any Lender assigns all or any portion of its rights and obligations hereunder, which agreement shall be substantially in the form of Exhibit H attached hereto.

"Attributable Indebtedness" means, on any date of determination, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease, the capitalized amount or principal amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"Availability Period" means the period commencing on the Closing Date and ending on the Maturity Date.

"Available Commitment" means, at any time of determination, the lesser of: (a) the Maximum Commitment; and (b) the Borrowing Base.

"Bank Holding Company" means a "*bank holding company*" as defined in Section 2(a) of the Bank Holding Company Act of 1956, as amended from time to time and any successor statute or statutes, or a non-bank subsidiary of such bank holding company.

"Bank of America" has the meaning provided in the Preamble hereto.

"Best's Financial Strength Rating" means a "*Best's Financial Strength Rating*" by A.M. Best Company.

"Borrower" and ***"Borrowers"*** have the meaning provided in the Preamble hereto.

"Borrower Collateral Account" has the meaning provided in Section 5.2(a).

"Borrower Collateral Account Assignment" means each assignment of a Borrower Collateral Account, in the form of Exhibit D hereto, made by a Borrower in favor of the Administrative Agent, pursuant to which such Borrower has granted to the Administrative Agent for the benefit of the Secured Parties, an assignment of such Borrower Collateral Account, as the same may be amended, supplemented or modified from time to time.

"Borrower Managing Member" means Acadia Realty Acquisition IV LLC, and any successor thereto permitted under this Credit Agreement.

"Borrower Party" has the meaning provided in Section 11.1(a).

"Borrower and Borrower Managing Member Security Agreement" means that certain security agreement, substantially in the form of Exhibit C-1 hereto, made by a Borrower and the Borrower Managing Member in favor of the Administrative Agent, for the benefit of the Secured Parties, as the same may be amended, supplemented or modified from time to time.

"Borrowing" means a disbursement made by the Lenders of any of the proceeds of the Loans, and ***"Borrowings"*** means the plural thereof.

"Borrowing Base" means the sum of (a) ninety percent (90%) of the aggregate Unfunded Capital Commitments of the Included Investors, and (b) sixty-five percent (65%) of the aggregate

Unfunded Capital Commitments of the Designated Investors, in each case as such Unfunded Capital Commitments are first reduced by all applicable Concentration Limits; *provided*, that at any time a Designated Exclusion Event has occurred and is continuing, the advance rate for Designated Investors in clause (b) above shall be reduced from sixty-five percent (65%) to zero percent (0%). For the avoidance of doubt, the Unfunded Capital Commitments of an Excluded Investor shall be excluded from the Borrowing Base at all times.

"Borrowing Base Certificate" means the certification and spreadsheet setting forth the calculation of the Available Commitment in the form of Exhibit A hereto.

"Business Day" means any day of the year except: (a) a Saturday, Sunday or other day on which commercial banks in New York City or Charlotte, North Carolina are authorized or required by law to close; and (b) if such day relates to any interest rate settings as to a LIBOR Rate Loan, any fundings, disbursements, settlements and payments in respect of any LIBOR Rate Loan, or any other dealings to be carried out pursuant to this Credit Agreement in respect of any such LIBOR Rate Loan (or any Reference Rate Loan as to which the interest rate is determined by reference to LIBOR), any day on which dealings in Dollars are not conducted by and between banks in the London interbank Eurodollar market.

"Capital Call" means a call upon any or all of the Investors for payment of all or any portion of the Capital Commitments pursuant to and in accordance with, as applicable, the Constituent Documents of the Fund Parties and the Subscription Agreements of the Investors. ***"Capital Calls"*** means, where the context may require, all Capital Calls, collectively.

"Capital Commitment" means the capital commitment of the Investors to the Fund Parties in the amount set forth in the applicable Constituent Document or the applicable Subscription Agreement. ***"Capital Commitments"*** means, where the context may require, all Capital Commitments, collectively.

"Capital Contribution" means the amount of cash actually contributed by an Investor to the Fund Parties with respect to its Capital Commitment as of the time such determination is made, less amounts refunded to such Investor in accordance with the Fund Parties' Constituent Documents. ***"Capital Contributions"*** means, where the context may require, all Capital Contributions, collectively.

"Capital Lease" means any lease of any property by any Person or any of its Subsidiaries, as lessee, that should, in accordance with GAAP, be classified and accounted for as a capital lease on a consolidated balance sheet of such Person and its Subsidiaries.

"Capital Return Certification" means a certificate in the form of Exhibit P attached hereto.

"Capital Return Notice" means the written notice delivered to an Investor by or on behalf of any Fund Party for the purpose of making a return of capital pursuant to the applicable Fund Party's Constituent Documents, which notice shall be in the form of Exhibit Q attached hereto. ***"Capital Return Notices"*** means, where the context may require, all Capital Return Notices, collectively.

"Cash Collateralize" means, to deposit in a Cash Collateral Account or to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the Letter of Credit Issuer or the Lenders, as collateral for the Letter of Credit Liability or obligations of the Lenders to fund participations in respect of the Letter of Credit Liability, cash or deposit account balances or, if the Administrative Agent and the Letter of Credit Issuer shall agree, in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and the Letter of Credit Issuer. ***"Cash Collateral"*** and ***"Cash Collateralize"*** shall have meanings correlative to the foregoing and shall include the proceeds of such Cash Collateral and other credit support.

"Cash Collateral Account" means each deposit account held at the Administrative Agent for the purposes of holding Cash Collateral that is subject to an account control agreement in form and substance satisfactory to the Administrative Agent and the Letter of Credit Issuer.

"Cash Control Event" shall occur if, on any date of determination, (a) an Event of Default has occurred and is continuing; (b) a Potential Default has occurred and is continuing; or (c) the Principal Obligations exceed the Available Commitment.

"CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System.

"Change in Law" means the occurrence, after the date of this Credit Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; (d) the compliance with, or application or implementation of, any of the foregoing subclauses (a), (b) or (c) or with Dodd Frank Laws (defined below) or Basel Rules (defined below) by any Lender or Letter of Credit Provider; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all laws, regulations requests, rules, guidelines or directives thereunder or issued in connection therewith (collectively, "***Dodd Frank Laws***") and (ii) all laws, regulations, requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel II or Basel III (collectively, the "***Basel Rules***"), shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" means the date hereof; provided that all of the conditions precedent set forth in Section 6.1 shall be satisfied or waived by the Lenders.

"Collateral" means all of the collateral security for the Obligations pledged or granted pursuant to the Collateral Documents.

"Collateral Account" means, for each Fund Party, the account listed on Schedule I with respect to such Person, which accounts shall be solely used for receipt of proceeds from Capital

Calls. ***"Collateral Accounts"*** means, where the context requires, all Collateral Accounts, collectively.

"Collateral Account Assignment" means each assignment of a Collateral Account, in the form of Exhibit D hereto, made by a Fund Party in favor of the Administrative Agent, pursuant to which such Fund Party has granted to the Administrative Agent for the benefit of the Secured Parties, an assignment of such Fund Party's Collateral Account, as the same may be amended, supplemented or modified from time to time.

"Collateral Documents" has the meaning provided in Section 5.1.

"Commitment" means, for each Lender, the amount set the amount set forth on Schedule II to this Credit Agreement or on its respective Assignment and Assumption, as the same may be reduced from time to time by the Borrowers pursuant to Section 3.6 or by further assignment by such Lender pursuant to Section 12.11(b).

"Compliance Certificate" has the meaning provided in Section 8.1(b).

"Concentration Limit" means the aggregate amount of Uncalled Capital Commitment in excess of the concentration limits set forth below, calculated for each Investor classification as a percentage of the aggregate Uncalled Capital Commitments of all Included Investors and Designated Investors:

Investor Classification	**Concentration Limit**
Rated Included Investor (dependent on applicable ratings below)·	
AAA/Aaa to AA-/Aa3	**15.0%**
A+/A1 to A-/A3	10%
BBB+/Baa1	5%
Other Concentration Limits	
Unrated Included Investors	10%
Designated Investors	3%
HNW Investors	1%
Aggregate Unrated Included Investors	**45%**
Aggregate Designated Investors	45%
Aggregate HNW Investors	5%

provided, that, for purposes of calculating the above Concentration Limits for any Investor, each Investor and its investing affiliates shall be treated as a single Investor.

"Confidential Information" means, at any time, all data, reports, interpretations, forecasts and records containing or otherwise reflecting information and concerning the Credit Parties or any Investor which is not available to the general public, together with analyses, compilations, studies or other documents, which contain or otherwise reflect such information made available by or on behalf of the Credit Parties pursuant to this Credit Agreement orally or in writing to the Administrative Agent or any Lender or their respective attorneys, certified public accountants or agents, which was clearly and conspicuously marked or communicated as "Confidential," or otherwise requested in writing to be held confidential, but shall not include any data or information that: (a) was or became generally available to the public at or prior to such time; or (b) was or became available to the Administrative Agent or a Lender or to the Administrative Agent's or Lender's respective attorneys, certified public accountants or agents on a non-confidential basis from the Credit Parties or any Investor or any other source at or prior to such time.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Constituent Documents" means, for any Person, its constituent or organizational documents and any governmental or other filings related thereto, including: (a) in the case of any limited partnership, joint venture, trust or other form of business entity, the limited partnership, joint venture, articles of association or other applicable agreement of formation and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation with the secretary of state or other department in the state or jurisdiction of its formation; (b) in the case of any limited liability company, the articles of formation, limited liability agreement and/or operating agreement for such Person; and (c) in the case of a corporation, the certificate or articles of incorporation or association and the bylaws for such Person, in each such case as it may be restated, modified, amended or supplemented from time to time. For the avoidance of doubt, with respect to the Initial Borrower, its "Constituent Documents" shall include the LLC Agreement, with respect to the Guarantor, its "Constituent Documents" shall include its Partnership Agreement and, and with respect to the Pledgor, its "Constituent Documents" shall include the Stockholders Agreement.

"Continue", ***"Continuation"***, and ***"Continued"*** shall refer to the continuation pursuant to a Rollover of a LIBOR Rate Loan from one Interest Period to the next Interest Period.

"Control Agreement" means each Control Agreement among a Fund Party, the Administrative Agent and the Account Bank, as the same may be amended, supplemented or modified from time to time.

"Controlled Group" means: (a) the controlled group of corporations as defined in Section 414(b) of the Internal Revenue Code; or (b) the group of trades or businesses under common control as defined in Section 414(c) of the Internal Revenue Code, in each case of which the applicable Credit Party is a member.

"Conversion Date" means any LIBOR Conversion Date, or Reference Rate Conversion Date, as applicable.

"Conversion Notice" has the meaning provided in Section 2.3(h).

"Convert", ***"Conversion"***, and ***"Converted"*** shall refer to a conversion pursuant to Section 2.3(h) or Section 4 of one Type of Loan into another Type of Loan.

"Covered Plan" means an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA under Section 4 of ERISA or a "plan" as defined in and subject to Section 4975 of the Internal Revenue Code.

"Credit Agreement" means this Revolving Credit Agreement, of which this Section 1.1 forms a part, as amended, restated, supplemented or otherwise modified from time to time.

"Credit Facility" means the Loans and Letters of Credit provided to the Borrowers by the Lenders under the terms and conditions of this Credit Agreement and the other Loan Documents.

"Credit Link Documents" means such financial information and documents as may be requested by the Administrative Agent in its sole discretion, to reflect and connect the relevant or appropriate credit link or credit support of a Sponsor, Credit Provider or Responsible Party, as applicable, to the obligations of the applicable Investor to make Capital Contributions, which may include a written guaranty or such other acceptable instrument determined by the Administrative Agent in its sole discretion as to whether the applicable Investor satisfies the Applicable Requirement based on the Rating or other credit standard of its Sponsor, Credit Provider or Responsible Party, as applicable.

"Credit Party" means a Borrower, a Borrower Managing Member, the Guarantor, the Guarantor General Partner and the Pledgor; and ***"Credit Parties"*** means the Borrowers, the Borrower Managing Members, the Guarantor, the Guarantor General Partner and the Pledgor collectively.

"Credit Provider" means a Person providing Credit Link Documents, in form and substance acceptable to the Administrative Agent in its sole discretion, of the obligations of an Investor to make Capital Contributions and comply with the Investor Consent.

"Debt Limitations" means the limitations set forth in Section 9.11.

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

"Default Rate" means on any day the lesser of: (a) the Reference Rate in effect on such day *plus* two percent (2%) and (b) the Maximum Rate.

"Designated Exclusion Event" means that, at any time, either: (a) five (5) Designated Investors are Excluded Investors, or (b) Designated Investors with an aggregate Capital Commitment greater than 10% of the total aggregate Capital Commitment of all Designated Investors are Excluded Investors, *provided*, that for purposes of determining a Designated Exclusion Event, any (i) Designated Investor that becomes an Excluded Investor but that is replaced by the Credit Parties with a new Designated Investor, or (ii) whose obligations are transferred to any

existing Designated Investor or Included Investor in accordance with the terms of this Credit Agreement and the applicable Constituent Documents of the applicable Fund Party shall not be included in the calculation.

"Designated Investor" means an Investor (a) that has been approved in writing as a Designated Investor by the 100% of the Lenders, in their sole discretion, and (b) in respect of which there has been delivered to the Administrative Agent:

(i) a true and correct copy of the Subscription Agreement executed and delivered by such Investor in the form attached hereto as Exhibit N which shall be acceptable to the Administrative Agent, together with the applicable Credit Party's countersignature, accepting such Subscription Agreement;

(ii) any Constituent Documents of the applicable Credit Party, executed and delivered by such Investor;

(iii) a true and correct copy of any Side Letter duly executed and delivered by such Investor, which shall be acceptable to the Administrative Agent in its sole discretion;

(iv) an Investor Consent duly executed and delivered by such Investor;

(v) if applicable, the Credit Link Documents of such Investor's Sponsor, Credit Provider, or Responsible Party, as applicable, executed and delivered by such Person;

(vi) if such Investor's Subscription Agreement, its Investor Consent, or any Constituent Document of the applicable Credit Party, executed by such Investor was signed by the applicable Credit Party, or any Affiliate of any thereof as an attorney-in-fact on behalf of such Investor, the Administrative Agent shall have received evidence of such signatory's authority satisfactory to the Administrative Agent in its reasonable discretion; and

(vii) if such Investor is an HNW Investor, such HNW Investor is an Eligible HNW Investor,

provided that any Designated Investor in respect of which an Exclusion Event has occurred shall thereupon no longer be a Designated Investor until such time as all Exclusion Events in respect of such Investor shall have been cured and such Investor shall have been restored as a Designated Investor in the sole discretion of the Required Lenders. The Designated Investors as of the Closing Date are those specified as being Designated Investors on Exhibit A, as in effect on Closing Date, and Designated Investors approved by the Lenders subsequent to the Closing Date will be reflected in updated Borrowing Base Certificates accepted by the Lenders. Eligible HNW Investors that satisfy the criteria therefore shall be Designated Investors, but subject to their own sub-Concentration Limits.

"Distribution" has the meaning provided in Section 9.17.

"Dollars" and the sign "**$**" means lawful currency of the United States of America.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 12.11(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 12.11(b)(iii)).

"Eligible HNW Investor" means an HNW Investor that, if a natural person, is not deceased, and if a family office or family trust, the primary benefactor of which is not deceased.

"Endowment Fund Investor" means an Investor that is a wholly owned, tax exempt, public charity subsidiary of a Sponsor, the assets of which Investor are not wholly disbursable for the Sponsor's purposes on a current basis under the specific terms of all applicable gift instruments, formed for the sole purpose of accepting charitable donations on behalf of such Sponsor and investing the proceeds thereof.

"Environmental Complaint" means any complaint, order, demand, citation or notice threatened or issued or threatened to be issued in writing to any Credit Party by any Person with regard to air emissions, water discharges, Releases, or disposal, noise emissions, or any other environmental, health or safety matter affecting such Credit Party or any of such Credit Party's Properties.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law, including, without limitation, any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to human health or the environment.

"Environmental Laws" means any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of human health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

"Environmental Liability" means any claim, demand, liability (including strict liability) obligation, accusation or cause of action, or any order, violation, loss, damage (including, without limitation, to any Person, property or natural resources and including consequential damages), injury, judgment, penalty or fine, cost of enforcement, cost of remedial action, cleanup, restoration or any other cost or expense whatsoever (including reasonable fees, costs and expenses of attorneys, consultants, contractors, experts and laboratories) and disbursements in connection with any Environmental Claims, violation or alleged violation of any Environmental Law, the imposition of any Environmental Lien or the failure to comply in all material respects with any Environmental Requirement.

"Environmental Lien" means a Lien in favor of any Governmental Authority: (a) under any Environmental Law; or (b) for any liability or damages arising from, or costs incurred by, any Governmental Authority in response to the Release or threatened Release of any Hazardous Material.

"Environmental Requirement" means any Environmental Law, agreement, or restriction, as the same now exists or may be changed, amended, or come into effect in the future, which pertains to health, safety, or the environment, including, but not limited to ground, air, water, or noise pollution, or underground or aboveground tanks.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

"ERISA Investor" means an Investor of any Fund Party that is: (a) an "*employee benefit plan*" (as such term is defined in Section 3(3) of ERISA) subject to Title I of ERISA; (b) any "*plan*" defined in and subject to Section 4975 of the Internal Revenue Code; or (c) any entity or account whose assets include or are deemed to include the Plan Assets of one or more such employee benefit plans or plans pursuant to the Plan Asset Regulations or any other relevant legal authority.

"Event of Default" has the meaning provided in Section 10.1.

"Excluded Investor" means any Investor that is not an Included Investor or a Designated Investor, including any Investor that is subject to an Exclusion Event that has not been cured in accordance with the provisions hereof.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by overall net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrowers under Section 4.8(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 4.1, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure (other than as a result of a Change in Law) to comply with Section 4.1(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Exclusion Event" means, with respect to any Included Investor or Designated Investor (or, if applicable, the Sponsor, Responsible Party, or Credit Provider of such Included Investor or Designated Investor) any of the following events shall occur (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) it shall: (i) apply for or consent to the appointment of a receiver, trustee, custodian, intervenor, liquidator or other similar official of itself or of all or a substantial part of its assets; (ii) file a voluntary petition as debtor in bankruptcy or admit in writing that it is unable to pay its debts as they become due; (iii) make a general assignment for the benefit of creditors; (iv) file a petition or answer seeking reorganization or an arrangement with creditors or take advantage of any Debtor Relief Laws; (v) file an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against it in any bankruptcy, reorganization, or insolvency proceeding; or (vi) take personal, partnership, limited liability company, corporate or trust action, as applicable, for the purpose of effecting any of the foregoing;

(b) an involuntary case or other proceeding shall be commenced against it, seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or an order, order for relief, judgment, or decree shall be entered by any court of competent jurisdiction or other competent authority approving a petition seeking such Investor's reorganization or appointing a receiver, custodian, trustee, intervenor, or liquidator of such Person or of all or substantially all of its assets and such order, judgment, or decree shall continue unstayed and in effect for a period of sixty (60) days, or an order for relief shall be entered in respect of such Person in a proceeding under the United States Bankruptcy Code;

(c) any final judgment or decree which in the aggregate exceeds fifteen percent (15%) of the net worth of such Investor shall be rendered against such Person, and (i) any such judgment or decree shall not be discharged, paid, bonded or vacated within ten (10) days or (ii) enforcement proceedings shall be commenced by any creditor on any such judgment or decree and shall not be stayed;

(d) such Investor shall (i) repudiate, challenge, or declare unenforceable its obligation to make contributions pursuant to its Capital Commitment or a Capital Call, (ii) otherwise disaffirm any provision of its Subscription Agreement, the Constituent Documents of any Fund Party, as applicable, its Investor Consent or any Credit Link Document, or (iii) give any written notice of its intent to withdraw from the applicable Fund Party or that it may not fund future contributions pursuant to a Capital Call or comply with the provisions of its Subscription Agreement, the Constituent Documents of any Fund Party, as applicable, its Investor Consent or any Credit Link Document;

(e) such Investor shall fail to make a contribution of capital when initially due pursuant to a Capital Call, without regard to any applicable notice or cure period under the applicable Constituent Documents, and such delinquency is not cured within ten (10) Business Days;

(f) any representation, warranty, certification or statement made by such Investor under its Subscription Agreement (or related Side Letter), the Constituent Documents of the applicable Fund Party, its Investor Consent or Credit Link Document or in any certificate,

financial statement or other document delivered pursuant to this Credit Agreement executed by such Person shall prove to be untrue, inaccurate or misleading in any material respect;

(g) such Investor encumbers its interest in the applicable Fund Party;

(h) a default shall occur in the performance by it of any of the covenants or agreements contained in its Subscription Agreement (or related Side Letter), the Constituent Documents of the applicable Fund Party, its Investor Consent or Credit Link Document (except as otherwise specifically addressed in this definition) and such default is not cured within five (5) Business Days;

(i) in the case of each Investor that is an Included Investor described in clause (a)(i) of the first sentence of the definition of "Included Investor", it shall fail to maintain the Applicable Requirement for such Investor required in the definition of "Applicable Requirement" in Section 1.1;

(j) in the case of an Investor that is an Included Investor described in clause (a)(ii) of the first sentence of the definition of "Included Investor," it shall fail to maintain a net worth (determined in accordance with GAAP), measured as of the end of the time period covered in such Person's most recent financial report, as delivered pursuant to Section 8.1, of at least seventy-five percent (75%) of the net worth of such Investor, Sponsor, Responsible Party, or Credit Provider measured as of the date of its initial designation as an Included Investor;

(k) in the case of an Investor that is an Included Investor described in clause (a)(ii) of the first sentence of the definition of "Included Investor" or a Designated Investor, the occurrence of any circumstance or event which, in the sole discretion of the Administrative Agent could reasonably be expected to have a material and adverse impact on the financial condition and/or operations of such Investor;

(l) such Investor shall Transfer its equity interest in the applicable Fund Party and be released from its obligation under the applicable Constituent Documents to make contributions pursuant to a Capital Call with respect to such transferred interest, provided that, if such Investor shall Transfer less than all of its equity interest in the applicable Fund Party, only the Transferred portion shall be excluded from the Borrowing Base;

(m) the Borrowers fail to deliver to the Administrative Agent, upon the request of the Administrative Agent in accordance with Section 8.12(b), a certificate for such Investor setting forth the remaining amount of its Unfunded Capital Commitment which it is obligated to fund;

(n) any Credit Party suspends, cancels, reduces, excuses, terminates or abates the Capital Commitment or any Capital Contribution of such Included Investor or Designated Investor; provided, however, that to the extent such suspension, cancellation, reduction, excuse, termination or abatement relates solely to a portion of such Investor's Unfunded

Capital Commitment, only such suspended, cancelled, reduced, excused, terminated or abated portion shall be excluded from the Borrowing Base;

(o) the Uncalled Capital Commitment of such Investor ceases to be Collateral;

(p) in connection with any Borrowing or the issuance of any Letter of Credit, any Credit Party has knowledge that such Investor will likely request to be excused from funding a Capital Call with respect to the Investment being acquired or otherwise funded with the proceeds of the related Borrowing or Letter of Credit; provided that only the portion of such Investor's Unfunded Capital Commitment which would otherwise be contributed to fund such Investment or repay the related Borrowing or Letter of Credit shall be excluded from the Borrowing Base;

(q) such Investor becomes a Sanctioned Person, or, to any Credit Party's or Administrative Agent's knowledge, such Investor's funds to be used in connection with funding Capital Calls are derived from illegal or suspicious activities;

(r) if such Investor is an Endowment Fund Investor, a breach or written repudiation by its Sponsor of its keepwell agreement with such Investor;

(s) if such Investor is an ERISA Investor, any failure by its Sponsor to pay any contractual or statutory obligations or make any other payment required by ERISA or the Internal Revenue Code with respect to such ERISA Investor; or

(t) in the case of an Included Investor or such Investor's Credit Provider, as applicable, which does not have publicly available financial information, the Administrative Agent is unable (after giving the Borrowers thirty (30) days written notice thereof) to obtain annual updated financial information for such Investor or such Investor's Credit Provider, as applicable, within ninety (90) days following the end of the applicable fiscal year of such Investor.

"Extension Request" means a written request by the Borrowers substantially in the form attached hereto as Exhibit O to extend the initial or extended Stated Maturity Date for an additional period of no greater than 364 days.

"Facility Increase" has the meaning provided in Section 2.15(a).

"Facility Increase Fee" means the fee payable with respect to any Facility Increase in accordance with Section 2.15, as set forth in the Fee Letter.

"Facility Increase Request" means the notice in the form attached hereto as Exhibit O pursuant to which the Borrowers request an increase of the Commitments in accordance with Section 2.15.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Credit Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official

interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day (or, if such day is not a Business Day, for the immediately preceding Business Day), as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the average of the quotation for such day on such transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

"Fee Letter" means that certain Fee Letter or Fee Letters, dated the date hereof, among the Credit Parties, the Administrative Agent and certain Lenders, as each may be amended, supplemented or otherwise modified from time to time.

"Filings" means UCC financing statements, UCC financing statement amendments and UCC financing statement terminations.

"Foreign Lender" means (a) if the applicable Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the applicable Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the applicable Borrower is resident for tax purposes.

"Fund Party" means a Borrower, the Guarantor or the Pledgor; and ***"Fund Parties"*** means the Borrowers, the Guarantor and the Pledgor collectively.

"Funding Ratio" means: (a) for a Governmental Plan Investor, the actuarial present value of the assets of the plan over the actuarial value of the plan's total benefit liabilities, as reported in such plan's most recent audited financial statements; and (b) for an ERISA Investor: (i) for plan years prior to 2008, the gateway percentage or funded current liability percentage reported on Schedule B to the Form 5500; and (ii) for plan years 2008 and later, the funding target attainment percentage reported on Schedule SB to the Form 5500 or the funded percentage for monitoring plan's status reported on Schedule MB to the Form 5500, as applicable, as reported on the most recently filed Form 5500 by such ERISA Investor with the United States Department of Labor.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Approvals" means all authorizations, consents, approvals, permits, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Governmental Plan Investor" means an Investor that is a governmental plan as defined in Section 3(32) of ERISA.

"Guarantor" has the meaning provided in the preamble hereto.

"Guarantor and Guarantor General Partner Security Agreement" means that certain security agreement, substantially in the form of Exhibit C-2 hereto, made by a Guarantor and the Guarantor General Partner in favor of the Administrative Agent, for the benefit of the Secured Parties, as the same may be amended, supplemented or modified from time to time.

"Guarantor Collateral Account" has the meaning provided in Section 5.2(a).

"Guarantor Collateral Account Assignment" means each assignment of a Guarantor Collateral Account, substantially in the form of Exhibit D hereto, made by the Guarantor in favor of the Administrative Agent, pursuant to which the Guarantor has granted to the Administrative Agent for the benefit of the Secured Parties, an assignment of such Guarantor Collateral Account, as the same may be amended, supplemented or modified from time to time.

"Guarantor General Partner" has the meaning provided in the Preamble hereto.

"Guaranty" has the meaning provided in Section 13.1.

"Guaranty Obligations" means, with respect to the Borrowers and their Subsidiaries, without duplication, any obligation, contingent or otherwise, of any such Person pursuant to which such Person has directly or indirectly guaranteed any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of any such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, that the term Guaranty Obligation shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Material" means any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority,

(c) the presence of which require investigation or remediation under any Environmental Law or common law, (d) the discharge or emission or release of which requires a permit or license under any Environmental Law or other Governmental Approval, (e) which are deemed to constitute a nuisance or a trespass which pose a health or safety hazard to Persons or neighboring properties, (f) which consist of underground or aboveground storage tanks, whether empty, filled or partially filled with any substance, or (g) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

"Hedge Agreement" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, all as amended, restated, supplemented or otherwise modified from time to time.

"Hedge Termination Value" means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender).

"HNW Investor" means each Investor that is a domestic or international individual investor (including a natural person, family office or family trust) or an entity owned or controlled or established by a domestic or international individual investor (including a natural person, family office or family trust).

"Included Investor" means an Investor (a) that either (i) meets the Applicable Requirement (or whose Credit Provider, Sponsor or Responsible Party, as applicable, meets the Applicable Requirement) and at the request of the Borrowers has been approved in writing as an Included Investor by the Administrative Agent, in its sole discretion, or (ii) does not meet the Applicable Requirement but at the request of the Borrowers has been approved in writing as an Included Investor by the Lenders, in their sole discretion, and (b) in respect of which there has been delivered to the Administrative Agent:

(i) a true and correct copy of the Subscription Agreement executed and delivered by such Investor in the form attached hereto as Exhibit N which shall be acceptable to the Administrative Agent, together with the applicable Credit Party's countersignature, accepting such Subscription Agreement;

(ii) any Constituent Documents of the applicable Credit Party executed and delivered by such Investor;

(iii) an Investor Consent duly executed and delivered by such Investor;

(iv) a true and correct copy of any Side Letter executed by such Investor, which shall be acceptable to the Administrative Agent in its sole discretion;

(v) if applicable, the Credit Link Documents of such Investor's Sponsor, Credit Provider or Responsible Party, as applicable, executed and delivered by such Person;

(vi) if such Investor's Subscription Agreement, its Investor Consent, or any Constituent Document of the applicable Credit Party executed by such Investor was signed by any Credit Party or any Affiliate of any Credit Party, as an attorney-in-fact on behalf of such Investor, the Administrative Agent shall have received evidence of such signatory's authority satisfactory to the Administrative Agent in its reasonable discretion; and

(vii) a favorable Investor Opinion that includes, where applicable, opinions as to the other matters described in the following clauses (b)(viii) and (b)(ix),

provided that (1) any Investor in respect of which an Exclusion Event has occurred shall thereupon no longer be an Included Investor until such time as all Exclusion Events in respect of such Investor shall have been cured and such Investor shall have been restored as an Included Investor in the sole discretion of all Lenders; and (2) each approval under clause (a)(i) or clause (a)(ii) and each restoration under clause (1) of this proviso shall be subject to the satisfaction of such initial and ongoing conditions as may be specified by the Administrative Agent. The Included Investors as of the Closing Date are those specified as being Included Investors on Exhibit A, as in effect on the Closing Date, and Included Investors approved by the Administrative Agent or Lenders, as applicable, subsequent to the Closing Date will be reflected in updated Borrowing Base Certificates accepted by the Administrative Agent or Lenders, as applicable.

"Increase Effective Date" has the meaning provided in Section 2.15(b).

"Indebtedness" means, with respect to any Person at any date and without duplication, the sum of the following:

(a) all liabilities, obligations and indebtedness for borrowed money including, but not limited to, obligations evidenced by bonds, debentures, notes or other similar instruments of any such Person;

(b) all obligations to pay the deferred purchase price of property or services of any such Person (including, without limitation, all obligations under non-competition, earn-out or similar

agreements), except trade payables arising in the ordinary course of business not more than ninety (90) days past due, or that are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided for on the books of such Person;

(c) the Attributable Indebtedness of such Person with respect to such Person's obligations in respect of Capital Leases and Synthetic Leases (regardless of whether accounted for as indebtedness under GAAP);

(d) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);

(e) all Indebtedness of any other Person secured by a Lien on any asset owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements except trade payables arising in the ordinary course of business), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all obligations, contingent or otherwise, of any such Person relative to the face amount of letters of credit, whether or not drawn, including, without limitation, any Reimbursement Obligation, and banker's acceptances issued for the account of any such Person;

(g) all obligations of any such Person to repurchase any securities which repurchase obligation is related to the issuance thereof;

(h) all net obligations of such Person under any Hedge Agreements; and

(i) all Guaranty Obligations of any such Person with respect to any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Hedge Agreement on any date shall be deemed to be the Hedge Termination Value thereof as of such date.

"Indemnified Taxes" means (a) Taxes other than Excluded Taxes imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" has the meaning provided in Section 12.5(b).

"Initial Borrower" has the meaning provided in the Preamble hereto.

"Interest Option" means LIBOR or the Reference Rate.

"***Interest Payment Date"*** means the 12th day of each month (or if such day is not a Business Day, on the next succeeding Business Day); provided, that after the Maturity Date, any Business Day selected from time to time by the Administrative Agent shall be an Interest Payment Date.

"Interest Period" means, (a) initially the period commencing on (and including) the date of the initial funding of such Loan and ending on (and including) the last calendar day of such month and (b) thereafter, each period commencing on (and including) the first calendar day of the succeeding calendar month and ending on (and including) the last day of such calendar month; provided, that:

(A) any Interest Period with respect to any Loan which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day; and

(B) in the case of any Interest Period for any Loans which commences before the Maturity Date and would otherwise end on a date occurring after the Maturity Date, such Interest Period shall end on (but exclude) such Maturity Date and the duration of each Interest Period which commences on or after the Maturity Date shall be of such duration as shall be selected by the applicable Lender in its sole discretion.

"Internal Revenue Code" means the U.S. Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, each as amended or modified from time to time.

"Investment" means "Investment" as that term is defined in the Constituent Documents of the Initial Borrower.

"Investment Period Termination Date" means the last day of the "Investment Period", as that term is defined in the Constituent Documents of the Initial Borrower.

"Investor" means any Person that is admitted to any Fund Party as a member, shareholder, limited partner, general partner or other equity holder in accordance with the applicable Constituent Documents of such Fund Party, including, for the avoidance of doubt, the Pledgor and the Guarantor as members of the Initial Borrower.

"Investor Consent" means a letter in the form of Exhibit K attached hereto (or as otherwise agreed to in writing by the Administrative Agent in its sole discretion) executed by an Investor and delivered to the Administrative Agent.

"Investor Information" has the meaning provided in Section 12.16.

"Investor Opinion" means a written opinion (addressed to the Administrative Agent) of counsel to an Investor, in the form of Exhibit L (or such other evidence of authority as acceptable to the Administrative Agent in its sole discretion) and otherwise acceptable to the Administrative Agent, covering such matters relating to the Investor, its Subscription Agreement, its Investor Consent, the applicable Constituent Documents, any Credit Link Documents or the transactions contemplated by any of the foregoing, as the Administrative Agent shall reasonably request; provided that if (i) an opinion furnished by counsel to an Investor does not address the enforceability

of such Investor's Subscription Agreement, Investor Consent, any Credit Link Documents or any of the Constituent Documents of the applicable Credit Party but is otherwise acceptable to the Administrative Agent, and (ii) counsel to the Borrowers provides an opinion as to such enforceability in form and substance acceptable to the Administrative Agent, then the term "Investor Opinion" shall include such combined opinions of counsel to the Investor and counsel to the Borrowers.

"ISP98" means the International Standby Practices (1998 Revision, effective January 1, 1999), International Chamber of Commerce Publication No. 590.

"KYC Compliant" means any Person who has satisfied all requests for information from the Lenders for "know-your-customer" and other anti-terrorism, anti-money laundering and similar rules and regulations and related policies and who would not result in any Lender being non-compliant with any such rules and regulations and related policies were such Person to enter into a banking relationship with such Lender.

"Lender" means (a) Bank of America, in its capacity as lender and (b) each other lender that becomes party to this Credit Agreement in accordance with the terms hereof, and collectively, the ***"Lenders"***.

"Lender Party" has the meaning provided in Section 11.1.

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

"Letter of Credit" means any letter of credit issued by the Letter of Credit Issuer pursuant to Section 2.8 either as originally issued or as the same may, from time to time, be amended or otherwise modified or extended.

"Letter of Credit Application" means an application, in the form specified by the Letter of Credit Issuer form time to time, requesting the Letter of Credit Issuer issue a Letter of Credit.

"***Letter of Credit Issuer"*** means Bank of America or any Affiliate thereof.

"Letter of Credit Liability" means the aggregate amount of the undrawn stated amount of all outstanding Letters of Credit plus the amount drawn under Letters of Credit for which the Letter of Credit Issuer and the Lenders, or any one or more of them, have not yet received payment or reimbursement (in the form of a conversion of such liability to Loans, or otherwise) as required pursuant to Section 2.8.

"Letter of Credit Sublimit" means, at any time, an amount equal to the lesser of: (a) thirty five percent (35%) of the Available Commitment at such time or (b) $105,000,000. The Letter of Credit Sublimit is a part of, and not in addition to, the Maximum Commitment.

"LIBOR" means, with respect to any LIBOR Rate Loan for each day during any Interest Period, the British Bankers' Association Interest Settlement Rate for deposits in Dollars with a term equivalent to one month, as published by Reuters (or other commercially available source providing

quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, on such day, changing when and as such rate changes; provided that, if more than one rate is published by Reuters (or such other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time), the applicable rate shall be the arithmetic mean of all such rates (rounded upwards if necessary to the nearest 1/100 of 1%). If for any reason the rate specified in the preceding clauses (i) or (ii) is not available, then "***LIBOR Rate***" shall mean the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) at which, as determined by the Administrative Agent in accordance with its customary practices, deposits in Dollars in an amount comparable to the Loans then requested are being offered to leading banks at approximately 11:00 a.m., London time on the same day such rate shall apply for settlement in immediately available funds by leading banks in the London interbank market for a period equal to one month.

Each calculation by the Administrative Agent of LIBOR shall be conclusive and binding for all purposes, absent manifest error.

"LIBOR Conversion Date" has the meaning provided in Section 2.3(h).

"LIBOR Rate Loan" means a Loan (other than a Reference Rate Loan) that bears interest at a rate based on LIBOR.

"LIBOR Reserve Requirement" means, at any time, the maximum rate at which reserves (including, without limitation, any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against "*Eurocurrency liabilities*" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the LIBOR Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to: (a) any category of liabilities which includes deposits by reference to which Adjusted LIBOR is to be determined; or (b) any category of extensions of credit or other assets which include LIBOR Rate Loans or Reference Rate Loans bearing interest based off LIBOR. LIBOR shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Requirement. Each determination by the Administrative Agent of the LIBOR Reserve Requirement shall, in the absence of manifest error, be conclusive and binding.

"Lien" means any lien, mortgage, security interest, charge, tax lien, pledge, encumbrance, or conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of indebtedness, whether arising by agreement or under common law, any statute, law, contract, or otherwise.

"Liquidity Ratio" means, with respect to an Endowment Fund Investor, the ratio of (a) unrestricted net assets less fixed assets and debt to (b) annual operating expenses, as set forth in its most recent audited financial statements.

"LLC Agreement" means the operating agreement of Acadia Strategic Opportunity Fund IV LLC dated as of May 16, 2012, as further amended, restated, modified or supplemented from time to time, in accordance with the terms hereof.

"Loan Deficit" has the meaning provided in Section 2.3(f).

"Loan Documents" means this Credit Agreement, the Notes (including any renewals, extensions, re-issuances and refundings thereof), each of the Collateral Documents, each Assignment and Assumption, each Application for Letter of Credit, each Investor Consent, all Credit Link Documents, each Qualified Borrower Guaranty, the Fee Letter and such other agreements and documents, and any amendments or supplements thereto or modifications thereof, executed or delivered pursuant to the terms of this Credit Agreement or any of the other Loan Documents and any additional documents delivered in connection with any such amendment, supplement or modification.

"Loans" means the groups of LIBOR Rate Loans and Reference Rate Loans made by the Lenders to the Borrowers pursuant to the terms and conditions of this Credit Agreement, plus all payments under a Letter of Credit made to the beneficiary named thereunder (and certain other related amounts specified in Section 2.9 and Section 3.3(c) shall be treated as Loans pursuant to Section 2.9 and Section 3.3(c)).

"Margin Stock" has the meaning assigned thereto in Regulation U.

"Material Adverse Effect" means a material adverse effect on: (a) the assets, operations, properties, liabilities (actual or contingent), condition (financial or otherwise), or business of the Credit Parties; (b) the ability of any Credit Party to perform its obligations under this Credit Agreement or any of the other Loan Documents; (c) the validity or enforceability of this Credit Agreement, any of the other Loan Documents, or the rights and remedies of the Secured Parties hereunder or thereunder taken as a whole; (d) the obligation or the liability of any Credit Party to fulfill its obligations under its Constituent Documents; or (e) the ability of the Investors (or applicable Sponsors, Responsible Parties or Credit Providers) to perform their obligations under the Constituent Documents of the Fund Parties, the Subscription Agreements, the Side Letters, the Investor Consents or the Credit Link Documents, as applicable.

"Material Amendment" has the meaning provided in Section 9.6.

"Maturity Date" means the earliest of: (a) the Stated Maturity Date; (b) the date upon which the Administrative Agent declares the Obligations due and payable after the occurrence of an Event of Default; (c) 45 days prior to the termination of the Constituent Documents of the Borrowers or the Guarantor; (d) 90 days prior to the Investment Period Termination Date and (e) the date upon which the Borrowers terminate the Commitments pursuant to Section 3.6 or otherwise.

"Maximum Commitment" means $150,000,000, as it may be (a) reduced by the Borrowers pursuant to Section 3.6 or (b) increased from time to time by the Borrowers pursuant to Section 2.15.

"Maximum Rate" means, on any day, the highest rate of interest (if any) permitted by applicable law on such day.

"Minimum Collateral Amount" means, at any time, with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the Letter of Credit Liability of the Letter of Credit Issuer with respect to Letters of Credit issued and outstanding at such time.

"Moody's" means Moody's Investors Service, Inc and any successor thereto.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Notes" means the master promissory notes provided for in Section 3.1, and all master promissory notes delivered in substitution or exchange therefor, as such notes may be amended, restated, reissued, extended or modified, and the Qualified Borrower Notes; and "Note" means any one of the Notes.

"Obligations" means all present and future indebtedness, obligations, and liabilities of the Credit Parties to the Lenders and other Secured Parties, and all renewals and extensions thereof (including, without limitation, Loans, Letters of Credit, or both), or any part thereof, arising pursuant to this Credit Agreement (including, without limitation, the indemnity provisions hereof) or represented by the Notes and each Qualified Borrower Guaranty, and all interest accruing thereon, and attorneys' fees incurred in the enforcement or collection thereof, regardless of whether such indebtedness, obligations, and liabilities are direct, indirect, fixed, contingent, joint, several, or joint and several; together with all indebtedness, obligations and liabilities of the Credit Parties to the Lenders and other Secured Parties evidenced or arising pursuant to any of the other Loan Documents, and all renewals and extensions thereof, or any part thereof.

"OFAC" means the United States Department of the Treasury's Office of Foreign Assets Control.

"OFAC Regulations" means the regulations promulgated by OFAC, as amended from time to time.

"Operating Company" means an "*operating company*" within the meaning of *29 C.F.R. §2510.3-101(c)* of the Plan Asset Regulations.

"Operating Lease" means, as to any Person as determined in accordance with GAAP, any lease of Property (whether real, personal or mixed) by such Person as lessee which is not a Capital Lease.

"Other Claims" has the meaning provided in Section 5.4.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security

interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court, documentary, excise, property, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"Parallel Investment Vehicle" means a parallel and or feeder partnership, real estate tax investment trust, group trust or other investment vehicle created in accordance with the Constituent Documents of any Fund Party.

"Participant" has the meaning provided in Section 12.11(d).

"Participant Register" has the meaning specified in Section 12.11(e).

"Partnership Agreement" with respect to the Guarantor, means the limited partnership agreement of the Guarantor, as further amended, restated, modified or supplemented in accordance with the terms hereof.

"Patriot Act" has the meaning provided in Section 12.17.

"Pending Capital Call" means any Capital Call that has been made upon the Investors and that has not yet been funded by the applicable Investor, but with respect to which such Investor is not in default.

"Person" means an individual, sole proprietorship, joint venture, association, trust, estate, business trust, corporation, limited liability company, limited liability partnership, limited partnership, nonprofit corporation, partnership, sovereign government or agency, instrumentality, or political subdivision thereof, or any similar entity or organization.

"Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), including any single-employer plan or multiemployer plan (as such terms are defined in Section 4001(a)(15) and in Section 4001(a)(3) of ERISA, respectively), that is subject to Title IV of ERISA.

"Plan Asset Regulations" means *29 C.F.R. §2510.3-101*, et seq, as modified by Section 3(42) of ERISA.

"Plan Assets" means "plan assets" within the Plan Asset Regulations.

"Pledgor Security Agreement" means that certain pledgor security agreement, dated as of the date hereof, executed and delivered by the Pledgor in favor of the Administrative Agent on behalf of the Secured Parties, as may be amended, supplemented or otherwise modified from time to time with the consent of the Administrative Agent, the Letter of Credit Issuer, and the Lenders to the extent expressly required hereby, which agreement shall be substantially in the form of Exhibit C-3 attached hereto.

"Potential Default" means any condition, act or event which, with the giving of notice or lapse of time or both, would become an Event of Default.

"Prime Rate" means, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

"Principal Obligations" means the sum of (a) the aggregate outstanding principal amount of the Loans *plus* (b) the aggregate Letter of Credit Liability.

"Pro Rata Share" means, with respect to each Lender, the percentage obtained from the fraction: (a) (i) the numerator of which is the Commitment of such Lender; and (ii) the denominator of which is the aggregate Commitments of all Lenders; or (b) in the event the Commitments of all Lenders have been terminated: (i) the numerator of which is the sum of the Principal Obligations (or, if no Principal Obligations are outstanding, the Obligations) outstanding of such Lender; and (ii) the denominator of which is the aggregate Principal Obligations (or if no Principal Obligations are outstanding, the Obligations) of all Lenders.

"Proceedings" has the meaning provided in Section 7.9.

"Proposed Amendment" has the meaning provided in Section 9.6.

"Qualified Borrower" has the meaning provided in Section 6.3.

"Qualified Borrower Guaranty" and ***"Qualified Borrower Guaranties"*** are defined in Section 6.3.

"Qualified Borrower Letter of Credit Note" has the meaning provided in Section 6.3.

"Qualified Borrower Notes" means the Qualified Borrower Promissory Notes and the Qualified Borrower Letter of Credit Notes, and ***"Qualified Borrower Note"*** means any one of them, as such note may be amended, restated, reissued, extended or modified.

"Qualified Borrower Promissory Note" has the meaning provided in Section 6.3.

"Rated Investor" means any Investor that has a Rating (or that has a Credit Provider, Sponsor or Responsible Party that has a Rating). In the event the Investor, its Credit Provider, Sponsor or Responsible Party has more than one Rating, then the lowest of such Ratings shall be the applicable Rating.

"Rating" means, for any Person, its senior unsecured debt rating (or equivalent thereof, such as, but not limited to, a corporate credit rating, issuer rating/insurance financial strength rating (for an insurance company), general obligation rating or credit enhancement program (for a

governmental entity), or revenue bond rating (for an educational institution or a governmental entity) from S&P or Moody's.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) the Letter of Credit Issuer, as applicable.

"Reference Rate" means the greatest of: (i) the Prime Rate plus the Applicable Margin, (ii) the Federal Funds Rate plus fifty basis points (0.50%) plus the Applicable Margin, and (iii) except during any period of time during which LIBOR is unavailable pursuant to Section 4.2 or 4.3, Adjusted LIBOR plus one hundred basis points (1.00%). Each change in the Reference Rate shall become effective without prior notice to any Credit Party automatically as of the opening of business on the day of such change in the Reference Rate.

"Reference Rate Conversion Date" has the meaning provided in Section 2.3(h).

"Reference Rate Loan" means a Loan made hereunder with respect to which the interest rate is calculated by reference to the Reference Rate.

"Register" has the meaning provided in Section 12.11(c).

"Regulation D," "Regulation T," "Regulation U," and ***"Regulation X"*** means Regulation D, T, U, or X, as the case may be, of the Board of Governors of the Federal Reserve System, from time to time in effect, and shall include any successor or other regulation relating to reserve requirements or margin requirements, as the case may be, applicable to member banks of the Federal Reserve System.

"Reimbursement Obligation" means the obligation of the Borrowers to reimburse the Letter of Credit Issuer pursuant to Section 2.8 for amounts drawn under Letters of Credit.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching, or migration of Hazardous Materials into the indoor or outdoor environment, or into or out of any real property Investment, including the movement of any Hazardous Material through or in indoor or outdoor the air, soil, surface water or groundwater of any real property Investment.

"Removal Effective Date" has the meaning provided in Section 11.9(a)(ii).

"Request for Borrowing" has the meaning provided in Section 2.3.

"Request for Letter of Credit" has the meaning provided in Section 2.8(b).

"Required Lenders" means, at any time: (a) the Lenders (other than the Defaulting Lenders) holding an aggregate Pro Rata Share of greater than fifty percent (50%) of the Commitments

(excluding the Commitments of any Defaulting Lenders); or (b) at any time that the Lender Commitments are zero (0), the Lenders (other than the Defaulting Lenders) owed an aggregate Pro Rata Share of greater than fifty percent (50%) of the Principal Obligations outstanding at such time.

"Resignation Effective Date" has the meaning provided in Section 11.9(a).

"Responsible Officer" means: (a) in the case of a corporation, its president or any vice president or any other officer or the equivalent thereof (other than a secretary or assistant secretary), and, in any case where two Responsible Officers are acting on behalf of such corporation, the second such Responsible Officer may be a secretary or assistant secretary or the equivalent thereof; (b) in the case of a limited partnership, an officer of its general partner or an officer of an entity that has authority to act on behalf of such general partner, acting on behalf of the general partner in its capacity as general partner of such limited partnership; and (c) in the case of a limited liability company, an officer of such limited liability company or, if there is no officer, a manager, director or managing member, or the individual acting on behalf of such manager or managing member, in its capacity as manager or managing member of such limited liability company, or in each case such other authorized officer or signatory who has the power to bind such corporation, limited partnership, liability company or any other Person who has provided documentation evidencing such authority. Any document delivered hereunder or under any other Loan Document that is signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

"Responsible Party" means, for any Governmental Plan Investor: (a) if the state under which the Governmental Plan Investor operates is obligated to fund the Governmental Plan Investor and is liable to fund any shortfalls, the state; and (b) otherwise, the Governmental Plan Investor itself.

"Returned Capital" means, for any Investor, at any time, any amounts distributed to such Investor that are subject to recall as a Capital Contribution pursuant to the Constituent Document of the applicable Fund Party. Any amount of Returned Capital distributed to an Investor shall appear on a Capital Return Notice, duly completed and executed by a Credit Party, in the form of Exhibit Q attached hereto.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. and any successor thereto.

"Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx, or as otherwise published from time to time.

"Sanctioned Person" means (a) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

"Secured Parties" means the Administrative Agent, the Structuring Agent, the Lenders, the Letter of Credit Issuer and each Indemnitee.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended to the date hereof and from time to time hereafter, and any successor statute.

"Security Agreements" means the Borrower and Borrower Managing Member Security Agreement, the Guarantor and Guarantor General Partner Security Agreement and the Pledgor Security Agreement.

"Side Letter" means any side letter executed by an Investor with any Credit Party with respect to such Investor's rights and/or obligations under its Subscription Agreement, the applicable Constituent Documents or its Investor Consent.

"Sole Lead Arranger" has the meaning provided in the Preamble hereto.

"Solvent" means, with respect to any Credit Party, as of any date of determination, that as of such date:

(a) the fair value of the assets of such Credit Party and the aggregate Unfunded Capital Commitments are greater than the total amount of liabilities, including contingent liabilities, of such Credit Party;

(b) the fair value of the assets of such Credit Party and the aggregate Unfunded Capital Commitments are not less than the amount that will be required to pay the probable liability of the Credit Parties on their debts as they become absolute and matured;

(c) such Credit Party does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts or liabilities become absolute and matured; and

(d) such Credit Party is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which its assets and the aggregate Unfunded Capital Commitments would constitute unreasonably small capital.

For the purposes of this definition, the amount of contingent liabilities (such as litigation, guarantees, and pension plan liabilities) at any time shall be computed as the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can be reasonably expected to become an actual or matured liability and are determined as contingent liabilities in accordance with applicable federal and state laws governing determinations of insolvency.

"Sponsor" means, (a) for any ERISA Investor, a sponsor as that term is understood under ERISA, specifically, the entity that established the plan and is responsible for the maintenance of the plan and, in the case of a plan that has a sponsor and participating employers, the entity that has the ability to amend or terminate the plan, and (b) for any Endowment Fund Investor, the state chartered, "not-for-profit" university or college that has established such fund for its exclusive use and benefit. As used herein, the term "not-for-profit" means an entity formed not for pecuniary

profit or financial gain and for which no part of its assets, income or profit is distributable to, or inures to the benefit of, its members, directors or officers.

"Stated Maturity Date" means November 20, 2015 subject to the Borrowers' extension of such date under Section 2.14, provided that the Stated Maturity Date shall, in any and all circumstances, refer to a date on or before 90 days prior to the Investment Period Termination Date.

"Stockholder" means a holder of shares of the equity interests of Pledgor.

"Stockholders Agreement" means the stockholders agreement of the Pledgor dated as of May 16, 2012, as may be further amended, restated, modified or supplemented in accordance with the terms hereof.

"Subscription Agreement" means a Subscription Agreement and any related supplement thereto executed by an Investor in connection with the subscription for an equity interest in any Fund Party, as applicable, as amended, restated, supplemented or otherwise modified from time to time; ***"Subscription Agreements"*** means, where the context may require, all Subscription Agreements, collectively.

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

"Synthetic Lease" means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an Operating Lease in accordance with GAAP.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

"Tax Indemnified Parties" means, collectively, the Lenders and the Agents, and ***"Tax Indemnified Party***" means any of the foregoing.

"Threshold Amount" means the lesser of (i) $25,000,000, and (ii) 10% of the aggregate Uncalled Capital Commitments at such time.

"Transfer" means to assign, convey, exchange, pledge, sell, set-off, transfer or otherwise dispose.

"Type of Loan" means a Reference Rate Loan or a LIBOR Rate Loan.

"UCC" means the Uniform Commercial Code as adopted in the State of New York and any other state from time to time, which governs creation or perfection (and the effect thereof) of security interests in any Collateral.

"Uncalled Capital Commitment" means, with respect to any Investor at any time, such Investor's uncalled Capital Commitment, including, for the avoidance of doubt, its "Remaining Capital Commitment" as defined in the Constituent Documents of the Fund Parties.

"Unfunded Capital Commitment" means, with respect to any Investor at any time, such Investor's Uncalled Capital Commitment minus any portion of such Investor's Uncalled Capital Commitment that is subject to a Pending Capital Call.

"Uniform Customs" means the Uniform Customs and Practice for Documentary Credits (2007 Revision), effective July, 2007 International Chamber of Commerce Publication No. 600.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Internal Revenue Code.

"Withholding Agent" means any Credit Party and the Administrative Agent.

1.2. **Other Definitional Provisions**. With reference to this Credit Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) all terms defined in this Credit Agreement shall have the above-defined meanings when used in the Notes or any other Loan Documents or any certificate, report or other document made or delivered pursuant to this Credit Agreement, unless otherwise defined in such other document;

(b) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined;

(c) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms;

(d) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation";

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall";

(f) any reference herein to any Person shall be construed to include such Person's successors and assigns;

(g) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Credit Agreement in its entirety and not to any particular provision hereof;

(h) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Credit Agreement;

(i) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights;

(j) the term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form;

(k) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including"; and

(l) section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Credit Agreement or any other Loan Document.

1.3. **Accounting Terms**. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Credit Agreement shall be prepared in conformity with GAAP, applied on a consistent basis, as in effect from time to time and in a manner consistent with that used in preparing the audited financial statements required by Section 8.1(a), except as otherwise specifically prescribed herein.

1.4. **UCC Terms**. Terms defined in the UCC in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise indicates, have the meanings provided by those definitions. Subject to the foregoing, the term "UCC" refers, as of any date of determination, to the UCC then in effect.

1.5. **References to Agreement and Laws**. Unless otherwise expressly provided herein, (a) references to formation documents, governing documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Applicable Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Applicable Law.

1.6. **Times of Day**. Unless otherwise specified, all references herein to times of day shall be references to times of day in New York, New York.

1.7. **Letter of Credit Amounts**. Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit

or the Letter of Credit Application therefor (at the time specified therefor in such applicable Letter of Credit or Letter of Credit Application and as such amount may be reduced by (a) any permanent reduction of such Letter of Credit or (b) any amount which is drawn, reimbursed and no longer available under such Letter of Credit).

Section 2. REVOLVING CREDIT LOANS AND LETTERS OF CREDIT

2.1. **The Commitment**.

(m) **Committed Amount**. Subject to the terms and conditions herein set forth, the Lenders agree, during the Availability Period: (i) to extend to the Borrowers a revolving line of credit; and (ii) to participate in Letters of Credit issued by the Letter of Credit Issuer for the account of the Borrowers.

(n) **Limitation on Borrowings and Re-borrowings**. Except as provided in clause (c) below, the Lenders shall not be required to advance any Borrowing, Rollover, or cause the issuance of any Letter of Credit hereunder if:

(i) after giving effect to such Borrowing, Rollover, or issuance of such Letter of Credit: (A) the Principal Obligations would exceed the Available Commitment; (B) the Letter of Credit Liability would exceed the Letter of Credit Sublimit; or (C) the Principal Obligations of any Lender would exceed the Commitment of such Lender; or

(ii) the conditions precedent for such Borrowing in Section 6.2 have not been satisfied.

(o) **Exceptions to Limitations**. Conversions to Reference Rate Loans shall be permitted in the case of clauses (i) and (ii) of Section 2.1(b) above, in each case, unless the Administrative Agent has otherwise accelerated the Obligations or exercised other rights that terminate the Commitments under Section 10.2.

2.2. **Revolving Credit Commitment**. Subject to the terms and conditions herein set forth, each Lender severally agrees, on any Business Day during the Availability Period, to make Loans to the Borrowers at any time and from time to time in an aggregate principal amount up to such Lender's Commitment at any such time. Subject to the conditions set forth in Sections 2.1(b) and 6 and the other terms and conditions hereof, the Borrowers may borrow, repay without penalty or premium, and re-borrow hereunder, during the Availability Period. Each Borrowing pursuant to this Section 2.2 shall be made only in Dollars and shall be funded ratably by the Lenders in proportion to their Pro Rata Share. No Lender shall be obligated to fund any Loan if the interest rate applicable thereto under Section 2.6(a) would exceed the Maximum Rate in effect with respect to such Loan.

2.3. **Manner of Borrowing**.

(a) **Request for Borrowing**. The Borrowers shall give the Administrative Agent notice at the Agency Services Address of the date of each requested Borrowing hereunder, which

notice may be by telephone, if confirmed in writing, facsimile, electronic mail, or other written communication (a "***Request for Borrowing***"), in the form of Exhibit E hereto, and which notice shall be irrevocable and effective upon receipt by the Administrative Agent. Each Request for Borrowing: (a) shall be furnished to the Administrative Agent no later than 11:00 a.m. (x) at least one (1) Business Day prior to the requested date of Borrowing in the case of a Reference Rate Loan and (y) at least three (3) Business Days prior to the requested date of Borrowing in the case of a LIBOR Rate Loan; and (b) must specify: (i) the amount of such Borrowing; (ii) the Interest Option; and (iii) the date of such Borrowing, which shall be a Business Day. Any Request for Borrowing received by the Administrative Agent after 11:00 a.m. shall be deemed to have been given by the Borrowers on the next succeeding Business Day. Each Request for Borrowing submitted by the Borrowers shall be deemed to be a representation and warranty that the conditions specified in Sections 6.1 and 6.2 and, to the extent applicable, Section 6.3, have been satisfied on and as of the date of the applicable Borrowing. No Request for Borrowing shall be valid hereunder for any purpose unless it shall have been accompanied or preceded by the information and other documents required to be delivered in accordance with this Section.

(b) **Further Information**. Each Request for Borrowing shall be accompanied or preceded by: (A) a duly executed Borrowing Base Certificate dated the date of such Request for Borrowing; and (B) such documents as are required to satisfy any applicable conditions precedent as provided in Section 6.2.

(c) **Request for Borrowing Irrevocable**. Each Request for Borrowing completed and signed by the Borrowers in accordance with Section 2.3(a) shall be irrevocable and binding on the Borrowers, and the Borrowers shall indemnify each Lender against any cost, loss or expense incurred by such Lender, either directly or indirectly, as a result of any failure by the Borrowers to complete such Borrowing, including any cost, loss or expense incurred by the Administrative Agent or any Lender, either directly or indirectly by reason of the liquidation or reemployment of funds acquired by such Lender in order to fund such Borrowing except to the extent such loss or expense is due to the gross negligence or willful misconduct of such Person. A certificate of such Lender setting forth the amount of any such cost, loss or expense, and the basis for the determination thereof and the calculation thereof, shall be delivered to the Borrowers and shall, in the absence of a manifest error, be conclusive and binding.

(d) **Notification of Lenders**. The Administrative Agent will promptly notify each Lender of the Administrative Agent's receipt of any Request for Borrowing.

(e) **Lender's Commitment**. Each Lender shall make each requested Loan, in accordance with its Pro Rata Share thereof. Notwithstanding anything contained in this Section 2.3(e) or elsewhere in this Credit Agreement to the contrary, no Lender shall be obligated to provide the Administrative Agent or the Borrowers with funds in connection with a Loan in an amount that would result in the sum of the portion of the Loans then funded by it plus such Lender's Pro Rata Share of the Letter of Credit Liability exceeding its Commitment then in effect.

(f) **Defaulting Lender**. If, by 1:00 p.m. on any funding date, one or more Lenders fails to make its share of any Loan available to the Administrative Agent (the aggregate amount not so made available to the Administrative Agent being herein called in either case the

"***Loan Deficit***"), then the Administrative Agent shall, by no later than 1:30 p.m. on the applicable funding date instruct each other Lender to pay, by no later than 2:00 p.m. on such date, in immediately available funds, to the account designated by the Administrative Agent, an amount equal to the lesser of: (i) such other Lender's proportionate share (based upon the relative Commitments of the other Lenders) of the Loan Deficit; and (ii) its unused Commitment. A Defaulting Lender shall forthwith, upon demand, pay to the Administrative Agent for the ratable benefit of the other Lenders all amounts paid by each such other Lender on behalf of such Defaulting Lender, together with interest thereon, for each day from the date a payment was made by each such other Lender until the date such other Lender has been paid such amounts in full, at a rate per annum equal to the Default Rate.

(g) **Conversions**. The applicable Borrowers shall have the right, with respect to: (i) any Reference Rate Loan, on any Business Day (a "***LIBOR Rate Conversion Date***"), to convert such Reference Rate Loan to a LIBOR Rate Loan; and (ii) any LIBOR Rate Loan, on any Business Day (a "***Reference Rate Conversion Date***") to convert such LIBOR Rate Loan to a Reference Rate Loan; provided that the Borrowers shall, on such Reference Rate Conversion Date, make the payments required by Section 4.5 hereof, if any; in either case, by giving the Administrative Agent written notice at the Agency Services Address substantially in the form of Exhibit G attached hereto (a "***Conversion Notice***") of such selection no later than 11:00 a.m. (New York time) at least one (1) Business Day prior to such LIBOR Rate Conversion Date or Reference Rate Conversion Date, as applicable. Each Conversion Notice shall be effective upon notification thereof to the Administrative Agent. Each Conversion Notice shall be irrevocable. A request of the Borrowers for a Conversion of a Reference Rate Loan into a LIBOR Rate Loan is subject to the condition that no Event of Default or Potential Default exists at the time of such request or after giving effect to such Conversion.

(h) **Tranches**. Notwithstanding anything to the contrary contained herein, no more than ten (10) LIBOR Rate Loans may be outstanding hereunder at any one time during the Availability Period.

(i) **Administrative Agent Notification of the Lenders**. The Administrative Agent shall promptly notify each Lender of the receipt of a Request for Borrowing, a Conversion Notice or a Rollover Notice, the amount of the Borrowing and the amount and currency of such Lender's Pro Rata Share of the applicable Loans, the date the Borrowing is to be made, the Interest Option selected, the Interest Period selected, if applicable, and the applicable rate of interest.

2.4. **Minimum Loan Amounts**. Each LIBOR Rate Loan shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000 and each Reference Rate Loan shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $500,000 for each Lender; provided that a Reference Rate Loan may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of a Letter of Credit under Section 2.8(c).

2.5. **Funding**. Subject to the fulfillment of all applicable conditions set forth herein, each Lender shall make the proceeds of its Pro Rata Share of each Borrowing available to the Administrative Agent no later than 11:00 a.m. on the date specified in the Request for Borrowing

as the borrowing date, in immediately available funds, and, upon fulfillment of all applicable conditions set forth herein, the Administrative Agent shall deposit such proceeds in immediately available funds in the applicable Borrower's account maintained with the Administrative Agent not later than 1:00 p.m. on the borrowing date or, if requested by the Borrowers in the Request for Borrowing, shall wire-transfer such funds as requested on or before such time. The failure of any Lender to advance the proceeds of its Pro Rata Share of any Borrowing required to be advanced hereunder shall not relieve any other Lender of its obligation to advance the proceeds of its Pro Rata Share of any Borrowing required to be advanced hereunder. Absent contrary written notice from a Lender, the Administrative Agent may assume that each Lender has made its Pro Rata Share of the requested Borrowing available to the Administrative Agent on the applicable borrowing date, and the Administrative Agent may, in reliance upon such assumption (but is not required to), make available to the Borrowers a corresponding amount. If a Lender fails to make its Pro Rata Share of any requested Borrowing available to the Administrative Agent on the applicable borrowing date, then the Administrative Agent may recover the applicable amount on demand: (a) from such Lender, together with interest at the Federal Funds Rate for the period commencing on the date the amount was made available to the Borrowers by the Administrative Agent and ending on (but excluding) the date the Administrative Agent recovers the amount from such Lender; or (b) if such Lender fails to pay its amount upon the Administrative Agent's demand, then from the Borrowers: (i) promptly on demand, and in any event within two (2) Business Days, to the extent such funds are available in the Collateral Accounts or any other account maintained by the Fund Parties; and (ii) otherwise, to the extent that it is necessary for the Credit Parties to issue a Capital Call to fund such required payment, within fifteen (15) Business Days after the Administrative Agent's demand (but, in any event, the Credit Parties shall issue such Capital Call and shall make such payment promptly after the related Capital Contributions are received); together with interest at a rate per annum equal to the rate applicable to the requested Borrowing for the period commencing on the borrowing date and ending on (but excluding) the date the Administrative Agent recovers the amount from the Borrowers. The liabilities and obligations of each Lender hereunder shall be several and not joint, and neither the Administrative Agent nor any Lender shall be responsible for the performance by any other Lender of its obligations hereunder. Each Lender hereunder shall be liable to the Borrowers only for the amount of its respective Commitment.

2.6. **Interest**.

(a) **Interest Rate**. Each Loan funded by the Lenders shall accrue interest at a rate per annum equal to: (i) with respect to LIBOR Rate Loans, Adjusted LIBOR for the applicable Interest Period; and (ii) with respect to Reference Rate Loans, the Reference Rate in effect from day to day. At any time, each Loan shall have only one Interest Period and one Interest Option. Notwithstanding anything to the contrary contained herein, in no event shall the interest rate hereunder exceed the Maximum Rate.

(b) **Change in Rate; Past Due Amounts; Calculations of Interest**. Each change in the rate of interest for any Borrowing consisting of Reference Rate Loans shall become effective, without prior notice to the Credit Parties, automatically as of the opening of business of the Administrative Agent on the date of said change. Interest on the unpaid principal balance of (i) each LIBOR Rate Loan and Reference Rate Loan bearing interest off LIBOR shall be calculated

on the basis of the actual days elapsed in a year consisting of 360 days and (ii) each Reference Rate Loan (other than when the Reference Rate is calculated based off LIBOR) shall be calculated on the basis of the actual days elapsed in a year consisting of 365 or 366 days, as the case may be.

(c) **Default Rate**. If an Event of Default has occurred and is continuing, then (in lieu of the interest rate provided in Section 2.6(a) above) all Obligations shall bear interest, after as well as before judgment, at the Default Rate.

2.7. **Determination of Rate**. The Administrative Agent shall determine each interest rate applicable to the LIBOR Rate Loans and Reference Rate Loans hereunder. The Administrative Agent shall, upon request, give notice to the Borrowers and to the Lenders of each rate of interest so determined, and its determination thereof shall be conclusive and binding in the absence of manifest error.

2.8. **Letters of Credit**.

(a) **Letter of Credit Commitment**. Subject to the terms and conditions hereof, on any Business Day during the Availability Period, the Letter of Credit Issuer shall issue such Letters of Credit in Dollars and in such aggregate face amounts as the Borrowers may request; provided that: (i) on the date of issuance, the Letter of Credit Liability (after giving effect to the issuance of any such Letter of Credit) will not exceed the lesser of: (A) the remainder of: (1) the Available Commitment as of such date *minus* (2) the Principal Obligations as of such date and (B) the Letter of Credit Sublimit; (ii) each Letter of Credit shall be in a minimum amount of $500,000 (provided, however, that three (3) Letters of Credit for amounts less than $500,000 may be issued each calendar year); (iii) the expiry date of the Letter of Credit shall not be later than (A) twelve (12) months after the date of issuance (subject to automatic renewal for additional one year periods pursuant to the terms of the Letter of Credit Application or other documentation acceptable to the Letter of Credit Issuer) without the Letter of Credit Issuer's consent, in its sole discretion, or (B) thirty (30) days prior to the Stated Maturity Date, or, if the Borrowers comply with Section 2.8(h), within one (1) year after the Stated Maturity Date, (iv) each Letter of Credit shall be subject to the Uniform Customs and/or ISP98, as set forth in the Letter of Credit Application or as determined by the Letter of Credit Issuer and, to the extent not inconsistent therewith, the laws of the State of New York, and (v) the Letter of Credit Issuer shall be under no obligation to issue any Letter of Credit if, after the Closing Date (A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Letter of Credit Issuer from issuing such Letter of Credit, or any Applicable Law applicable to the Letter of Credit Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Letter of Credit Issuer shall prohibit, or request that the Letter of Credit Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Letter of Credit Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Letter of Credit Issuer is not otherwise compensated hereunder) not in effect on the Closing Date or shall impose upon the Letter of Credit Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Letter of Credit Issuer deems material to it, (B) the Borrowers have not provided the information necessary for the Letter

of Credit Issuer to complete the form of Letter of Credit, or (C) the issuance of such Letter of Credit would violate Applicable Law or one or more policies of the Letter of Credit Issuer.

(b) **Request**. Each request for a Letter of Credit (a "***Request for Letter of Credit***") shall be submitted to the Administrative Agent in the form attached hereto as Exhibit F (with blanks appropriately completed in conformity herewith), together with an Application for Letter of Credit and a Borrowing Base Certificate, for the Letter of Credit Issuer, on or before 11:00 a.m. at least three (3) Business Days prior to the requested date of issuance of such Letter of Credit. The Administrative Agent shall notify each Lender of such Request for Letter of Credit and the terms of the requested Letter of Credit. Upon each such application, the Borrowers shall be deemed to have automatically made to the Administrative Agent, each Lender, and the Letter of Credit Issuer the following representations and warranties:

(i) As of the date of the issuance of the Letter of Credit requested, the representations and warranties set forth herein and in the other Loan Documents are true and correct in all material respects on and as of the date of such issuance, with the same force and effect as if made on and as of such date (except to the extent that such representations and warranties expressly relate to an earlier date);

(ii) The Letter of Credit Liability (after giving effect to the issuance of the requested Letter of Credit) will not exceed the lesser of: (A) the remainder of: (1) the Available Commitment as of such date; *minus* (2) the Principal Obligations as of such date; and (B) the Letter of Credit Sublimit on such date;

(iii) All conditions precedent in Section 6.2 hereof for the issuance of such Letter of Credit will be satisfied as of the date of issuance.

(c) **Participation by the Lenders**. Each Lender shall and does hereby participate ratably with the Letter of Credit Issuer in each Letter of Credit issued and outstanding hereunder to the extent of its Pro Rata Share of the Letter of Credit Liability with respect to each such Letter of Credit, and shall share in all rights and obligations resulting therefrom, including, without limitation: (i) the right to receive from the Administrative Agent its Pro Rata Share of any reimbursement of the amount of each draft drawn under each Letter of Credit, including any interest payable with respect thereto; (ii) the right to receive from the Administrative Agent its Pro Rata Share of the Letter of Credit fee pursuant to Section 2.13; (iii) the right to receive from the Administrative Agent its additional costs pursuant to Section 4.1; and (iv) the obligation to pay to the Administrative Agent or the Letter of Credit Issuer, as the case may be, in immediately available funds, its Pro Rata Share of any unreimbursed drawing under a Letter of Credit.

(d) **Payment of Letter of Credit**. In the event of any drawing under any Letter of Credit, the Borrowers agree to reimburse (either with the proceeds of a Loan as provided for in this Section or with funds from other sources), in same day funds, the Letter of Credit Issuer on each date on which the Letter of Credit Issuer notifies the Borrowers of the date and amount of a draft paid under any Letter of Credit for the amount of such draft so paid and any amounts representing interest, costs, expenses or fees incurred by the Letter of Credit Issuer in connection with such payment. Unless the Borrowers shall immediately notify the Letter of Credit Issuer that

the Borrowers intend to reimburse the Letter of Credit Issuer for such drawing from other sources or funds, the Borrowers shall be deemed to have timely given a Request for Borrowing to the Administrative Agent and the Borrowers hereby authorize, empower, and direct the Administrative Agent, for the benefit of the Secured Parties and the Letter of Credit Issuer, to disburse directly, as a Borrowing hereunder, to the Letter of Credit Issuer, with notice to the Borrowers, in immediately available funds an amount equal to the stated amount of each draft drawn under each Letter of Credit plus all interest, costs and expenses, and fees due to the Letter of Credit Issuer pursuant to this Credit Agreement. Subject to receipt of notice from the Administrative Agent, each Lender shall pay to the Administrative Agent such Lender's Pro Rata Share of the amount disbursed by the Letter of Credit Issuer on the Business Day on which the Letter of Credit Issuer honors any such draft or incurs or is owed any such interest, costs, expenses or fees. The Administrative Agent shall notify the Borrowers of any such disbursements made by the Lenders pursuant to the terms hereof; provided that the failure to give such notice will not affect the validity of the disbursement, and the Administrative Agent shall provide the Lenders with notice thereof. Any such disbursement made by the Lenders to the Letter of Credit Issuer on account of a Letter of Credit shall be deemed a Reference Rate Loan; and such disbursements shall be made without regard to the minimum and multiple amounts specified in Section 2.4. The Administrative Agent and the Lenders may conclusively rely on the Letter of Credit Issuer as to the amount due the Letter of Credit Issuer by reason of any draft of a Letter of Credit or due the Letter of Credit Issuer under any Application for Letter of Credit. The obligations of a Lender to make payments to the Administrative Agent for the account of the Letter of Credit Issuer, and, as applicable, the obligations of the Borrowers with respect to Borrowings, each under this Section 2.8(d) shall be irrevocable, shall not be subject to any qualification or exception whatsoever, and shall, irrespective of the satisfaction of the conditions to the making of any Loans described in Sections 2.1(b), 6.1, 6.2 and/or 6.3, as applicable, be honored in accordance with this Section 2.8(d) under all circumstances, including, without limitation, any of the following circumstances: (i) any lack of validity or enforceability of such Letter of Credit, this Credit Agreement or any of the other Loan Documents; (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrowers in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the terms of the Letter of Credit; (iii) the existence of any claim, counterclaim, setoff, defense or other right which the Borrowers may have at any time against a beneficiary named in a Letter of Credit or any transferee of a beneficiary named in a Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, the Letter of Credit Issuer, any Lender, or any other Person, whether in connection with this Credit Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transactions between the account party and beneficiary named in any Letter of Credit); (iv) any draft, demand, certificate or any other document presented under a Letter of Credit having been determined to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect or any loss or delay in the transmission or otherwise of any document required in order to make a draw under a Letter of Credit; (v) any payment by the Letter of Credit Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; (vi) any payment made by the Letter of Credit Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit,

including any arising in connection with any proceeding under any Debtor Relief Law; (vii) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Loan Documents; (viii) the occurrence of any Event of Default or Potential Default or (ix) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Credit Party.

(e) **Borrower Inspection**. The Borrowers shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to them and, in the event of any claim of noncompliance with the Borrowers' instructions or other irregularity, the Borrowers will immediately notify the Letter of Credit Issuer. The Borrowers shall be conclusively deemed to have waived any such claim against the Letter of Credit Issuer and its correspondents unless such notice is given as aforesaid.

(f) **Role of Letter of Credit Issuer**. Each Lender and the Credit Parties agree that, in paying any drawing under a Letter of Credit, the Letter of Credit Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Letter of Credit Issuer, the Administrative Agent nor any of the respective correspondents, participants or assignees of the Letter of Credit Issuer shall be liable to any Lender for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit. The Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrowers' pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Letter of Credit Issuer, the Administrative Agent, nor any of the respective correspondents, participants or assignees of the Letter of Credit Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (ix) of Section 2.8(d). In furtherance and not in limitation of the foregoing, the Letter of Credit Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the Letter of Credit Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) **Acceleration of Undrawn Amounts**. Should the Administrative Agent demand payment of the Obligations hereunder prior to the Maturity Date pursuant to Section 10.2, the Administrative Agent, by written notice to the Borrowers, may take one or both of the following actions: (i) declare the obligation of the Letter of Credit Issuer to issue Letters of Credit hereunder terminated, whereupon such obligations shall forthwith terminate without any other notice of any kind; or (ii) declare the outstanding Letter of Credit Liability to be forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby

waived, and demand that the Borrowers pay to the Administrative Agent for deposit in a segregated interest-bearing cash collateral account, as security for the Obligations, an amount equal to the aggregate undrawn stated amount of all Letters of Credit then outstanding at the time such notice is given. Unless otherwise required by law, upon the full and final payment of the Obligations, the Administrative Agent shall return to the Borrowers any amounts remaining in said cash collateral account.

(h) **Cash Collateral**. (A) If, as of the Stated Maturity Date, any Letters of Credit may for any reason remain outstanding and partially or wholly undrawn, or (B) the occurrence of any other circumstances under this Credit Agreement or the other Loan Documents requiring the Borrowers to Cash Collateralize Letters of Credit, the Borrowers shall promptly Cash Collateralize in an amount equal to Minimum Collateral Amount or, in the case of sub-clause (B) above, such amount expressly required by the terms of this Credit Agreement or other Loan Document, to the Administrative Agent for the benefit of the Secured Parties, to be held by Administrative Agent as Cash Collateral subject to the terms of this clause (h) and any security agreement, control agreement and other documentation requested by the Administrative Agent to be executed in connection with opening a Cash Collateral Account for the purpose of holding such Cash Collateral. All Cash Collateral to be provided by the Borrowers pursuant to this Section 2.8(h) shall be in Dollars. Cash Collateral held in the Cash Collateral Account shall be applied by Administrative Agent to the reimbursement of Letter of Credit Issuer for any payment made by it of drafts drawn under the outstanding Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other Obligations. After all such Letters of Credit shall have expired or been fully drawn upon, all Letter of Credit Liability shall have been satisfied and all other Obligations shall have been paid in full, the balance, if any, of Cash Collateral held in the Cash Collateral Account pursuant to this clause (h) shall be returned to the Borrowers. The Borrowers hereby grant to the Administrative Agent, for the benefit of the Secured Parties, and agree to maintain, a first priority security interest in all such Cash Collateral and in the Cash Collateral Account as security in respect of the Letter of Credit Liability.

(i) **Lenders' Obligations**. In the event any Letter of Credit Liability is Cash Collateralized in accordance with Section 2.8(h) or otherwise pursuant to this Credit Agreement (including but not limited to the Cash Collateralizing of a Letter of Credit outstanding beyond the Maturity Date), each Lender's participation in such Letter of Credit pursuant to this Section 2.8 shall cease in all respects, the Lenders will no longer be entitled to receive their Pro Rata Share of the Letter of Credit fee payable in accordance with Section 2.13 (which shall be payable exclusively to the Letter of Credit Issuer), and the Lenders shall cease to be obligated to fund any drawing under such Letter of Credit in the event the Cash Collateral is for any reason unavailable or insufficient to fully fund such drawing (including, but not limited to, as a result of any preference claim or other clawback under any proceeding pursuant to any Debtor Relief Laws).

2.9. **Qualified Borrowers**. In consideration of the Lenders' agreement to advance funds to a Qualified Borrower that has joined the Credit Facility in accordance with Section 6.3, to cause Letters of Credit to be issued for the account of a Qualified Borrower pursuant to Section 2.8, and to accept the Borrower Guaranties in support thereof, the Borrowers hereby authorize, empower, and direct the Administrative Agent, for the benefit of the Secured Parties, within the limits of the

Available Commitment, to disburse directly to the Lenders, with notice to the Borrowers, in immediately available funds, an amount equal to the amount due and owing under any Qualified Borrower Note or any Qualified Borrower Guaranty, together with all interest, costs and expenses and fees due to the Lenders pursuant thereto, as a Borrowing hereunder, in the event the Administrative Agent shall have not received payment of such Obligations when due. The Administrative Agent will notify the Borrowers of any disbursement made to the Lenders pursuant to the terms hereof; provided that the failure to give such notice shall not affect the validity of the disbursement, and the Administrative Agent shall provide the Lenders with notice thereof. Any such disbursement made by the Administrative Agent to the Lenders shall be deemed to be a Reference Rate Loan pursuant to Section 2.3 in the amount so paid, and the Borrowers shall be deemed to have given to the Administrative Agent in accordance with the terms and conditions of Section 2.3, a Request for Borrowing with respect thereto; and such disbursements shall be made without regard to the minimum and multiple amounts specified in Section 2.4. The Administrative Agent may conclusively rely on the Lenders as to the amount of any such Obligations due to the Lenders, absent manifest error.

2.10. **Use of Proceeds, Letters of Credit and Borrower Guaranties**. The proceeds of the Loans and the Letters of Credit shall be used solely for purposes expressly permitted under the Constituent Documents of each Credit Party. Neither the Lenders nor the Administrative Agent shall have any liability, obligation, or responsibility whatsoever with respect to the Borrowers' use of the proceeds of the Loans, the Letters of Credit or execution and delivery of the Borrower Guaranties, and neither the Lenders nor the Administrative Agent shall be obligated to determine whether or not the Borrowers' use of the proceeds of the Loans or the Letters of Credit are for purposes permitted under the Constituent Documents of any Credit Party. Nothing, including, without limitation, any Borrowing, any Rollover, any issuance of any Letter of Credit, or acceptance of any Qualified Borrower Guaranty or other document or instrument, shall be construed as a representation or warranty, express or implied, to any party by the Lenders or the Administrative Agent as to whether any investment by the Borrowers is permitted by the terms of the Constituent Documents of any Credit Party.

2.11. **Fees**. The Borrowers shall pay to the Administrative Agent fees in consideration of the arrangement, structuring and administration of the Commitments, which fees shall be payable in amounts and on the dates agreed to between the Borrowers and the Administrative Agent in the Fee Letter. The Borrowers will pay to the Administrative Agent such other fees as are payable in the amount and on the date agreed to between the Borrowers and the Administrative Agent in the Fee Letter.

2.12. **Unused Commitment Fee**. In addition to the payments provided for in Section 3, the Borrowers shall pay or cause to be paid to the Administrative Agent, for the account of each Lender, an unused commitment fee at the rate of 30 basis points (0.30%) per annum on the Commitment of the Lenders which was unused (through the extension of Loans or the issuance of Letters of Credit), in either case calculated on the basis of actual days elapsed in a year consisting of 360 days and payable in arrears on each Interest Payment Date and on the Maturity Date. For purposes of this Section 2.12, the fee shall be calculated on a daily basis. The Credit Parties and the Lenders acknowledge and agree that the unused commitment fees payable hereunder are *bona*

fide unused commitment fees and are intended as reasonable compensation to the Lenders for committing to make funds available to the Borrowers as described herein and for no other purposes.

2.13. **Letter of Credit Fees**. The Borrowers shall pay to the Administrative Agent: (a) for the benefit of the Lenders, in consideration for the issuance of Letters of Credit hereunder, a non-refundable fee equal to the Applicable Margin (plus 2% if an Event of Default has occurred and is continuing) on the daily face amount of each Letter of Credit, less the amount of any draws on such Letter of Credit, payable in monthly installments in arrears on the first Business Day of each calendar month for the preceding calendar month, commencing on the issuance date and continuing for so long as such Letter of Credit remains outstanding (including, for the avoidance of doubt, any Letter of Credit that is outstanding but has been Cash Collateralized); and (b) for the benefit of the Letter of Credit Issuer, all reasonable and customary out of pocket expenses actually incurred by the Letter of Credit Issuer related to the issuance, amendment or transfer of Letters of Credit upon demand by the Letter of Credit Issuer.

2.14. **Extension of Maturity Date**. The Borrowers shall have an option to extend the Stated Maturity Date then in effect for 364 days, subject to satisfaction of the following conditions precedent:

(a) the Borrowers shall have paid an extension fee to the Administrative Agent for the benefit of the extending Lenders consenting to such extension, equal to 0.125% of the Maximum Commitment elected to be extended by the Borrowers as set out in the applicable Extension Request, payable to each such Lender ratably based on its share of the Commitments subject to extension;

(b) no Event of Default shall have occurred and be continuing on the date on which notice is given in accordance with the following clause (c) or on the initial Stated Maturity Date; and

(c) the Borrowers shall have delivered an Extension Request with respect to the Stated Maturity Date to the Administrative Agent not less than thirty (30) days prior to the Stated Maturity Date then in effect (which shall be promptly forwarded by the Administrative Agent to each Lender).

2.15. **Increase in the Maximum Commitment**.

(a) **Request for Increase**. Provided there exists no Event of Default or Potential Default and no Event of Default or Potential Default would result from such increase in the Lenders' Commitments, and subject to compliance with the terms of this Section 2.15, the Borrowers may (no more than three (3) times) increase the Maximum Commitment to an amount requested by the Borrowers not exceeding $300,000,000 by increasing the Commitment of the Lenders. Such increase may be done in one or more requested increases, in $25,000,000 increments (each such increase, shall be referred to herein as a "***Facility Increase***").

(b) **Effective Date**. The Administrative Agent shall determine the effective date of any Facility Increase (the "***Increase Effective Date***") and shall notify the Borrowers and the Lenders of the Increase Effective Date.

(c) **Conditions to Effectiveness of Increase**. The following are conditions precedent to such increase:

(i) The Borrowers shall, not later than the third (3rd) Business Day prior to the Increase Effective Date, deliver to Administrative Agent a Facility Increase Request and resolutions adopted by the Borrowers approving or consenting to such increase, certified by a Responsible Officer of each Borrower that such resolutions are true and correct copies thereof and are in full force and effect;

(ii) On or prior to the proposed date of such Facility Increase, the Borrowers shall have paid to the Administrative Agent the Facility Increase Fee.

For the avoidance of doubt, any Facility Increase will be on the same terms as contained herein with respect to the Credit Facility.

Section 3. PAYMENT OF OBLIGATIONS

3.1. **Revolving Credit Notes**. The Administrative Agent may request that Loans made under this Credit Agreement be evidenced by a master promissory note. In such event, each Borrower shall execute and deliver a Note in the form of Exhibit B attached hereto (with blanks appropriately completed in conformity herewith), payable to the Administrative Agent on behalf of the Lenders. Each Borrower agrees, from time to time, upon the request of the Administrative Agent, to reissue a new Note, in accordance with the terms and in the form heretofore provided, to the Administrative Agent, in renewal of and substitution for the Note previously issued by such Borrower to the Administrative Agent, and such previously issued Note shall be returned to such Borrower marked "replaced".

3.2. **Payment of Obligations**. The Principal Obligations outstanding on the Maturity Date, together with all accrued but unpaid interest thereon and any other outstanding Obligations, shall be due and payable on the Maturity Date.

3.3. **Payment of Interest**.

(a) **Interest**. Interest on each Borrowing and any portion thereof shall commence to accrue in accordance with the terms of this Credit Agreement and the other Loan Documents as of the date of the disbursal or wire transfer of such Borrowing by the Administrative Agent, consistent with the provisions of Section 2.6, notwithstanding whether the Borrowers received the benefit of such Borrowing as of such date and even if such Borrowing is held in escrow pursuant to the terms of any escrow arrangement or agreement. When a Borrowing is disbursed by wire transfer pursuant to instructions received from the Borrowers in accordance with the related Request for Borrowing, then such Borrowing shall be considered made at the time of the transmission of the wire, rather than the time of receipt thereof by the receiving bank. With regard to the repayment of the Loans,

interest shall continue to accrue on any amount repaid until such time as the repayment has been received in federal or other immediately available funds by the Administrative Agent in the Administrative Agent's Account described in Section 3.4, or any other account of the Administrative Agent which the Administrative Agent designates in writing to the Borrowers.

(b) **Interest Payment Dates**. Accrued and unpaid interest on the Obligations shall be due and payable in arrears (i) on each Interest Payment Date and on the Maturity Date, (ii) on each other date of any reduction of the Principal Obligation hereunder, with respect to the portion of the Principal Obligation so repaid, and (iii) upon the occurrence and during the continuance of an Event of Default, at any time upon demand by Administrative Agent. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

3.4. **Payments on the Obligations**.

(a) **Credit Party Payments**. All payments of principal of, and interest on, the Obligations under this Credit Agreement by any Credit Party to or for the account of the Lenders, or any of them, shall be made (i) within 180 days from the date each Loan was disbursed by the Administrative Agent, absent receipt by the Administrative Agent of approval of an additional tenor for such Loan by the Advisory Committee (as defined in the Constituent Documents of the Initial Borrower), and (ii) without condition or deduction or counterclaim, set-off, defense or recoupment by the Borrowers for receipt by the Administrative Agent before 1:00 p.m. in federal or other immediately available funds to the Administrative Agent at account number 4426457864 at Bank of America, N.A., ABA No. 026009593, reference "Acadia IV, Attention: Jessica Richmond", or any other account of the Administrative Agent that the Administrative Agent designates in writing to the Borrowers. Funds received after 1:00 p.m. shall be treated for all purposes as having been received by the Administrative Agent on the first Business Day next following receipt of such funds. All payments shall be made in Dollars.

(b) **Lender Payments**. Each Lender shall be entitled to receive its Pro Rata Share of each payment received by the Administrative Agent hereunder for the account of the Lenders on the Obligations. Each payment received by the Administrative Agent hereunder for the account of a Lender shall be promptly distributed by the Administrative Agent to such Lender. The Administrative Agent and each Lender hereby agree that payments to the Administrative Agent by the Borrowers of principal of, and interest on, the Obligations by the Borrowers to or for the account of the Lenders in accordance with the terms of the Credit Agreement, the Notes and the other Loan Documents shall constitute satisfaction of the Borrowers' obligations with respect to any such payments, and the Administrative Agent shall indemnify, and each Lender shall hold harmless, the Borrowers from any claims asserted by any Lender in connection with the Administrative Agent's duty to distribute and apportion such payments to the Lenders in accordance with this Section 3.4.

(c) **Application of Payments**. So long as no Event of Default has occurred and is continuing, all payments made on the Obligations shall be applied as directed by the Borrowers. At all times when an Event of Default has occurred and is continuing, all payments made on the Obligations shall be credited, to the extent of the amount thereof, in the following manner: (a) *first*, against all costs, expenses and other fees (including attorneys' fees) arising under the terms hereof;

(b) *second*, against the amount of interest accrued and unpaid on the Obligations as of the date of such payment; (c) *third*, against all principal due and owing on the Obligations as of the date of such payment; and (d) *fourth*, to all other amounts constituting any portion of the Obligations.

3.5. **Voluntary Prepayments**. (1) The Borrowers may, upon notice to Administrative Agent, at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty on any Business Day; provided that: (a) such notice must be received by Administrative Agent not later than 11:00 a.m.: (i) three (3) Business Days prior to any date of prepayment of LIBOR Rate Loans denominated in Dollars and (ii) one (1) Business Day prior to any date of prepayment of Reference Rate Loans; and (b) any prepayment of Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date (which shall be a Business Day) and amount of such prepayment. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rate Share of such prepayment. If such notice is given by the Borrowers, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 4. Each such prepayment shall be applied to the Obligations held by each Lender in accordance with its respective Pro Rata Share.

(a) **Mandatory Prepayment**.

(i) **Excess Loans Outstanding**. If, on any day, the Principal Obligations exceed the Available Commitment then the Borrowers shall pay without further demand such excess to the Administrative Agent, for the benefit of the Lenders, in immediately available funds (except to the extent any such excess is addressed by Section 3.5(b)(ii)): (A) promptly, and in any event within one (1) Business Day, to the extent such funds are available in the Collateral Accounts or any other account maintained by the Fund Parties, and (B) within fifteen (15) Business Days of demand, to the extent that it is necessary for the Credit Parties to issue a Capital Call to fund such required payment (and the Credit Parties shall issue such Capital Calls (and shall pay such excess immediately after the Capital Contributions relating to such Capital Call are received). Each Credit Party hereby agrees that the Administrative Agent may withdraw from any Collateral Account any Capital Contributions deposited therein and apply the same to the Principal Obligations until such time as the payment obligations of this Section 3.5(b) have been satisfied in full.

(ii) **Excess Letters of Credit Outstanding**. If any excess calculated pursuant to Section 3.5(b) is attributable to undrawn Letters of Credit, the Borrowers shall Cash Collateralize such excess with the Administrative Agent, when required pursuant to the terms of Section 3.5(b), as security for such portion of the Obligations. Unless otherwise required by law, upon: (i) a change in circumstances such that the Principal Obligations no longer exceed the Available Commitment; or (ii) the full and final payment of the Obligations, so long as no Event of Default or Potential

Default has occurred and is continuing, the Administrative Agent shall return to the Borrowers any amounts remaining in said cash collateral account.

3.6. **Reduction or Early Termination of Commitments**. So long as no Request for Borrowing or Request for Letter of Credit is outstanding, the Borrowers may terminate the Commitments, or reduce the Maximum Commitment, by giving prior irrevocable written notice to the Administrative Agent of such termination or reduction five (5) Business Days prior to the effective date of such termination or reduction (which date shall be specified by the Borrowers in such notice): (a) (i) in the case of complete termination of the Commitments, upon prepayment of all of the outstanding Obligations, including, without limitation, all interest accrued thereon, in accordance with the terms of Section 3.3; or (ii) in the case of a reduction of the Maximum Commitment, upon prepayment of the amount by which the Principal Obligations exceed the reduced Available Commitment resulting from such reduction, including, without limitation, payment of all interest accrued thereon, in accordance with the terms of Section 3.3, provided that, the Maximum Commitment may not be terminated or reduced such that, the Available Commitment would be less than the aggregate stated amount of outstanding Letters of Credit; and (b) in the case of the complete termination of the Commitments, if any Letter of Credit Liability exists, upon payment to the Administrative Agent of the Cash Collateral (from the proceeds of Capital Calls only) for deposit in the Cash Collateral Account in accordance with Section 2.8(h), without presentment, demand, protest or any other notice of any kind, all of which are hereby waived. Notwithstanding the foregoing: (x) any reduction of the Maximum Commitment shall be in an amount equal to $5,000,000 or multiples thereof; and (y) in no event shall a reduction by the Borrowers reduce the Maximum Commitment to $30,000,000 or less (except for a termination of all the Commitments). Promptly after receipt of any notice of reduction or termination, the Administrative Agent shall notify each Lender of the same. Any reduction of the Maximum Commitment shall reduce the Commitments of the Lenders according to their Pro Rata Share.

3.7. **Lending Office**. Each Lender may: (a) designate its principal office or a branch, subsidiary or Affiliate of such Lender as its Lending Office (and the office to whose accounts payments are to be credited) for any Loan and (b) change its Lending Office from time to time by notice to the Administrative Agent and the Borrowers. In such event, the Administrative Agent shall continue to hold the Note, if any, evidencing its Loans for the benefit and account of such branch, subsidiary or Affiliate. Each Lender shall be entitled to fund all or any portion of its Commitment in any manner it deems appropriate, consistent with the provisions of Section 2.5.

Section 4. CHANGE IN CIRCUMSTANCES

4.1. **Taxes**.

(a) **Letter of Credit Issuer**. For purposes of this Section 4.1, the term "Lender" includes the Letter of Credit Issuer.

(b) **Payments Free of Taxes**. Any and all payments by or on account of any obligation of any Credit Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or

withholding of any Tax from any such payment by a Withholding Agent, then (i) the applicable Withholding Agent shall be entitled to make such deduction or withholding, (ii) the applicable Withholding Agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, (iii) if such Tax is an Indemnified Tax, then the sum payable by the applicable Credit Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) **Payment of Other Taxes by the Credit Parties**. Without limiting the provisions of subsection (a) above, the Credit Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) **Tax Indemnification**. (i) The Borrowers shall, and each do hereby, jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 4.1) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. The Borrowers shall, and do hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within fifteen (15) Business Days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 4.1(d)(ii) below. The applicable Lender shall indemnify the applicable Borrower, and shall make payment in respect thereof, within fifteen (15) Business Days after demand therefor, for any amount which such Borrower is required to pay to the Administrative Agent pursuant to the immediately preceding sentence. (ii) Each Lender shall, and does hereby, severally indemnify the Administrative Agent, and shall make payment in respect thereof within fifteen (15) Business Days after demand therefor, for (x) any Indemnified Taxes attributable to such Lender (but only to the extent that any Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of any Borrower to do so), (y) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.11 relating to the maintenance of a Participant Register and (z) any Excluded Taxes attributable to such Lender that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Credit Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(e) **Evidence of Payments**. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) **Status of Lenders**.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested in writing by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested in writing by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested in writing by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested in writing by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 4.1(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Borrower,

(A) any Lender that is a U.S. Person shall deliver to such Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Credit Agreement (and from time to time thereafter upon the reasonable written request of such Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested in writing by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Credit Agreement (and from time to time thereafter upon the reasonable written request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of any of the Borrowers within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a certification as provided in clause (iii) immediately above, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide such certification on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested in writing by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Credit Agreement (and from time to time thereafter upon the reasonable written request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrowers or the

Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested in writing by the Borrowers or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested in writing by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Credit Agreement.

Each Lender agrees that if any form or certification it previously delivered becomes inaccurate in any respect, it shall update such form or certification or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so.

(g) **Treatment of Certain Refunds**. If any party determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 4.1 (including by the payment of additional amounts pursuant to this Section 4.1), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the written request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) **Indemnification of the Administrative Agent**. Each Lender and the Letter of Credit Issuer shall severally indemnify the Administrative Agent within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.11(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (h). The agreements in paragraph (h) shall survive the resignation and/or replacement of the Administrative Agent.

(i) **Survival**. Each party's obligations under this Section 4.1 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

4.2. **Illegality**. If any Lender reasonably determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its Applicable Lending Office to make, maintain or fund Loans or other Obligations, or materially restricts the authority of such Lender to purchase or sell, or to take deposits of, Dollars or to determine or charge interest rates based upon LIBOR, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, any obligation of such Lender to make or continue Loans or the Obligations or to convert Loans accruing interest calculated by reference to LIBOR to be Loans calculated by reference to the Reference Rate (unless the Reference Rate is also calculated off LIBOR in accordance with the definition thereof), shall be suspended until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon the prepayment of any such Loans, the Borrowers shall also pay accrued interest on the amount so prepaid. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

4.3. **Inability to Determine Rates**. If the Administrative Agent determines, for any proposed Interest Period, that: (a) deposits in Dollars are not being offered to banks in the applicable offshore market for the applicable amount and Interest Period of any LIBOR Rate Loan; (b) adequate and reasonable means do not exist for determining LIBOR; or (c) LIBOR does not adequately or fairly reflect the cost to the Lenders of funding or maintaining any LIBOR Rate Loan, then: (a) the Administrative Agent shall forthwith notify the Lenders and the Borrowers; and (b) while such circumstances exist, none of the Lenders shall allocate any Loans made during such period, or reallocate any Loans allocated to any then-existing Interest Period ending during such period, to

an Interest Period with respect to which interest is calculated by reference to LIBOR. If, with respect to any outstanding Interest Period, a Lender notifies the Administrative Agent that it is unable to obtain matching deposits in the London interbank market to fund its purchase or maintenance of such Loans or that LIBOR applicable to such Loans will not adequately reflect the cost to the Person of funding or maintaining such Loans for such Interest Period, then: (i) the Administrative Agent shall forthwith so notify the Borrowers and the Lenders; and (ii) upon such notice and thereafter while such circumstances exist, the applicable Lender shall not make any LIBOR Rate Loans during such period, or reallocate any Loans allocated to any Interest Period ending during such period, to an Interest Period with respect to which interest is calculated by reference to LIBOR; provided that, (x) if the forgoing notice relates to Loans that are outstanding as LIBOR Rate Loans, such Loans shall be Converted to Reference Rate Loans only on the last day of the then-current Interest Period, and (y) upon receipt of such notice, the Borrowers may revoke any outstanding Requests for Borrowing.

4.4. **Increased Cost and Capital Adequacy**.

(b) **Increased Costs Generally**. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBOR Rate) or the Letter of Credit Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes and (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or

(iii) impose on any Lender or the Letter of Credit Issuer or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Credit Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender, the Letter of Credit Issuer or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, the Letter of Credit Issuer or such other Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender, the Letter of Credit Issuer or other Recipient, the Borrowers shall promptly pay to any such Lender, the Letter of Credit Issuer or other Recipient, as the case may be, such additional amount or amounts as will compensate

such Lender or the Letter of Credit Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(c) **Capital Requirements**. If any Lender or the Letter of Credit Issuer determines that any Change in Law affecting such Lender or the Letter of Credit Issuer or any lending office of such Lender or such Lender's or the Letter of Credit Issuer's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or the Letter of Credit Issuer's capital or on the capital of such Lender's or the Letter of Credit Issuer's holding company, if any, as a consequence of this Credit Agreement, the Commitment of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Letter of Credit Issuer, to a level below that which such Lender or the Letter of Credit Issuer or such Lender's or the Letter of Credit Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Letter of Credit Issuer's policies and the policies of such Lender's or the Letter of Credit Issuer's holding company with respect to capital adequacy), then from time to time upon written request of such Lender or such Letter of Credit Issuer, the Borrowers shall promptly pay to such Lender or the Letter of Credit Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the Letter of Credit Issuer or such Lender's or the Letter of Credit Issuer's holding company for any such reduction suffered.

(d) **Certificates for Reimbursement**. A certificate of a Lender or the Letter of Credit Issuer setting forth the amount or amounts necessary to compensate such Lender or the Letter of Credit Issuer, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrowers, shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Letter of Credit Issuer, as the case may be, the amount shown as due on any such certificate (A) promptly upon receipt, to the extent that funds are available in the Collateral Accounts or any other account maintained by any Fund Party; and (B) otherwise, to the extent that it is necessary for the Credit Parties to issue a Capital Call to fund such required payment, within fifteen (15) Business Days after demand (but in any event, each Credit Party shall issue such Capital Calls and shall make such payment after the related Capital Contributions are received).

(e) **Delay in Requests**. Failure or delay on the part of any Lender or the Letter of Credit Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Letter of Credit Issuer's right to demand such compensation; provided that the Borrowers shall not be required to compensate a Lender or the Letter of Credit Issuer pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or the Letter of Credit Issuer, as the case may be, notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or the Letter of Credit Issuer's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

4.5. **Funding Losses**. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly pay the Administrative Agent for the account of such Lender, such amount or amounts as shall compensate such Lender for, and hold such Lender

harmless from, any loss, cost or expense incurred by such Lender in obtaining, liquidating or employing deposits or other funds from third parties as a result of (a) any failure or refusal of the Borrowers (for any reasons whatsoever other than a default by the Administrative Agent or any Lender) to take a Loan after the Borrowers shall have requested such Loan under the Credit Agreement, (b) any prepayment or other payment of a LIBOR Rate Loan on a day other than the last day of the Interest Period applicable to such Loan, (c) any other prepayment of a Loan that is otherwise not made in compliance with the provisions of the Credit Agreement, or (d) the failure of the Borrowers to make a prepayment of a Loan after giving notice under the Credit Agreement, that such prepayment will be made.

4.6. **Requests for Compensation**. If requested by the Borrowers in connection with any demand for payment pursuant to this Section 4, a Lender shall provide to the Borrowers, with a copy to the Administrative Agent, a certificate setting forth in reasonable detail the basis for such demand, the amount required to be paid by the Borrowers to such Lender and the computations made by such Lender to determine such amount, such certificate to be conclusive and binding in the absence of manifest error. Any such amount payable by the Borrowers shall not be duplicative of any amounts (a) previously paid under this Section 4, or (b) included in the calculation of LIBOR.

4.7. **Survival**. Without prejudice to the survival of any other agreement of the Borrowers hereunder, all of the Borrowers' obligations under this Section 4 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Credit Agreement or any provision hereof. Each Lender shall notify the Borrowers of any event occurring after the termination of this Credit Agreement entitling such Lender to compensation under this Section 4 as promptly as practicable.

Section 5. SECURITY

5.1. **Liens and Security Interest**.

(a) **Capital Commitments and Capital Calls**. To secure performance by the Borrowers of the payment and the performance of the Obligations, the Credit Parties, each to the extent of their respective interests therein, shall grant to the Administrative Agent, for the benefit of each of the Secured Parties, a first priority, exclusive, perfected security interest and Lien in and on the Collateral pursuant to the Security Agreements, the related financing statements and the other related documents.

(b) **Reliance**. The Fund Parties agree that the Administrative Agent and each Lender has entered into this Credit Agreement, extended credit hereunder and at the time of each Loan or each issuance of a Letter of Credit, will make such Loan or issue such Letter of Credit in reasonable reliance on the obligations of the Investors to fund their respective Capital Commitments and accordingly, such Capital Commitments may be enforced by the Administrative Agent, on behalf of the Lenders, pursuant to the terms of the Loan Documents, directly against the Investors without further action by the Credit Parties and notwithstanding any compromise of any such Capital Commitment by the Credit Parties after the Closing Date.

The security agreements, financing statements, assignments, collateral assignments and any other documents and instruments from time to time executed and delivered pursuant to this Credit Agreement to grant, perfect and continue a security interest in the Collateral, including without limitation the Security Agreements, the Collateral Account Assignments and the Control Agreements, and any documents or instruments amending or supplementing the same, shall be collectively referred to herein as the "***Collateral Documents***."

5.2. **The Collateral Accounts; Capital Calls**.

(a) **The Collateral Accounts**. In order to secure further the payment and the performance of the Obligations and to effect and facilitate the right of the Secured Parties, each Fund Party shall require that each of its Investors wire transfer to such Fund Party's Collateral Account all monies or sums paid or to be paid by the Investors pursuant to Capital Calls; In addition, each of the Fund Parties shall deposit into their respective Collateral Account any payments and monies that such Credit Party receives directly from Investors as Capital Contributions.

(b) **Use of the Collateral Accounts**. The Credit Parties may withdraw funds from the Collateral Accounts only in compliance with Section 9.18. Upon the occurrence of a Cash Control Event, the Administrative Agent is authorized to take exclusive control of the Collateral Accounts.

(c) **No Duty**. Notwithstanding anything to the contrary herein contained, it is expressly understood and agreed that neither the Administrative Agent, Letter of Credit Issuer, nor any other Secured Party undertakes any duties, responsibilities, or liabilities with respect to the Capital Calls issued by the Credit Parties. None of them shall be required to refer to the Constituent Documents of any Credit Party, or a Subscription Agreement or any Side Letter, or take any other action with respect to any other matter that might arise in connection with the Constituent Documents of any Credit Party, a Subscription Agreement or any Capital Call. None of them shall have any duty to determine or inquire into any happening or occurrence or any performance or failure of performance of any Credit Party or any of the Investors. None of them shall have any duty to inquire into the use, purpose, or reasons for the making of any Capital Call by any Credit Party or the Investment or use of the proceeds thereof.

(d) **Capital Calls and Disbursements from Collateral Accounts**. The Credit Parties will issue Capital Calls at such times as are necessary in order to ensure the timely payment of the Obligations hereunder. Each Credit Party hereby irrevocably authorizes and directs the Secured Parties, acting through the Administrative Agent, to charge from time to time the Collateral Accounts, and any other accounts of any Fund Party maintained at any Secured Party (including the Cash Collateral Account), for amounts not paid when due (after the passage of any applicable grace period) to the Secured Parties or any of them hereunder and under the Loan Documents; provided that promptly after any disbursement of funds from any such account to the Secured Parties, as contemplated in this Section 5.2(d), the Administrative Agent shall deliver a written notice of such disbursement to the Borrowers.

(e) **No Representations**. Neither the Administrative Agent nor any Secured Party shall be deemed to make at any time any representation or warranty as to the validity of any

Capital Call nor shall the Administrative Agent or the Secured Parties be accountable for any Borrower's use of the proceeds of any Capital Contribution.

5.3. **Agreement to Deliver Additional Collateral Documents**. The Credit Parties shall deliver such security agreements, financing statements, assignments, and other collateral documents (all of which shall be deemed part of the Collateral Documents), in form and substance satisfactory to the Administrative Agent, as the Administrative Agent acting on behalf of the Secured Parties may request from time to time for the purpose of granting to, or maintaining or perfecting in favor of the Secured Parties, first priority security interests in the Collateral, together with other assurances of the enforceability and first priority of the Secured Parties' Liens and assurances of due recording and documentation of the Collateral Documents or copies thereof, as the Administrative Agent may reasonably require to avoid material impairment of the first priority Liens and security interests granted or purported to be granted in accordance with this Section 5.

5.4. **Subordination**. During the continuance of a Cash Control Event, no Credit Party shall make any payments or advances of any kind, directly or indirectly, on any debts and liabilities to any other Credit Party or Investor whether now existing or hereafter arising and whether direct, indirect, several, joint and several, or otherwise, and howsoever evidenced or created (collectively, the "***Other Claims***"). All Other Claims, together with all Liens on assets securing the payment of all or any portion of the Other Claims shall at all times be subordinated to and inferior in right and in payment to the Obligations and all Liens on assets securing all or any portion of the Obligations, and each Credit Party agrees to take such actions as are necessary to provide for such subordination between it and any other Credit Party, *inter se*, including but not limited to including provisions for such subordination in the documents evidencing the Other Claims. Each Credit Party acknowledges and agrees that at any time a Cash Control Event has occurred and is continuing, the payment of any and all management or other fees due and owing to it from any Credit Party shall be subordinated to and inferior in right and payment to the Obligations in all respects.

Section 6. CONDITIONS PRECEDENT TO LENDING.

6.1. **Obligations of the Lenders**. The obligation of the Lenders to advance the initial Borrowing hereunder or cause the issuance of the initial Letters of Credit shall not become effective until the date on which (i) the Administrative Agent shall have received each of the following documents, and (ii) each of the other conditions listed below is satisfied, the satisfaction of such conditions to be satisfactory to the Administrative Agent (and to the extent specified below, to each Lender) in form and substance:

(f) **Credit Agreement**. This Credit Agreement, duly executed and delivered by the Credit Parties;

(g) **Note**. A Note duly executed and delivered by the Initial Borrower (if required) in accordance with Section 3.1;

(h) **Security Agreements**. Each Security Agreement, duly executed and delivered by the parties thereto in favor of the Administrative Agent for the benefit of the Secured Parties;

(i) **Collateral Account Assignments**. Each Collateral Account Assignment, each duly executed and delivered by the parties thereto in favor of the Administrative Agent for the benefit of the Secured Parties;

(j) **Control Agreements**. Each Control Agreement, each duly executed and delivered by the parties thereto;

(k) **Filings**.

(i) Satisfactory reports of searches of Filings in the jurisdiction of formation of each Credit Party, or where a filing has been or would need to be made in order to perfect the Administrative Agent's first priority security interest on behalf of the Secured Parties in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist, or, if necessary, copies of proper financing statements, if any, filed on or before the date hereof necessary to terminate all security interests and other rights of any Person in any Collateral previously granted; and

(ii) Filings satisfactory to the Administrative Agent with respect to the Collateral together with written evidence satisfactory to the Administrative Agent that the same have been filed, submitted for filing in the appropriate public filing office(s) in the Administrative Agent's sole discretion, to perfect the Secured Parties' first priority security interest in the Collateral;

(l) **Responsible Officer Certificates**. A certificate from a Responsible Officer of each Credit Party, in the form of Exhibit M;

(m) **The Initial Borrower's Constituent Documents**. True and complete copies of the Constituent Documents of the Initial Borrower, together with certificates of existence and good standing (or other similar instruments) of the Initial Borrower, in each case certified by a Responsible Officer of the Initial Borrower to be correct and complete copies thereof and in effect on the date hereof and in each case satisfactory to the Administrative Agent in its sole discretion;

(n) **The Borrower Managing Member's Constituent Documents**. True and complete copies of the Constituent Documents of the Borrower Managing Member, together with certificates of existence and good standing (or other similar instruments) of the Borrower Managing Member, in each case certified by a Responsible Officer of the Borrower Managing Member to be correct and complete copies thereof and in effect on the date hereof, in each case satisfactory to the Administrative Agent;

(o) **The Guarantor's Constituent Documents**. True and complete copies of the Constituent Documents of the Guarantor, together with certificates of existence and good standing (or other similar instruments) of the Guarantor, in each case certified by a Responsible Officer of the Guarantor to be correct and complete copies thereof and in effect on the date hereof, in each case satisfactory to the Administrative Agent;

(p) **The Guarantor General Partner's Constituent Documents**. True and complete copies of the Constituent Documents of the Guarantor General Partner, together with certificates of existence and good standing (or other similar instruments) of the Guarantor General Partner, in each case certified by a Responsible Officer of the Guarantor General Partner and in effect on the date hereof, in each case satisfactory to the Administrative Agent;

(q) **The Pledgor's Constituent Documents**. True and complete copies of the Constituent Documents of the Pledgor, together with certificates of existence and good standing (or other similar instruments) of the Pledgor, in each case certified by a Responsible Officer of the Pledgor and in effect on the date hereof, in each case satisfactory to the Administrative Agent;

(r) **Authority Documents**. Certified resolutions of each Credit Party, authorizing the entry into the transactions contemplated herein and in the other Loan Documents, in each case certified by a Responsible Officer of such Person as correct and complete copies thereof and in effect on the date hereof;

(s) **Incumbency Certificate**. From each Credit Party, a signed certificate of a Responsible Officer, who shall certify the names of the Persons authorized, on the date hereof, to sign each of the Loan Documents and the other documents or certificates to be delivered pursuant to the Loan Documents on behalf of such Credit Party, together with the true signatures of each such Person. The Administrative Agent may conclusively rely on such certificate until it shall receive a further certificate canceling or amending the prior certificate and submitting the signatures of the Persons named in such further certificate;

(t) **Opinions**. A favorable written opinion of counsel to the Credit Parties in form and substance satisfactory to the Administrative Agent and its counsel, dated as of the Closing Date;

(u) **Investor Documents**. With respect to Investors: (i) a copy of each Investor's duly executed Subscription Agreement, Side Letter (if applicable), Credit Link Document, if applicable, and Investor Consent; (ii) each of the executed Investor Consents from the Investors that are not Included Investors or Designated Investors that the Borrowers have received; and (iii) if such Investor is an Endowment Fund Investor, a copy of any keepwell agreement in place between such Investor and its Sponsor; and (iii) from each Included Investor, an Investor Opinion and the Investor Consent;

(v) **ERISA Status**. With respect to each Borrower and Guarantor, either (i) a favorable written opinion of counsel to such Credit Party, addressed to the Secured Parties, reasonably acceptable to the Administrative Agent and its counsel, regarding the status of such Credit Party as an Operating Company (or a copy of such opinion addressed to the Investors, reasonably acceptable to the Administrative Agent and its counsel, together with a reliance letter with respect thereto, addressed to the Secured Parties); or (ii) a certificate, addressed to the Secured Parties, signed by a Responsible Officer of such Credit Party that the underlying assets of such Credit Party do not constitute Plan Assets because less than 25% of the total value of each class of equity interests in such Credit Party is held by "benefit plan investors" within the meaning of Section 3(42) of ERISA;

(w) **Borrowing Base Certificate**. Receipt by the Administrative Agent of a Borrowing Base Certificate, in the form of Exhibit A, dated the Closing Date;

(x) **Collateral Accounts**. Evidence that the Collateral Accounts have been established;

(y) **"Know Your Customer" Information and Documents**. Such information and documentation as is requested by the Lenders so that each of the Credit Parties has become KYC Compliant;

(z) **Fees; Costs and Expenses**. Payment of all fees and other amounts due and payable on or prior to the date hereof, including pursuant to the Fee Letter, and, to the extent invoiced, reimbursement or payment of all reasonable expenses required to be reimbursed or paid by the Borrowers hereunder, including the fees and disbursements invoiced through the date hereof of the Administrative Agent's special counsel, Mayer Brown LLP, which may be deducted from the proceeds of such initial Borrowing; and

(aa) **Additional Information**. Such other information and documents as may be required by the Administrative Agent and its counsel.

In addition, the Administrative Agent and the Lenders shall have completed their due diligence review of the Credit Parties and each of their respective management, controlling owners, systems and operations and the Collateral, in scope and determination satisfactory to the Administrative Agent and the Lenders in their sole discretion.

6.2. **Conditions to all Loans and Letters of Credit**. The obligation of the Lenders to advance each Borrowing (including without limitation the initial Borrowing) and the obligation of the Letter of Credit Issuer to cause the issuance of Letters of Credit (including, without limitation, the initial Letter of Credit) hereunder is subject to the conditions precedent that:

(f) **Representations and Warranties**. The representations and warranties of the Credit Parties set forth herein and in the other Loan Documents are true and correct on and as of the date of the advance of such Borrowing or issuance of such Letter of Credit, with the same force and effect as if made on and as of such date;

(g) **No Default**. No event shall have occurred and be continuing, or would result from the Borrowing or the issuance of the Letter of Credit, which constitutes an Event of Default or a Potential Default;

(h) **Request for Borrowing**. The Administrative Agent shall have received a Request for Borrowing or Request for Letter of Credit, together with a Borrowing Base Certificate;

(i) **No Investor Excuses**. Other than as disclosed to the Administrative Agent in writing, the Credit Parties have no knowledge or reason to believe any Investor would be entitled to exercise any withdrawal, excuse or exemption right under the applicable Constituent Documents of the related Fund Party, its Subscription Agreement or any Side Letter with respect to any

Investment being acquired in whole or in part with any proceeds of the related Loan or Letter of Credit;

(j) **Application**. In the case of a Letter of Credit, the Letter of Credit Issuer shall have received an Application for Letter of Credit executed by the Borrowers;

(k) **Available Commitment**. After giving effect to the proposed Borrowing or issuance of Letter of Credit, the Principal Obligations will not exceed the Available Commitment;

(l) **Material Adverse Effect**. No Material Adverse Effect has occurred and is continuing; and

(m) **Fees; Costs and Expenses**. Payment of all fees and other amounts due and payable by any Credit Party on or prior to the date of such Borrowing and, to the extent invoiced, reimbursement or payment of all expenses required to be reimbursed or paid by any Credit Party hereunder, including the fees and disbursements invoiced through the date of such Borrowing of the Administrative Agent's special counsel, Mayer Brown LLP, which may be deducted from the proceeds of such Borrowing; and

(n) **Advisory Committee Approval**. If, after giving effect to the proposed Borrowing or issuance of Letter Credit, the Principal Obligations will exceed the threshold permitted in Section 4.1(b) of the Initial Borrower's Constituent Document, the Administrative Agent shall have received a written approval from the Advisory Committee (as defined in the Constituent Documents of the Initial Borrower) that the Borrowers are permitted to incur such debt.

6.3. **Addition of Qualified Borrowers**. The obligation of the Lenders to advance a Borrowing to a proposed Qualified Borrower hereunder or to cause the issuance of a Letter of Credit to a proposed Qualified Borrower is subject to the conditions that:

(a) **Approval of Qualified Borrower**. In order for an entity to be approved as a Qualified Borrower (i) such entity shall be one in which a Borrower owns a direct or indirect ownership interest, or through which the Initial Borrower will acquire an Investment, the indebtedness of which entity can be guaranteed by the Initial Borrower under its Constituent Documents (a "***Qualified Borrower***"); and (ii) the provisions of this Section 6.3 shall be satisfied;

(b) **Guaranty of Qualified Borrower Obligations**. The Initial Borrower shall provide to the Administrative Agent and each of the Lenders an unconditional guaranty of payment in the form of Exhibit J attached hereto (the "***Qualified Borrower Guaranty***", and such guaranties, collectively, the "***Borrower Guaranties***"), which shall be acknowledged and agreed to by the Guarantor and the Pledgor, and enforceable against the Initial Borrower for the payment of a Qualified Borrower's debt or obligation to the Lenders;

(c) **Qualified Borrower Note**. In the event that any Qualified Borrower has not previously done so, upon the request of the Administrative Agent, such Qualified Borrower shall execute and deliver a promissory note, in the form of Exhibit I attached hereto (a "***Qualified Borrower Promissory Note***"), the payment of which is guaranteed by the applicable Borrower

pursuant to the Borrower Guaranties, payable to the Administrative Agent, for the benefit of the Secured Parties in the principal amount of its related Obligations;

(d) **Qualified Borrower Letter of Credit Note.** The Obligations of each Qualified Borrower in connection with each Letter of Credit issued hereunder shall be evidenced by a letter of credit note in the form of Exhibit J attached hereto (the "***Qualified Borrower Letter of Credit Note***"), the payment of which is guaranteed by the applicable Borrower pursuant to the Borrower Guaranties, as such note may be amended, restated, reissued, extended or modified. Each Qualified Borrower shall execute and deliver a Qualified Borrower Letter of Credit Note payable to the Administrative Agent on behalf of the related Letter of Credit Issuer(s) (with blanks appropriately completed in conformity herewith);

(e) **Authorizations of Qualified Borrower**. The Administrative Agent shall have received from the Qualified Borrower appropriate evidence of the authorization of the Qualified Borrower approving the execution, delivery and performance of the Qualified Borrower Promissory Note or the Qualified Borrower Letter of Credit Note, duly adopted by the Qualified Borrower, as required by law or agreement, and accompanied by a certificate of an authorized Person of such Qualified Borrower stating that such authorizations are true and correct, have not been altered or repealed and are in full force and effect;

(f) **Incumbency Certificate**. The Administrative Agent shall have received from the Qualified Borrower a signed certificate of a Responsible Officer of the Qualified Borrower which shall certify the names of the Persons authorized to sign the Qualified Borrower Promissory Note and the other documents or certificates to be delivered pursuant to the terms hereof by such Qualified Borrower, together with the true signatures of each such Person. The Administrative Agent may conclusively rely on such certificate until it shall receive a further certificate canceling or amending the prior certificate and submitting the signatures of the Persons named in such further certificate;

(g) **Opinion of Counsel to Qualified Borrowers**. The Administrative Agent shall have received a favorable written opinion of counsel for the Qualified Borrower, in form and substance satisfactory to the Administrative Agent;

(h) **Opinion of Counsel to the Borrowers**. The Administrative Agent shall have received a favorable written opinion of counsel for the Borrowers with respect to the Qualified Borrower Guaranty, in form and substance satisfactory to the Administrative Agent;

(i) **"Know Your Customer" Information and Documents**. The Lenders shall have received all items required to make such Qualified Borrower KYC Compliant;

(j) **Due Diligence Review**. The Administrative Agent shall have completed to its satisfaction its due diligence review of such Qualified Borrower and its respective management, controlling owners, systems and operations;

(k) **ERISA Status**. With respect to the initial advance to such Qualified Borrower only, either (i) a favorable written opinion of counsel to such Credit Party, addressed to

the Secured Parties, reasonably acceptable to the Administrative Agent and its counsel, regarding the status of such Qualified Borrower as an Operating Company (or a copy of such opinion addressed to the Investors, reasonably acceptable to the Administrative Agent and its counsel, together with a reliance letter with respect thereto, addressed to the Secured Parties); or (ii) a certificate, addressed to the Secured Parties, signed by a Responsible Officer of such Qualified Borrower that the underlying assets of such Qualified Borrower do not constitute Plan Assets because less than 25% of the total value of each class of equity interests in such Qualified Borrower is held by "benefit plan investors" within the meaning of Section 3(42) of ERISA;

(l) **Fees, Costs and Expenses**. Payment of all fees and other invoiced amounts due and payable by any Credit Party on or prior to the date of such Qualified Borrower joinder and, to the extent invoiced, reimbursement or payment of all expenses required to be reimbursed or paid by any Credit Party hereunder, which may be deducted from the proceeds of any related Borrowing; and

(m) **Additional Information**. The Administrative Agent shall have received such other information and documents in respect of such Qualified Borrower as may be required by the Administrative Agent and its counsel.

Upon the satisfaction of the requirements of this Section 6.3 described above, the Qualified Borrower shall be bound by the terms and conditions of this Credit Agreement as if it were a Borrower hereunder.

Section 7. REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES

To induce the Lenders to make the Loans and cause the issuance of Letters of Credit hereunder, the Credit Parties each hereby represents and warrants to the Administrative Agent and the Lenders that, as to itself:

7.1. **Organization and Good Standing**. Each Credit Party is duly organized or duly incorporated, as applicable, validly existing and in good standing under the laws of its jurisdiction of formation, has the requisite power and authority to own its properties and assets and to carry on its business as now conducted, and is qualified to do business in each jurisdiction where the nature of the business conducted or the property owned or leased requires such qualification except where the failure to be so qualified to do business would not have a Material Adverse Effect.

7.2. **Authorization and Power**. Each Credit Party has the partnership, limited liability company or corporate power, as applicable, and requisite authority to execute, deliver, and perform its respective obligations under this Credit Agreement, the Notes, and the other Loan Documents to be executed by it, its Constituent Documents, and its Subscription Agreement. Each Credit Party is duly authorized to, and has taken all partnership, limited liability company or corporate action, as applicable, necessary to authorize it to execute, deliver, and perform its obligations under this Credit Agreement, the Notes, such other Loan Documents, its Constituent Documents, and its Subscription Agreement, and is and will continue to be duly authorized to perform its obligations under this Credit Agreement, the Notes, such other Loan Documents, its Constituent Documents and its Subscription Documents.

7.3. **No Conflicts or Consents**. None of the execution and delivery of this Credit Agreement, the Notes or the other Loan Documents, the consummation of any of the transactions herein or therein contemplated, or the compliance with the terms and provisions hereof or with the terms and provisions thereof, will contravene or conflict, in any material respect, with any provision of law, statute or regulation to which the Credit Party is subject or any judgment, license, order or permit applicable to the Credit Party or any indenture, mortgage, deed of trust or other agreement or instrument to which the Credit Party is a party or by which the Credit Party may be bound, or to which the Credit Party may be subject. No consent, approval, authorization or order of any court or Governmental Authority, Investor or third party is required in connection with the execution and delivery by the Credit Party of the Loan Documents or to consummate the transactions contemplated hereby or thereby.

7.4. **Enforceable Obligations**. This Credit Agreement, the Notes and the other Loan Documents to which the Credit Party is a party are the legal and binding obligations of the Credit Party, enforceable in accordance with their respective terms, subject to Debtor Relief Laws and general equitable principles (whether considered a proceeding in equity or at law).

7.5. **Priority of Liens**. The Collateral Documents create, as security for the Obligations, valid and enforceable, exclusive, perfected first priority security interests in and Liens on all of the Collateral in favor of the Administrative Agent for the benefit of the Secured Parties, subject to no other Liens, except as enforceability may be limited by Debtor Relief Laws and general equitable principles (whether considered in a proceeding in equity or at law). Such security interests in and Liens on the Collateral shall be superior to and prior to the rights of all third parties in such Collateral, and, other than in connection with any future change in law or in the applicable Credit Party's name, identity or structure, or its jurisdiction of organization, as the case may be, no further recordings or Filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens, other than the filing of continuation statements in accordance with applicable law. Each Lien referred to in this Section 7.5 is and shall be the sole and exclusive Lien on the Collateral.

7.6. **Financial Condition**. The Credit Parties have delivered to the Administrative Agent the most recently available copies of the financial statements and reports described in Section 8.1 and copies of their *pro forma* balance sheet as of the Closing Date and the related statement of income, in each case certified by a Responsible Officer of such Credit Party to be true and correct; such financial statements fairly present the financial condition of such Credit party as of the applicable date of delivery (or in the case of a *pro forma* balance sheet, estimated financial condition based on assumptions that the Credit Parties and have been prepared in accordance with GAAP, except as provided therein). For the avoidance of doubt, such representation relating to the financial statements shall be without qualification, exception or any other statement which has the effect of modifying the opinions therein.

7.7. **Full Disclosure**. There is no fact known to a Credit Party that such Credit Party has not disclosed to the Administrative Agent in writing which could have a Material Adverse Effect. All information heretofore furnished by such Credit Party, in connection with this Credit Agreement, the other Loan Documents or any transaction contemplated hereby is, and all such information

hereafter furnished will be, true and correct in all material respects on the date as of which such information is stated or deemed stated.

7.8. **No Default**. No event has occurred and is continuing which constitutes an Event of Default or a Potential Default.

7.9. **No Litigation**. (i) As of the Closing Date, there are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings in any court or before any arbitrator or governmental authority ("***Proceedings***") pending or threatened, against any Credit Party, other than any such Proceeding that has been disclosed in writing by such Credit Party to the Administrative Agent, and (ii) as of the date of the advance of any Borrowing or the issuance of any Letter of Credit, there are no such Proceedings pending or threatened, against such Credit Party, other than any such Proceeding that would not, if adversely determined, have a Material Adverse Effect.

7.10. **Material Adverse Effect**. No circumstances exist or changes to any Credit Party have occurred since the date of the most recent financial statements of such Credit Party delivered to the Administrative Agent which would reasonably be expected to result in a Material Adverse Effect.

7.11. **Taxes**. To the extent that failure to do so could be reasonably likely to have a material adverse effect on the Administrative Agent or any Lender, all tax returns, information statements and reports required to be filed by any Credit Party in any jurisdiction have been filed and all taxes (including mortgage recording taxes), assessments, fees, and other governmental charges upon such Credit Party or upon any of its properties, income or franchises have been paid prior to the time that such taxes become delinquent. There is no proposed tax assessment against any Credit Party or any basis for such assessment which could be likely to result in a Material Adverse Effect.

7.12. **Principal Office; Jurisdiction of Formation**. (a) Each of the principal office, chief executive office, and principal place of business of the Credit Parties is correctly listed on Schedule I hereto, and each Credit Party has been at such location since its formation; (b) the jurisdiction of formation of the Credit Parties is correctly listed on Schedule I hereto, and each Credit Party is not organized under the laws of any other jurisdiction;

7.13. **ERISA**. Each Borrower and Guarantor satisfies an exception under the Plan Asset Regulations so that its underlying assets do not constitute Plan Assets. The execution, delivery and performance of this Credit Agreement and the other Loan Documents, the enforcement of the Obligations directly against the Investors, and the borrowing and repayment of amounts under this Credit Agreement, do not and will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975(c)(i)(A) - (D) of the Internal Revenue Code.

7.14. **Compliance with Law**. Each Credit Party is in compliance with all laws, rules, regulations, orders, and decrees which are applicable to it or its properties, including, without limitation, Environmental Laws, except where non-compliance would not be reasonably likely to have a Material Adverse Effect.

7.15. **Environmental Matters**. Each Credit Party (a) has not received any notice or other communication or otherwise learned of any Environmental Liability which could individually or in the aggregate be expected to have a Material Adverse Effect arising in connection with: (i) any actual or alleged non-compliance with or violation of any Environmental Requirements by such Credit Party or any permit issued under any Environmental Law to such Credit Party; or (ii) the Release or threatened Release of any Hazardous Material into the environment; and (b) has no actual liability or, threatened liability in connection with the Release or threatened Release of any Hazardous Material into the environment or any Environmental Requirements which could individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

7.16. **Capital Commitments and Contributions**. All the Investors are set forth on Exhibit A attached hereto and incorporated herein by reference (or on a revised Exhibit A delivered to the Administrative Agent in accordance with Section 8.18), and the true and correct Capital Commitment of each Investor is set forth on Exhibit A (or on any such revised Exhibit A). No Capital Calls have been delivered to any Investors other than any that have been disclosed in writing to the Administrative Agent. As of the date hereof, the aggregate amount of the Capital Commitments of each Investor is set forth on Exhibit A hereto; and the aggregate Unfunded Capital Commitment that could be subject to a Capital Call is set forth on Exhibit A hereto.

7.17. **Fiscal Year**. The fiscal year of such Credit Party is the calendar year.

7.18. **Investor Documents**. Each Investor has executed a Subscription Agreement which has been provided to the Administrative Agent. Each Side Letter that has been entered has been provided to the Administrative Agent. For each Investor, the Constituent Document of its applicable Fund Party, its Subscription Agreement (and any related Side Letter) and its Investor Consent set forth its entire agreement regarding its Capital Commitment. The Borrowers shall use commercially reasonable efforts to obtain an executed Investor Consent from each Investor that is not an Included Investor or Designated Investor.

7.19. **Margin Stock**. No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Loan or Letter of Credit will be used: (a) to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock; (b) to reduce or retire any indebtedness which was originally incurred to purchase or carry any such Margin Stock; or (c) for any other purpose which might constitute this transaction a "purpose credit" within the meaning of Regulation T, U, or X. No Credit Party nor any Person acting on behalf of the Credit Parties has taken or will take any action which might cause any Loan Document to violate Regulation T, U or X or any other regulation of the Board of Governors of the Federal Reserve System or to violate Section 7 of the Securities Exchange Act, in each case as now in effect or as the same may hereafter be in effect. No Loan or Letter of Credit will be secured at any time by, and the Collateral in which any Credit Party has granted to the Administrative Agent, for the benefit of each of the Secured Parties, a security interest and Lien pursuant to the Collateral Documents will not contain at any time any Margin Stock.

7.20. **Investment Company Status**. No Credit Party is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

7.21. **No Defenses**. Each Credit Party knows of no default or circumstance which with the passage of time and/or giving of notice, could constitute a default under its Constituent Documents, any Subscription Agreement, Side Letter, Credit Link Document or Investor Consent which would constitute a defense to the obligations of the Investors to make capital contributions pursuant to a Capital Call to a Fund Party, in accordance with the Subscription Agreements or the applicable Credit Party's Constituent Documents, and has no knowledge of any claims of offset or any other claims of the Investors against any Credit Party which would or could diminish or adversely affect the obligations of the Investors to make capital contributions and fund Capital Calls in accordance with the Subscription Agreements (and any related Side Letters), the applicable Credit Party's Constituent Documents, Credit Link Document or the Investor Consents.

7.22. **No Withdrawals Without Approval**. No Investor is permitted to withdraw its interest in any Fund Party without the prior approval of a Credit Party.

7.23. **Foreign Asset Control Laws**. No Credit Party nor any of its Subsidiaries (i) is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States (50 U.S.C. App. §§ 1 et seq.), as amended, (ii) is in violation of (A) the Trading with the Enemy Act, as amended, (B) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (C) the PATRIOT Act, (iii) is a Sanctioned Person, (ii) has more than 10% of its assets in Sanctioned Countries, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. No part of the proceeds of any Loan hereunder will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country. No Credit Party nor any Affiliate thereof, and no Investor or Affiliate thereof, is a Person named on a list published by OFAC or is a Person with whom dealings are prohibited under any OFAC Regulations. To each Credit Party's knowledge, no Investor's funds used in connection with this transaction are derived from illegal or suspicious activities.

7.24. **Insider**. Such Credit Party is not an "executive officer," "director," or "person who directly or indirectly or acting through or in concert with one or more persons owns, controls, or has the power to vote more than 10% of any class of voting securities" (as those terms are defined in 12 U.S.C. §375b or in regulations promulgated pursuant thereto) of any Lender, of a bank holding company of which any Lender is a subsidiary, or of any subsidiary, of a bank holding company of which any Lender is a subsidiary, of any bank at which any Lender maintains a correspondent account, or of any bank which maintains a correspondent account with any Lender.

7.25. **Investors**. The Borrowing Base Certificate, as it may be updated in writing from time to time by the Borrowers, is true and correct in all material respects.

7.26. **Organizational Structure**. The Structure of the Credit Parties is accurately depicted on Schedule III hereto in all material respects. The only members of Acadia Strategic Opportunity Fund IV LLC and the only Stockholders of the Pledgor are as depicted on Schedule III hereto. The Credit Parties have not formed any Alternative Investment Vehicles or Parallel Investment Vehicles that are not depicted on Schedule III. The Capital Commitment of each Investor is set forth in Exhibit A or a revised Exhibit A delivered in accordance with the terms hereof.

7.27. **No Brokers**. None of the Credit Parties has dealt with any broker, investment banker, agent or other Person (except for the Administrative Agent, the Lenders and any Affiliate of the foregoing) who may be entitled to any commission or compensation in connection with the Loan Documents, the Loans or a transaction under or pursuant to this Credit Agreement or the other Loan Documents.

7.28. **Financial Condition**. Each Credit Party is, and after consummation of the transactions contemplated by the Loan Documents will be, Solvent.

7.29. **Properties**. Each Credit Party has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for any defects that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each Credit Party owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by such Credit Party and its subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

7.30. **Borrower Managing Member Representation**. Borrower Managing Member has received direct or indirect benefit from the Loans and Letters of Credit evidenced by the Obligations and the grant of the security interest in the collateral was a condition to granting such Loans and issuance of such Letters of Credit.

7.31. **Guarantor Representation**. Guarantor has received direct or indirect benefit from the Loans and Letters of Credit evidenced by the Obligations and the grant of the security interest in the collateral was a condition to granting such Loans and issuance of such Letters of Credit.

7.32. **Guarantor General Partner Representation**. Guarantor General Partner has received direct or indirect benefit from the Loans and Letters of Credit evidenced by the Obligations and the grant of the security interest in the collateral was a condition to granting such Loans and issuance of such Letters of Credit.

7.33. **Pledgor Representation**. Pledgor has received direct or indirect benefit from the Loans and Letters of Credit evidenced by the Obligations and the grant of the security interest in the Collateral was a condition to granting such Loans and issuance of such Letters of Credit.

7.34. **Investments**. No Investments made by any Credit Party or their subsidiaries, directly or indirectly, are in violation of, or would cause a default under, the terms of the Constituent Documents of the Fund Parties.

7.35. **Investor Documents**. To the knowledge of each Credit Party after commercially reasonable inquiry, each Investor Consent and Stockholders Agreement, as applicable, have been duly authorized and executed by each Investor and constitute the legal, valid and binding obligations of each Investor, enforceable against each Investor in accordance with their terms.

7.36. **Advisory Committee**. The Credit Parties confirm that the members of the Advisory Committee (as defined in the Constituent Documents of the Initial Borrower) as of the Closing Date are David Collet, Laudan Nabizadeh Fariborz, Verna Kuo, Susan Meaney, Clinton Stevenson, and Caixia Ziegler.

Section 8. AFFIRMATIVE COVENANTS OF THE CREDIT PARTIES

So long as the Lenders have any commitment to lend hereunder or to cause the issuance of any Letters of Credit hereunder, and until payment and performance in full of the Obligations under this Credit Agreement and the other Loan Documents, each Credit Party agrees that:

8.1. **Financial Statements, Reports and Notices**. The Credit Parties shall deliver to the Administrative Agent sufficient copies for each Lender of the following:

(n) **Financial Reports**.

(i) **Annual Reports**. As soon as available, but no later than one hundred and twenty (120) days after the end of the fiscal year for each of the Fund Parties, the audited consolidated balance sheet and related statements of operations, income, partners', members' or shareholders' equity and cash flows of the Fund Parties as of the end of and for such year, setting forth in each case in comparative form (if applicable) the figures for the previous fiscal year, all reported on by a firm of nationally recognized independent certified public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Fund Parties on a consolidated basis in accordance with GAAP consistently applied and, subject to normal year-end audit adjustments and the absence of footnotes.

(ii) **Quarterly Reports**. As soon as available, but no later than sixty (60) days after the end of each of the first three fiscal quarters of the Fund Parties, the unaudited consolidated balance sheet and related statements of operations, income, partners', members' or shareholders' equity and cash flows of the Fund Parties as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous fiscal year, all certified by a Responsible Officer of the Fund Parties, as applicable, as presenting fairly in all material respects the financial condition and results of operations of the Fund Parties on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

(o) **Compliance Certificate**. As soon as available, but no later than the date any financial statement are due pursuant to Section 8.1(a), a compliance certificate (the "***Compliance Certificate***"), certified by a Responsible Officer of the Borrowers to be true and correct, (i) stating

whether any Event of Default or any Potential Default exists; (ii) stating whether the Borrowers are in compliance with the Debt Limitations contained in Section 9.11 and containing the calculations evidencing such compliance; (iii) stating that no Exclusion Event has occurred with respect to any Included Investor or Designated Investor (that have not previously been disclosed to the Administrative Agent in writing); and (iv) setting forth: (A) in the case of a Compliance Certificate delivered in connection with a fiscal quarter-end report by the Borrowers, a description of the Investments acquired, sold or otherwise disposed of by the Borrowers during such fiscal quarter; (B) in the case of a Compliance Certificate delivered in connection with a fiscal year-end report by the Borrowers, a description of the Investments acquired, sold or otherwise disposed of by the Borrowers during such fiscal year, and a statement of the capital account of each Investor; (C) the aggregate Unfunded Capital Commitments of the Investors and, separately, the aggregate Unfunded Capital Commitments of the Included Investors and Designated Investors; (B) the calculations for the Available Commitment as of the end of such quarter; (C) specifying changes, if any, in the names or notice information for any Investor) or; and (D) listing all new and substitute Investors who have not satisfied each of the requirements set forth in Section 9.5.

(p) **Capital Calls**. Concurrently with the issuance of each Capital Call, the Borrowers shall notify the Administrative Agent of the making of such Capital Call and shall provide information as to the timing and amount of such Capital Call to the extent available along with copies of each Capital Call delivered to the Investors.

(q) **Notice of Default**. Within one (1) Business Day of becoming aware of the existence of any condition or event which constitutes an Event of Default or a Potential Default, the Credit Parties shall furnish to the Administrative Agent a written notice specifying the nature and period of existence thereof and the action which such Credit Party is taking or proposes to take with respect thereto.

(r) **Notice of Certain Withdrawals**. Promptly, but no later than the Business Day following receipt thereof, copies of any notice of withdrawal or request for excuse or exemption by any Investor pursuant to the applicable Fund Party Constituent Document, its Subscription Agreement or Side Letter.

(s) **Investor Events**. Promptly upon becoming aware of any of the following events, a certificate notifying the Administrative Agent whether (i) an Exclusion Event has occurred with respect to any Included Investor or Designated Investor or any other Investor has violated or breached any material term of the applicable Fund Party Constituent Document, the Subscription Agreement, Credit Link Document or Investor Consent; or (ii) there has been any decline in the Rating of any Investor (or its Credit Provider, Sponsor or Responsible Party) whether or not such change results in an Exclusion Event.

(t) **ERISA Certification**. (i) For each Borrower or Guarantor that provided a certificate of a Responsible Officer pursuant to Section 6.1(r)(ii) or Section 6.3(l)(ii) of this Credit Agreement, prior to admitting one or more ERISA Investors which would result in 25% of the total value of any class of equity interests in such Credit Party being held by "benefit plan investors" within the meaning of Section 3(42) of ERISA, such Credit Party shall deliver a favorable written opinion of counsel to such Credit Party addressed to the Secured Parties, reasonably acceptable to

the Administrative Agent and its counsel, regarding the status of such Credit Party as an Operating Company (or a copy of such opinion addressed to the Investors, reasonably acceptable to the Administrative Agent and its counsel, together with a reliance letter with respect thereto, addressed to the Secured Parties); and (ii) With respect to each Borrower and Guarantor, for so long as there is any ERISA Investor in such Credit Party, such Credit Party shall provide to the Administrative Agent, no later than sixty (60) days after the first day of each Annual Valuation Period in the case of clause (1) below or thirty (30) days after the end of such Credit Party's fiscal year in the case of clause (2) below, a certificate signed by a Responsible Officer of such Credit Party that (1) such Credit Party has remained and still is an Operating Company or (2) the underlying assets of such Credit Party do not constitute Plan Assets because less than 25% of the total value of each class of equity interests in such Credit Party is held by "benefit plan investors" within the meaning of Section 3(42) of ERISA.

(u) **Borrowing Base Certificate**. The Borrowers will provide an updated Borrowing Base Certificate certified by a Responsible Officer of the Borrowers to be true and correct in all material respects setting forth a calculation of the Available Commitment in reasonable detail and specifying changes, if any, in the names of Investors and listing Investors who have not delivered Investor Consents or not satisfied the conditions of Section 9.5(a), as applicable, with respect to at each of the following times: (i) concurrently with the delivery of annual or quarterly financial statements referenced in Sections 8.1(a)(i) and (ii); (ii) concurrently in connection with any new Borrowing or request for a Letter of Credit; (iii) concurrently with the issuance of any Capital Calls to the Investors together with copies of such Capital Calls in accordance with Section 8.1(c); (iv) within two (2) Business Days following any Exclusion Event or a Transfer of any Included Investor's or Designated Investor's Capital Commitment; (v) within five (5) Business Days following any Credit Party obtaining actual knowledge of any decline in the Rating of any Included Investor, where such change results in a lower Concentration Limit with respect to such Investor and whether or not such change results in an Exclusion Event (it being understood that the Borrowers are not required to affirmatively monitor the Ratings of the Investors, but only to comply with the delivery obligation in this Section 8.1(i) in the event of a Credit Party obtaining actual knowledge of a decline in any such Rating); (vi) within five (5) Business Days of any other event that reduces the Available Commitment (such as, by way of example, a deemed collection); and (vii) on the last day of any calendar month when no Borrowing has been made during such calendar month.

(v) **Other Reporting**. Simultaneously with the delivery to any Investor, copies of all other material financial statements, appraisal reports, notices, and other matters at any time or from time to time furnished to the Investors.

(w) **Capital Return Notices**. Simultaneously with the delivery to any Investor, copies of any Capital Return Notices provided to the Investors.

(x) **New Investors or amended Investor documents**. Within three (3) Business Days of execution thereof, copies of the Subscription Agreement (and any related Side Letter) or any transfer documentation of any new Investor or written evidence of an increase in the Commitment of any Investor or any amendments to any Investor's Side Letter, including but not

limited to any documents related to an Investor's election to opt into the provisions of any other Investor's Side Letter pursuant to a 'most favored nations' clause.

(y) **Notice of Material Adverse Effect**. Each Credit Party shall, promptly upon receipt of knowledge thereof, notify the Administrative Agent of any event if such event could reasonably be expected to result in a Material Adverse Effect, including but not limited to the commencement of, and any material determination in, any litigation with any third party or any proceeding before any Governmental Authority affecting such Credit Party.

(z) **Environmental Notices**. Each Credit Party will, promptly upon receipt of knowledge thereof, notify the Administrative Agent of (1) the listing of any of the Credit Parties' properties or assets on CERCLIS and (2) of any of the following events if such event could reasonably be expected to result in a Material Adverse Effect: (i) any complaint, order, citation, notice, claim, demand, action, event, condition, report or investigation issued, or threatened in writing to be issued, to the Credit Parties indicating any potential or actual liability arising in connection with the non-compliance with or violation of any Environmental Requirements or any permit issued under any Environmental Law and/or the Release or threatened Release of any Hazardous Material; (ii) the existence of any Environmental Lien on any properties or assets of the Credit Parties; (iii) any order, consent decree or judgment of any Governmental Authority concerning health, safety or the environment; (iv) any Environmental Liability resulting from the violation or alleged violation of any Environmental Law or otherwise arising under any Environmental Law, the imposition of any Environmental Lien, or resulting from any common law cause of action asserted by any Person in concerning any health, safety or environmental matter; and (v) any Release or threatened Release of any Hazardous Material.

(aa) **Other Information**. Such other information concerning the business, properties, or financial condition of the Credit Parties as the Administrative Agent shall reasonably request.

8.2. **Payment of Obligations**. Each Credit Party shall pay and discharge all Indebtedness and other obligations, including all taxes, assessments, and governmental charges or levies imposed upon it, its income or profits, or any property belonging to it, before any such obligation becomes delinquent, if such failure could reasonably be expected to result in a default in excess of the Threshold Amount; provided that such Credit Party shall not be required to pay any such tax, assessment, charge, or levy if and so long as the amount, applicability, or validity thereof shall currently be contested in good faith by adequate proceedings and adequate reserves therefor have been established in accordance with GAAP.

8.3. **Maintenance of Existence and Rights**. Each Credit Party shall preserve and maintain its existence. Each Credit Party shall further preserve and maintain all of its rights, privileges, and franchises necessary in the normal conduct of its business and in accordance with all valid regulations and orders of any Governmental Authority the failure of which could reasonably be expected to result in a Material Adverse Effect.

8.4. **Operations and Properties**. Each Credit Party shall act prudently and in accordance with customary industry standards in managing or operating its assets, properties, business, and

investments. Each Credit Party shall keep in good working order and condition, ordinary wear and tear accepted, all of its assets and properties which are necessary to the conduct of its business.

8.5. **Books and Records; Access**. Following two (2) Business Days prior written notice, each Credit Party shall give the Administrative Agent, the Lenders, or any of them, access during ordinary business hours to, and permit such person to examine, copy, or make excerpts from, any and all books, records, and documents in the possession of such Credit Party and relating to their affairs, and to inspect any of the properties of the Credit Party and to discuss its affairs, finances and condition with its officers and independent accountants.

8.6. **Compliance with Law**. Each Credit Party shall observe and comply with all Applicable Laws and all orders of any Governmental Authority, including without limitation, Environmental Laws and ERISA, and maintain in full force and effect all Governmental Approvals applicable to the conduct of its business, in each case except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

8.7. **Insurance**. Each Credit Party shall maintain, with financially sound and reputable insurance companies, workmen's compensation insurance, liability insurance, and insurance on its present and future properties, assets, and businesses against such casualties, risks, and contingencies, and in such types and amounts, as are consistent with customary practices and standards of its industry in the same or similar locations.

8.8. **Authorizations and Approvals**. Each Credit Party shall promptly obtain, from time to time at its own expense, all such governmental licenses, authorizations, consents, permits and approvals as may be required to enable such Credit Party to comply with its obligations hereunder, under the other Loan Documents and its Constituent Documents and to conduct its business in the customary fashion.

8.9. **Maintenance of Liens**. Each Credit Party shall perform all such acts and execute all such documents as the Administrative Agent may reasonably request in order to enable the Administrative Agent and Secured Parties to file and record every instrument that the Administrative Agent may deem necessary in order to perfect and maintain the Secured Parties' first priority security interests in (and Liens on) the Collateral and otherwise to preserve and protect the rights of the Secured Parties in respect of such first priority security interests and Liens.

8.10. **Further Assurances**. Each Credit Party shall make, execute or endorse, and acknowledge and deliver or file or cause the same to be done, all such vouchers, invoices, notices, certifications, and additional agreements, undertakings, conveyances, transfers, assignments, financing statements, or other assurances, and shall take any and all such other action, as the Administrative Agent may, from time to time, deem necessary or desirable in connection with the Credit Agreement or any of the other Loan Documents, the obligations of the Credit Party hereunder or thereunder for better assuring and confirming unto the Secured Parties all or any part of the security for any of such obligations.

8.11. **Maintenance of Independence**. Each Credit Party shall at all times (a) conduct and present themselves as separate entities and maintain all business organization formalities, (b)

maintain separate books and records, (c) conduct all transactions with Affiliates on an arm's length basis, and (d) not commingle its funds with funds of other Persons, including Affiliates.

8.12. **Investor Financial and Confirmation of Unfunded Capital Commitments**.

(a) The Borrowers shall request from each Investor, any financial information required under the applicable Investor Consent, as agreed from time to time with the Administrative Agent and any other information required under the applicable Investor Consent, and shall, upon receipt of such information, promptly deliver same to Administrative Agent, or shall promptly notify the Administrative Agent of its failure to timely obtain such information in the time period required therefor.

(b) Upon the request of the Administrative Agent, the Credit Parties will obtain a certification from the Investors confirming the amount of their Unfunded Capital Commitment, such certification to be signed by the applicable Investor and in form acceptable to the Administrative Agent, within 30 days of such request. In the event the Credit Parties are unable to timely obtain such certification, the remedy shall be an Exclusion Event. Absent an Event of Default or Potential Default, the Administrative Agent shall only be entitled to request such confirmations from Investors once in any calendar year.

8.13. **Covenants of Qualified Borrowers**. The covenants and agreements of Qualified Borrowers hereunder shall be binding and effective with respect to a Qualified Borrower upon and after the execution and delivery of a Qualified Borrower Note by such Qualified Borrower.

8.14. **Investor Default**. In the event that any Investor fails to fund any capital contribution pursuant to a Capital Call when due or otherwise defaults on any of its obligations to any Credit Party, then upon the request of the Administrative Agent, such Credit Party shall exercise any discretion it may have with respect to its available remedies only with the written consent of the Administrative Agent.

8.15. **Collateral Account**. Each Credit Party shall ensure that, at all times, the Administrative Agent shall have electronic monitoring access to the Collateral Account.

8.16. **Compliance with Anti Terrorism Laws**. Each Credit Party shall comply with all applicable Anti–Terrorism Laws. Each Credit Party shall conduct the requisite due diligence in connection with the transactions contemplated herein for purposes of complying with the Anti–Terrorism Laws, including with respect to the legitimacy of the applicable obligor or account debtor and the origin of the assets used by the said obligor or account debtor to purchase the property in question, and will maintain sufficient information to identify the applicable Credit Party, obligor or account debtor for purposes of the Anti–Terrorism Laws. Each Credit Party shall, upon the request of the Administrative Agent from time to time, provide certification and other evidence of such Credit Party's compliance with this Section 8.16.

8.17. **Solvency**. The financial condition of each Credit Party, each subsidiary thereof and each other entity compromising such Credit Party's fund shall be such that such Credit Party is Solvent.

8.18. **Returned Capital**. The Credit Parties shall promptly following notification to the Investors of any Returned Capital: (i) notify the Administrative Agent in writing of such Returned Capital; (ii) deliver to the Administrative Agent a revised Borrowing Base Certificate modified by the Credit Parties reflecting the changes to the Capital Commitments and the Unfunded Capital Commitments, resulting from the distribution of the Returned Capital; and (iii) deliver to the Administrative Agent copies of all Capital Return Notices and a Capital Return Certification duly executed by the Borrowers certifying that such Returned Capital of the applicable Investor has been added back into the applicable Investor's Unfunded Capital Commitment and confirming the Unfunded Capital Commitment of the applicable Investor after giving effect to the Returned Capital. The effective date on which an Investor's Unfunded Capital Commitment increases by Returned Capital for purposes of this Credit Agreement shall be the date on which the Borrowers have delivered to the Administrative Agent duly completed copies of the items required by this Section 8.18.

Section 9. NEGATIVE COVENANTS

So long as the Lenders have any commitment to lend or to cause the issuance of any Letter of Credit hereunder, and until payment and performance in full of the Obligations under this Credit Agreement and the other Loan Documents, each Credit Party agrees that:

9.1. **Credit Party Information**. No Credit Party shall change its name, jurisdiction of formation, chief executive office and/or principal place of business without the prior written consent of the Administrative Agent.

9.2. **Mergers, Etc**. No Credit Party shall take any action (a) to merge or consolidate with or into any Person, unless such Credit Party is the surviving entity, or (b) that will dissolve or terminate such Credit Party.

9.3. **Negative Pledge**. No Credit Party shall create, permit or suffer to exist any Lien (whether such interest is based on common law, statute, other law or contract and whether junior or equal or superior in priority to the security interests and Liens created by the Loan Documents) upon the Collateral, other than to the Administrative Agent, for the benefit of the Secured Parties, pursuant to the Collateral Documents.

9.4. **Fiscal Year and Accounting Method**. No Credit Party shall change its fiscal year or its method of accounting without the prior written consent of the Administrative Agent, unless otherwise required to do so by the Internal Revenue Code (and if so required the Borrowers shall immediately notify the Administrative Agent in writing of such change).

9.5. **Transfer of Interests; Admission of Investors**.

(a) **Transfers by Investors**. Neither the Borrowers nor the Guarantor shall permit any Transfer unless explicitly permitted pursuant to this Section 9.5. The Initial Borrower shall notify the Administrative Agent of any Transfer by any Included Investor or Designated Investor of all or a portion of any interest in any Fund Party under the applicable Constituent Documents at least five (5) Business Days before the proposed Transfer, and shall, promptly upon

receipt thereof, deliver to the Administrative Agent copies of any proposed assignment agreement and other documentation delivered to, or required of such Investor by, the applicable Fund Party. In order for a new Investor to be deemed to be an Included Investor or a Designated Investor, such new Investor must satisfy the criteria therefor as set out in this Credit Agreement. If the transfer of an Investor interest to a new Investor would result in a mandatory prepayment (due to the transferee not being designated as an Included Investor or a Designated Investor or otherwise), such mandatory prepayment shall be calculated and paid to the Lenders prior to the effectiveness of the transfer and such prepayment shall be subject to Section 4.5. No Transfer of any interest in any Fund Party shall be permitted unless (i) such transferee is not on any OFAC list; and (ii) such Transfer will not result in any Credit Party being in violation of Section 9.14 hereof.

(b) **OFAC Compliance**. Any admission of an assignee of an interest in any Borrower or the Guarantor or as a substitute Investor and any admission of a Person as a new Investor of any Fund Party, shall be subject to such Person's compliance with OFAC Regulations.

9.6. **Constituent Documents**. Except as hereinafter provided, no Credit Party shall (nor shall it permit its general partner to) alter, amend, modify, terminate, or change any provision of its Constituent Documents, any Subscription Agreement or, any Side Letter or enter any new Side Letter (each, a "***Proposed Amendment***") if such Proposed Amendment would (a) remove or reduce (or affect in a similar manner) the Debt Limitations, (b) affect the Credit Party's, the general partner's of such Credit Party or any Investor's (as applicable) debts, duties, obligations, and liabilities, or the rights, titles, security interests, Liens, powers and privileges of such Person (as applicable), in each case, relating to any Capital Calls, Capital Contributions, Capital Commitments, Uncalled Capital Commitments or any other Collateral or any time period applicable thereto, (c) except as permitted under Section 9.5, suspend, reduce or terminate any Investor's Unfunded Capital Commitments, or (d) otherwise have a material adverse effect on the rights, titles, first priority security interests and Liens, and powers and privileges of any of the Secured Parties hereunder (each, a "***Material Amendment***"); provided, however, that each of the Borrower and the Pledgor may amend and restate its respective Constituent Document after the date hereof so long as such amended and restated Constituent Documents are substantially in the forms attached hereto as Exhibit R (and, for the avoidance of doubt, such amended and restated Constituent Documents, in the form of Exhibit R, will not be Proposed Amendments). With respect to any Proposed Amendment, such Credit Party shall notify the Administrative Agent of such proposal. The Administrative Agent shall within ten (10) Business Days of the date on which it has received such notification in accordance with Section 12.6 determine, in its sole discretion without the requirement of obtaining the input of the Lenders and on its good faith belief, whether or not such Proposed Amendment would constitute a Material Amendment and shall promptly notify such Credit Party of its determination. In the event that the Administrative Agent determines that such Proposed Amendment is a Material Amendment, the approval of the Required Lenders shall be required (unless the approval of all Lenders is otherwise required consistent with the terms of this Credit Agreement), and the Administrative Agent shall promptly notify the Lenders of such request for such approval, distributing, as appropriate, the Proposed Amendment and any other relevant information provided by such Credit Party. Subject to Section 12.1, the Lenders shall, within ten (10) Business Days from the date of such notice from the Administrative Agent, deliver their approval or denial thereof. In the event that the Administrative Agent determines that the Proposed

Amendment is not a Material Amendment, such Credit Party may make such amendment without the consent of any Lender. Notwithstanding the foregoing, each Credit Party may, without the consent of the Administrative Agent or the Lenders, amend its Constituent Documents: (x) to admit new Investors to the extent permitted by, and in accordance with, this Credit Agreement; and (y) to reflect transfers of interests in the Borrowers or the Guarantor permitted by, and in accordance with, this Credit Agreement; provided that, in each case, such Credit Party shall promptly provide prior written notice to the Administrative Agent of any such amendment. Further, in the event any Constituent Document or any provision thereof of any Credit Party is altered, amended, modified or terminated in any respect whatsoever, such Credit Party shall provide prior written notice thereof to the Administrative Agent and, within one (1) Business Day of the effectiveness of such alteration, amendment, modification or termination, shall provide the Administrative Agent with copies of each executed, filed or otherwise effective document relating thereto.

9.7. **Transfer of Borrower Managing Member's Interest**. The Borrower Managing Member shall not transfer any portion of its equity interest in any Borrower or grant any Lien therein without the prior written consent of the Administrative Agent and the Required Lenders. The Guarantor General Partner shall not transfer any portion of its partnership interest in the Guarantor or grant any Lien therein without the prior written consent of the Administrative Agent and the Required Lenders.

9.8. **Negative Pledge**. No Credit Party shall permit any Investor to pledge or otherwise grant a security interest or otherwise create a Lien on such Investor's right, title and interest in any Borrower or the Guarantor without the prior written consent of the Administrative Agent in its sole and absolute discretion.

9.9. **Notice of Withdrawals**. No Credit Party shall permit any Investor to withdraw its interest in any Borrower or the Guarantor without the prior written consent of the Lenders.

9.10. **Alternative Investment Vehicles and Parallel Investment Vehicles; Transfers of Capital Commitments**.

(a) **Alternative Investment Vehicles and Parallel Investment Vehicles**. No Fund Party shall either (i) transfer the Unfunded Capital Commitments of one or more Investors to any Alternative Investment Vehicle or Parallel Investment Vehicle, or (ii) cause Capital Contributions to be made to an Alternative Investment Vehicle or Parallel Investment Vehicle.

(b) **Other Transfers of Unfunded Capital Commitments**. No Fund Party shall cause Capital Contributions to be made to any Affiliate of a Credit Party that is not a Credit Party hereunder or directly to any Investment.

9.11. **Limitation on Indebtedness**. (a) No Borrower shall, without the prior written consent of the Administrative Agent and the Required Lenders, incur, together with its Affiliates on a consolidated basis in accordance with GAAP, (i) aggregate Indebtedness (including the Obligations) in an amount in excess of that permitted under the Constituent Documents of the Fund Parties; (ii) aggregate recourse Indebtedness (including the Obligations) in an amount in excess of 20% of the aggregate Capital Commitments of all Investors (which, for the avoidance of doubt,

will not double count the Capital Commitments of the Pledgor and Guarantor and those of their Investors); or (iii) any recourse debt (other than its obligations under this Credit Agreement) in excess of twenty five (25%) percent of amounts under Section 9.11(a)(i); and (b) Pledgor shall not incur any Indebtedness (other than its obligations under this Credit Agreement) (collectively, the "***Debt Limitations***").

9.12. **Capital Commitments**. No Credit Party shall: (a) without the prior written consent of the Administrative Agent, which may be withheld in its sole discretion, cancel, reduce, excuse, or abate the Capital Commitment of any non-Included Investor; and (b) without the prior written approval of the Administrative Agent and all Lenders (i) cancel, reduce, excuse, or abate the Capital Commitment of any Included Investor or Designated Investor; or (ii) relieve, excuse, delay, postpone, compromise or abate any Investor from the making of any Capital Contribution (including, for the avoidance of doubt, in connection with any particular investment of such Credit Party).

9.13. **Capital Calls**. No Credit Party shall make any agreement with any Person which shall restrict, limit, penalize or control its ability to make Capital Calls or the timing thereof.

9.14. **ERISA Compliance**. No Credit Party or member of a Credit Party's Controlled Group shall establish, maintain or have any obligation to contribute to any Plan. No Borrower or Guarantor shall fail to satisfy an exception under the Plan Asset Regulations which failure causes the assets of such Credit Party to be deemed Plan Assets. No Credit Party shall take any action, or omit to take any action, which would give rise to a non-exempt prohibited transaction under Section 4975(c)(1)(A), (B), (C) or (D) of the Code or Section 406(a) of ERISA that would subject Administrative Agent or the Lenders to any tax, penalty, damages or any other claim or relief under the Code or ERISA.

9.15. **Dissolution**. Without the prior written consent of all Lenders (in their sole discretion), no Credit Party shall take any action to terminate or dissolve.

9.16. **Environmental Matters**. Except for such conditions as are in compliance with relevant Environmental Laws or otherwise could not reasonably be expected to result in a Material Adverse Effect, no Credit Party shall: (a) cause or permit any Hazardous Material to be generated, placed, held, located or disposed of on, under or at, or transported to or from, any real property of such Credit Party; or (b) permit any real property of such Credit Party to ever be used as a dump site or storage site (whether permanent or temporary) for any Hazardous Material.

9.17. **Limitations on Distributions**. No Credit Party shall make, pay or declare any Distribution (as defined below) (i) at any time except as permitted pursuant to their Constituent Documents or (ii) at any time during the existence of a Cash Control Event. "***Distribution***" means any distributions (whether or not in cash) on account of any partnership interest or other equity interest in a Borrower or the Guarantor, including as a dividend or other distribution and on account of the purchase, redemption, retirement or other acquisition of any such partnership interest or other equity interest.

9.18. **Limitation on Withdrawals**. Without the prior written consent of the Administrative Agent, no Credit Party shall make nor cause the making of any withdrawal or transfer of funds from any Collateral Account if a Cash Control Event has occurred and is continuing.

9.19. **Fund Structure**. The Guarantor shall not transfer, withdraw or assign its interest in any Borrower or its obligations under the Loan Documents without the prior written consent of Administrative Agent, which consent may be granted or withheld in Administrative Agent's sole and absolute discretion.

9.20. **Limitations of Use of Loan Proceeds**. The Credit Parties shall not use the proceeds of any Loan or Letter of Credit for the payment to any Investor of any Distribution.

9.21. **Capital Returns**. No Credit Party shall return any funds to the Investors which may be the subject of a Capital Call without concurrently delivering to the Administrative Agent a copy of each related Capital Return Notice and a Capital Return Certification.

9.22. **Investment Period Termination Date**. No Credit Party shall take any action which could result in the Investment Period Termination Date occurring prior to the Maturity Date.

9.23. **Transactions with Affiliates**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, sell, lease or otherwise transfer any of its property or assets to, or purchase, lease or otherwise acquire any property or assets from, or make any contribution towards, or reimbursement for, any Federal income taxes payable by any Person or any of its Subsidiaries in respect of income of such Credit Party, or otherwise engage in any other transactions with, any of its Affiliates, except transactions in the ordinary course of business at prices and on terms and conditions not less favorable to such Credit Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties.

9.24. **Deposits to Collateral Accounts**. No Credit Party shall, and shall not cause any of its Subsidiaries to, deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Collateral Accounts cash or cash proceeds other than Capital Contributions.

Section 10. EVENTS OF DEFAULT

10.1. **Events of Default**. An "***Event of Default***" shall exist if any one or more of the following events (herein collectively called "***Events of Default***") shall occur and be continuing (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) (i) the Borrowers shall fail to pay when due any principal of the Obligations, including, without limitation, any failure to pay any amount required under Section 3.5(b); or (ii) the Borrowers shall fail to pay when due any interest on the Obligations or any fee, expense, indemnity or other payment required hereunder, or under any other Loan Document, including, without limitation, payment of cash for deposit as Cash Collateral under Section 2.8(h), and such

failure under this clause (ii) shall continue for two (2) Business Days following the date the Administrative Agent notifies the Borrowers in writing of such failure;

(b) any representation or warranty made or deemed made by or on behalf of the Credit Parties (in each case, as applicable) under this Credit Agreement, or any of the other Loan Documents executed by any one or more of them, or in any certificate or statement furnished or made to the Administrative Agent or Lenders or any one of them by the Credit Parties (in each case, as applicable) pursuant hereto, in connection herewith or with the Loans, or in connection with any of the other Loan Documents, shall prove to be untrue or inaccurate in any material respect as of the date on which such representation or warranty is made and the adverse effect of the failure of such representation or warranty shall not have been cured within thirty (30) days after the earlier of: (i) written notice thereof has been given by the Administrative Agent to the Borrowers or (ii) a Responsible Officer of a Credit Party obtains actual knowledge thereof;

(c) default shall occur in the performance of: (i) any of the covenants or agreements contained herein (other than the covenants contained in Sections 3.5(b), 8.1, and Sections 9.1 through 9.24) by the Credit Parties; or (ii) the covenants or agreements of the Credit Parties contained in any other Loan Documents executed by such Person, and, if such default is susceptible to cure, such default shall continue uncured to the satisfaction of the Administrative Agent for a period of thirty (30) days after the earlier of: (x) written notice thereof has been given by the Administrative Agent to the Borrowers or (y) a Responsible Officer of a Credit Party obtains actual knowledge thereof;

(d) default shall occur in the performance of any of the covenants or agreements of any Credit Party contained in Section 3.5(b), or any one of Sections 9.1 through 9.24;

(e) default shall occur in the performance of Section 8.1 of this Credit Agreement and such default shall continue uncured for three (3) Business Days after the earlier of: (x) written notice thereof has been given by the Administrative Agent to the Borrowers or (y) a Responsible Officer of a Credit Party obtains actual knowledge thereof;

(f) any of the Loan Documents executed by the Credit Parties: (i) shall cease, in whole or in part, to be legal, valid, binding agreements enforceable against the Credit Parties, as the case may be, in accordance with the terms thereof; (ii) shall in any way be terminated or become or be declared ineffective or inoperative; or (iii) shall in any way whatsoever cease to give or provide the respective first priority Liens, security interest, rights, titles, interest, remedies, powers, or privileges intended to be created thereby;

(g) default shall occur with respect to any the payment of any Indebtedness of the Credit Parties in equal to or in excess of the Threshold Amount or any such Indebtedness shall become due before its stated maturity by acceleration of the maturity thereof or shall become due by its terms and shall not be promptly paid or extended;

(h) any Credit Party or other Investor which is an Affiliate of Acadia Realty Trust shall: (i) apply for or consent to the appointment of a receiver, trustee, custodian, intervenor, sequestrator, conservator, liquidator or similar official of itself or of all or a substantial part of its

assets; (ii) file a voluntary petition in bankruptcy or admit in writing that it is unable to pay its debts as they become due; (iii) make a general assignment for the benefit of creditors; (iv) file a petition or answer seeking reorganization of an arrangement with creditors or to take advantage of any Debtor Relief Laws; (v) file an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or (vi) take any partnership, limited liability company or corporate action for the purpose of effecting any of the foregoing;

(i) an order, order for relief, judgment or decree shall be entered by any court of competent jurisdiction or other competent authority, without application or consent of any Credit Party, approving a petition seeking reorganization of any Credit Party, or appointing a receiver, custodian, trustee, intervenor, sequestrator, conservator, liquidator or similar official of any Credit Party, or of all or substantially all of its assets, and such order, judgment or decree shall continue unstayed and in effect for a period of sixty (60) days;

(j) any final judgment(s) for the payment of money equal to or in excess of the Threshold Amount in the aggregate shall be rendered against any Credit Party alone or against one or more of the Credit Parties and such judgment shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Credit Party to enforce any such judgment, or such judgment would reasonably be expected to have a Material Adverse Effect, unless such judgment is covered by insurance or unless it is being appealed and such Credit Party has posted a bond or cash collateral;

(k) there shall occur any change in the business, assets, operations, or condition (financial or otherwise) of the Credit Parties or any of their Affiliates, which, in the reasonable judgment of the Administrative Agent, could have a Material Adverse Effect;

(l) the issuance to any Credit Party or a reasonable basis exists for the issuance of any administrative order by any Governmental Authority under any Environmental Law, or the issuance to any Credit Party of any injunctive order by any court under any Environmental Law, which, in the Administrative Agent's reasonable judgment, will result in a Material Adverse Effect;

(m) Borrower Managing Member shall be removed or otherwise cease to be the sole managing member of the Initial Borrower;

(n) (i) Investors having Capital Commitments aggregating ten percent (10%) or greater of the total Capital Commitments of all Investors shall default in their obligation to fund any Capital Calls (on a cumulative basis) when due and such failure shall not be cured within fifteen (15) Business Days of the issuance of such Capital Call (without regard to any cure or notice periods contained in the applicable Constituent Document) or (ii) Included Investors and Designated Investors having Capital Commitments aggregating five percent (5%) or greater of the total Capital Commitments of all Included Investors and Designated Investors shall default in their obligation to fund any Capital Calls (on a cumulative basis) when due and such failure shall not be cured within fifteen (15) Business Days of the issuance of such Capital Call (without regard to any cure or notice periods contained in the applicable Constituent Documents);

(o) Any Credit Party or other Investor which is an Affiliate of Acadia Realty Trust fails to fund any Capital Call when due and such failure shall not be cured within two (2) Business Days (without regard to any cure or notice periods contained in the applicable Constituent Documents);

(p) The Guaranty given by the Guarantor hereunder or any provision thereof shall cease to be in full force and effect, or the Guarantor, the Guarantor General Partner or any other Person acting by or on behalf of the Guarantor shall deny or disaffirm the Guarantor's obligations under the Guaranty;

(q) Any Credit Party, any other Investor that is an Affiliate of Acadia Realty Trust or its Transferee shall repudiate, challenge, or declare unenforceable its Capital Commitment or its obligation to make Capital Contributions to the capital of the Fund Parties pursuant to a Capital Call or shall otherwise disaffirm the provisions of any Fund Party's Constituent Documents;

(r) an event shall occur that causes a dissolution or liquidation of any Credit Party or proceedings shall be commenced by any Person seeking the dissolution or liquidation of any Credit Party; and

(s) any Change of Control (as defined in the LLC Agreement) shall occur or any other event occurs that suspends or terminates the Investment Period under the Constituent Documents of the Credit Parties.

10.2. **Remedies Upon Event of Default**. (1) If an Event of Default shall have occurred, then the Administrative Agent may (and shall at the direction of the Required Lenders): (a) suspend the Commitments of the Lenders; (b) terminate the Commitment of the Lenders hereunder; (c) declare the principal of, and all interest then accrued on, the Obligations to be forthwith due and payable (including the liability to fund the Letter of Credit Liability pursuant to Section 2.8), whereupon the same shall forthwith become due and payable without presentment, demand, protest, notice of default, notice of acceleration, or of intention to accelerate or other notice of any kind (other than notice of such declaration) all of which the Credit Parties hereby expressly waive, anything contained herein or in any other Loan Document to the contrary notwithstanding; (d) exercise any right, privilege, or power set forth in Sections 5.2 and 5.3, including, but not limited to, the initiation of Capital Calls of the Uncalled Capital Commitments; (e) suspend the obligation of the Lenders to maintain LIBOR Rate Loans and (f) without notice of default or demand, pursue and enforce any of the Administrative Agent's or the Lenders' rights and remedies under the Loan Documents, or otherwise provided under or pursuant to any applicable law or agreement; provided that if any Event of Default specified in Sections 10.1(h) or 10.1(i) shall occur, the principal of, and all interest on, the Obligations shall thereupon become due and payable concurrently therewith, without any further action by the Administrative Agent or the Lenders, or any of them, and without presentment, demand, protest, notice of default, notice of acceleration, or of intention to accelerate or other notice of any kind, all of which each of the Credit Parties hereby expressly waives.

(a) **Actions with Respect to the Collateral**. The Administrative Agent, on behalf of the Secured Parties, is hereby authorized, in the name of the Secured Parties or the name of any Credit Party, at any time or from time to time during the existence of an Event of Default,

to: (i) initiate one or more Capital Calls in order to pay the Loans or the Letter of Credit Liability then due and owing, or both, (ii) notify the Investors to make all payments due or to become due with respect to their Capital Commitments directly to the Administrative Agent on behalf of the Secured Parties or to an account other than the Collateral Accounts, (iii) take or bring in any Credit Party's name, or that of the Secured Parties, all steps, actions, suits, or proceedings deemed by the Administrative Agent necessary or desirable to effect possession or collection of payments of the Capital Commitments, (iv) complete any contract or agreement of any Credit Party in any way related to payment of any of the Capital Commitments, (v) make allowances or adjustments related to the Capital Commitments, (vi) compromise any claims related to the Capital Commitments, (vii) issue credit in its own name or the name of any Credit Party; or (viii) exercise any other right, privilege, power, or remedy provided to any Credit Party under its respective Constituent Documents and the Subscription Agreement with respect to the Capital Commitments. Regardless of any provision hereof, in the absence of gross negligence or willful misconduct by the Administrative Agent or the Secured Parties, neither the Administrative Agent nor the Secured Parties shall be liable for failure to collect or for failure to exercise diligence in the collection, possession, or any transaction concerning, all or part of the Capital Calls or the Capital Commitment or sums due or paid thereon, nor shall they be under any obligation whatsoever to anyone by virtue of the security interests and Liens relating to the Capital Commitment, subject to the Code. The Administrative Agent shall give the Borrowers notice of actions taken pursuant to this Section 10.2(b) concurrently with, or promptly after, the taking of such action, but its failure to give such notice shall not affect the validity of such action, nor shall such failure give rise to defenses to the Borrowers' or the Guarantor's obligations hereunder. Notwithstanding the above, after an Event of Default, the Credit Parties shall be authorized to issue Capital Calls only with the consent of the Administrative Agent.

(b) **Additional Action by the Administrative Agent**. After the occurrence of an Event of Default, issuance by the Administrative Agent on behalf of the Secured Parties of a receipt to any Person obligated to pay any Capital Contribution shall be a full and complete release, discharge, and acquittance to such Person to the extent of any amount so paid to the Administrative Agent for the benefit of the Secured Parties so long as such amounts shall not be invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other Person under any insolvency law, state or federal law, common law or equitable doctrine. The Administrative Agent, on behalf of the Secured Parties, is hereby authorized and empowered, after the occurrence of an Event of Default, on behalf of any Credit Party, to endorse the name of any Credit Party upon any check, draft, instrument, receipt, instruction, or other document or items, including, but not limited to, all items evidencing payment upon a Capital Contribution of any Person to any Credit Party coming into the Administrative Agent's possession, and to receive and apply the proceeds therefrom in accordance with the terms hereof. After the occurrence of an Event of Default, the Administrative Agent, on behalf of the Secured Parties, is hereby granted an irrevocable power of attorney, which is coupled with an interest, to execute all checks, drafts, receipts, instruments, instructions, or other documents, agreements, or items on behalf of any Credit Party, either before or after demand of payment of the Obligations, as shall be deemed by the Administrative Agent to be necessary or advisable, in the sole discretion of the Administrative Agent, to protect the first priority security interests and Liens in the Collateral or the repayment of the Obligations, and neither the Administrative Agent nor the Secured Parties, in the absence of

gross negligence and willful misconduct, shall incur any liability in connection with or arising from its exercise of such power of attorney.

The application by the Secured Parties of such funds shall, unless the Administrative Agent shall agree otherwise in writing, be the same as set forth in Section 3.4. The Credit Parties acknowledge that all funds so transferred into the Collateral Accounts shall be the property of the Borrowers or the Guarantor, as applicable, subject to the first priority, exclusive security interest of the Administrative Agent therein.

10.3. **Lender Offset**. If an Event of Default shall have occurred and be continuing, each Lender, the Letter of Credit Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Letter of Credit Issuer or any such Affiliate to or for the credit or the account of any Borrower or any other Credit Party against any and all of the obligations of any Borrower or such Credit Party now or hereafter existing under this Credit Agreement or any other Loan Document to such Lender, the Letter of Credit Issuer or any of their respective Affiliates, irrespective of whether or not such Lender, the Letter of Credit Issuer or any such Affiliate shall have made any demand under this Credit Agreement or any other Loan Document and although such obligations of any Borrower or such Credit Party may be contingent or unmatured or are owed to a branch or office of such Lender, the Letter of Credit Issuer or such Affiliate different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 3.4(c) and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Letter of Credit Issuer and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the Letter of Credit Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Letter of Credit Issuer or their respective Affiliates may have. Each Lender and the Letter of Credit Issuer agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.4. **Performance by the Administrative Agent**. Should any Credit Party fail to perform any covenant, duty, or agreement contained herein or in any of the Loan Documents, and such failure continues beyond any applicable cure period, the Administrative Agent may, but shall not be obligated to, perform or attempt to perform such covenant, duty, or agreement on behalf of such Person. In such event, the Credit Parties shall, at the request of the Administrative Agent, promptly pay any amount expended by the Administrative Agent in such performance or attempted performance to the Administrative Agent at its designated Agency Services Address, together with interest thereon at the Default Rate from the date of such expenditure until paid. Notwithstanding the foregoing, it is expressly understood that neither the Administrative Agent nor the Lenders

assume any liability or responsibility for the performance of any duties of the Credit Parties, or any related Person hereunder or under any of the Loan Documents or other control over the management and affairs of any Credit Party, or any related Person, nor by any such action shall the Administrative Agent or the Lenders be deemed to create a partnership arrangement with any Credit Party, or any related Person.

10.5. **Good Faith Duty to Cooperate**. In the event that the Administrative Agent or Required Lenders elect to commence the exercise of remedies pursuant to Section 10.2 or 10.3 as a result of the occurrence of any Event of Default, the Credit Parties agree to cooperate in good faith with the Administrative Agent to enable the Administrative Agent to issue Capital Calls and enforce the payment thereof by the Investors, including but not limited to providing contact information for each Investor within two (2) Business Days of request.

Section 11. AGENCY PROVISIONS

11.1. **Appointment and Authorization of Agents**.

(c) **Authority**. Each Lender (including any Person that is an assignee, participant, secured party or other transferee with respect to the interest of such Lender in any Principal Obligation or otherwise under this Credit Agreement) (collectively with such Lender, a "***Lender Party***") hereby irrevocably appoints, designates and authorizes each Agent to take such action on its behalf under the provisions of this Credit Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to such Agent by the terms hereof and of the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere herein and in the other Loan Documents, no Agent shall have any duties or responsibilities, except those expressly set forth herein and therein, nor shall any Agent have or been deemed to have any fiduciary relationship with any Lender Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Credit Agreement or any of the other Loan Documents or otherwise exist against any Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties. The provisions of this Section 11 are solely for the benefit of the Administrative Agent and the Lenders and none of the Credit Parties, any Investor, or any Affiliate of the foregoing (each, a "***Borrower Party***") shall have any rights as a third-party beneficiary of the provisions hereof (except for the provisions that explicitly relate to the Credit Parties in Section 11.10).

(d) **Release of Collateral**. The Secured Parties irrevocably authorize the Administrative Agent, at the Administrative Agent's option and in its sole discretion, to release any security interest in or Lien on any Collateral granted to or held by the Administrative Agent: (i) upon termination of this Credit Agreement and the other Loan Documents, termination of the Commitments and all Letters of Credit and payment in full of all of the Obligations, including all fees and indemnified costs and expenses that are then due and payable pursuant to the terms of the Loan Documents; and (ii) if approved by the Lenders pursuant to the terms of Section 12.1. Upon

the request of the Administrative Agent, the Lenders will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant to this Section 11.1(b).

11.2. **Delegation of Duties**. Each Agent may execute any of its duties hereunder or under the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of legal counsel, accountants, and other professionals selected by such Agent concerning all matters pertaining to such duties. The Agent shall not be responsible to any Lender for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care, nor shall it be liable for any action taken or suffered in good faith by it in accordance with the advice of such Persons The exculpatory provisions of this Section 11 shall apply to any such sub-agent of such Agent.

11.3. **Exculpatory Provisions**. No Agent nor any of its affiliates, nor any of their respective officers, directors, employees, agents or attorneys-in-fact (each such person, an "***Agent-Related Person***"), shall be liable for any action taken or omitted to be taken by it under or in connection herewith or in connection with any of the other Loan Documents (except for its own gross negligence or willful misconduct) or be responsible in any manner to any Lender Party for any recitals, statements, representations or warranties made by any of the Borrower Parties contained herein or in any of the other Loan Documents or in any certificate, report, document, financial statement or other written or oral statement referred to or provided for in, or received by such Agent under or in connection herewith or in connection with the other Loan Documents, or enforceability or sufficiency therefor of any of the other Loan Documents, or for any failure of any Borrower Party to perform its obligations hereunder or thereunder. No Agent-Related Person shall be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Credit Agreement, or any of the other Loan Documents or for any representations, warranties, recitals or statements made herein or therein or made by any Borrower Party in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Agent-Related Person to the Lenders or by or on behalf of the Borrower Parties to the Agent-Related Person or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or the use of the Letters of Credit or of the existence or possible existence of any Potential Default or Event of Default or to inspect the properties, books or records of the Borrower Parties. The Agents are not trustees for the Lenders and owe no fiduciary duty to the Lenders. Each Lender Party recognizes and agrees that Administrative Agent shall not be required to determine independently whether the conditions described in Sections 6.2(a) or 6.2(b) have been satisfied and, when Administrative Agent disburses funds to Borrowers or the Letter of Credit Issuer causes Letters of Credit to be issued or accepts any Qualified Borrower Guaranties, it may rely fully upon statements contained in the relevant requests by a Borrower Party.

11.4. **Reliance on Communications**. The Agents shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, email, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including,

without limitation, counsel to any of the Borrower Parties, independent accountants and other experts selected by the Agents with reasonable care). Each Agent may deem and treat each Lender as the owner of its interests hereunder for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with Administrative Agent in accordance with Section 12.11(c). Each Agent shall be fully justified in failing or refusing to take any action under this Credit Agreement or under any of the other Loan Documents unless it shall first receive such advice or concurrence of the Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or under any of the other Loan Documents in accordance with a request of the Required Lenders (or to the extent specifically required, all of the Lenders) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders (including their successors and assigns).

11.5. **Notice of Default**. No Agent shall be deemed to have knowledge or notice of the occurrence of any Potential Default or Event of Default hereunder unless such Agent has received notice from a Lender or a Borrower Party referring to the Loan Document, describing such Potential Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice, and the Administrative Agent shall take such action with respect to such Potential Default or Event of Default as shall be reasonably directed by the Required Lenders and as is permitted by the Loan Documents.

11.6. **Non-Reliance on Agents and Other Lenders**. Each Lender expressly acknowledges that no Agent-Related Person has made any representations or warranties to it and that no act by any Agent-Related Person hereafter taken, including any review of the affairs of any Borrower Party, shall be deemed to constitute any representation or warranty by the Agent-Related Person to any Lender. Each Lender represents to each Agent that it has, independently and without reliance upon any Agent-Related Person or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower Parties and made its own decision to make its Loans hereunder and enter into this Credit Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Credit Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, no Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial or other conditions, prospects or creditworthiness of the Borrower Parties which may come into the possession of any Agent-Related Person.

11.7. **Indemnification**. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify, upon demand, each Agent-Related Person (to the extent

not reimbursed by a Borrower Party and without limiting the obligation of the Borrower Parties to do so), ratably in accordance with the applicable Lender's respective Lender's Pro Rata Share, and hold harmless each Agent-Related Person from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following payment in full of the Obligations) be imposed on, incurred by or asserted against it in its capacity as such in any way relating to or arising out of this Credit Agreement or the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by it under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Person's gross negligence or willful misconduct, or related to another Lender; provided, further, that no action taken in accordance with the directions of the Required Lenders or all Lenders, as applicable, shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 11.7. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent and the Letter of Credit Issuer upon demand for its ratable share of any costs or out-of-pocket expenses (including attorney costs) incurred by such Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Credit Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that such Agent is not reimbursed for such expenses by or on behalf of the Borrower Parties. The agreements in this Section 11.7 shall survive the termination of the Commitments, payment of all of the Obligations hereunder and under the other Loan Documents or any documents contemplated by or referred to herein or therein, as well as the resignation or replacement of any Agent.

11.8. **Agents in Their Individual Capacity**. Each Agent (and any successor acting as an Agent) and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with any Borrower Party (or any of their Subsidiaries or Affiliates) as though such Agent were not an Agent or a Lender hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, any Agent or its Affiliates may receive information regarding the Borrower Parties or their Affiliates (including information that may be subject to confidentiality obligations in favor of such Person) and acknowledge that such Agent shall be under no obligation to provide such information to them. With respect to the Loans made and Letters of Credit issued and all obligations owing to it, an Agent acting in its individual capacity shall have the same rights and powers under this Credit Agreement as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

11.9. **Successor Agents**.

(c) **Resignation of Administrative Agent**. (i) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Letter of Credit Issuer and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in

consultation with the Borrowers and subject to the consent of the Borrowers (provided no Event of Default has occurred and is continuing at the time of such resignation), to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "***Resignation Effective Date***"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Letter of Credit Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

a. If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrowers and such Person, remove such Person as Administrative Agent and, in consultation with the Borrowers, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the "***Removal Effective Date***"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

b. With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by the Administrative Agent on behalf of the Lenders or the Letter of Credit Issuer under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such Collateral until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the Letter of Credit Issuer directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers

and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 12.5 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

c. Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as Letter of Credit Issuer. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Letter of Credit Issuer, (b) the retiring Letter of Credit Issuer shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor Letter of Credit Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangement satisfactory to the retiring Letter of Credit Issuer to effectively assume the obligations of the retiring Letter of Credit Issuer with respect to such Letters of Credit.

(d) **Resignation of Other Agents**. Any other Agent may, at any time, resign upon written notice to the Lenders and the Borrowers. If no successor agent is appointed prior to the effective date of the resignation of the applicable Agent, then the retiring Agent may appoint, after consulting with the Lenders and the Borrowers, a successor Agent from any of the Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and shall assume the duties and obligations of such retiring Agent, and the retiring Agent shall be discharged from its duties and obligations as Agent under this Credit Agreement and the other Loan Documents. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 11.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Credit Agreement.

11.10. **Reliance by the Borrowers**. The Borrowers shall be entitled to rely upon, and to act or refrain from acting on the basis of, any notice, statement, certificate, waiver or other document or instrument delivered by the Administrative Agent to the Borrowers, so long as the Administrative Agent is purporting to act in its respective capacity as the Administrative Agent pursuant to this Credit Agreement, and the Borrowers shall not be responsible or liable to any Lender (or to any Participant or to any Assignee), or as a result of any action or failure to act (including actions or omissions which would otherwise constitute defaults hereunder) which is based upon such reliance upon Administrative Agent. The Borrowers shall be entitled to treat the Administrative Agent as the properly authorized Administrative Agent pursuant to this Credit Agreement until the Borrowers shall have received notice of resignation, and the Borrowers shall not be obligated to recognize any successor Administrative Agent until the Borrowers shall have received written notification satisfactory to it of the appointment of such successor.

11.11. **Administrative Agent May File Proofs of Claim**. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Borrower Party, Administrative Agent (irrespective of whether the principal of any Loan or Letter of Credit Liability shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower Parties) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit Liability and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Secured Parties (including any claim for the reasonable compensation, expenses, disbursements and advances of the Secured Parties and their respective agents and counsel and all other amounts due the Secured Parties hereunder) allowed in such judicial proceeding; and

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

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

Nothing contained herein shall be deemed to authorize Administrative Agent to authorize or consent to or accept or adopt on behalf of any Secured Party any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Secured Party or to authorize Administrative Agent to vote in respect of the claim of any Secured Party in any such proceeding.

Section 12. MISCELLANEOUS

12.1. **Amendments**. Neither this Credit Agreement (including the exhibits hereto) nor any other Loan Document to which any Credit Party is a party, nor any of the terms hereof or thereof, may be amended, waived, discharged or terminated, unless such amendment, waiver, discharge, or termination is in writing and signed by the Administrative Agent (based upon the approval of the Required Lenders), or the Required Lenders, on the one hand, and such Credit Party on the other hand; and, if the rights or duties of an Agent are affected thereby, by such Agent; provided that no such amendment, waiver, discharge, or termination shall, without the consent of:

(a) each Lender affected thereby:

(i) reduce or increase the amount or alter the term of the Commitment of such Lender, alter the provisions relating to any fees (or any other payments) payable to such Lender, or accelerate the obligations of such Lender to advance its

portion of any Borrowing, as contemplated in Section 2.5 or issue or participate in any Letter of Credit, as contemplated in Section 2.8;

(ii) extend the time for payment for the principal of or interest on the Obligations, or fees or costs, or reduce the principal amount of the Obligations (except as a result of the application of payments or prepayments), or reduce the rate of interest borne by the Obligations (other than as a result of waiving the applicability of the Default Rate), or otherwise affect the terms of payment of the principal of or any interest on the Obligations or fees or costs hereunder;

(iii) release any Liens granted under the Collateral Documents, except as otherwise contemplated herein or therein, and except in connection with the transfer of interests in any Fund Party permitted hereunder or in any other Loan Document; and

(b) all Lenders:

(i) except as otherwise provided by Section 9.5 or 9.12, permit the cancellation, excuse or reduction of the Uncalled Capital Commitment or Capital Commitment of any Included Investor or Designated Investor;

(ii) amend the definition of "Available Commitment" or the definition of any of the defined terms used therein;

(iii) amend the definition of "Applicable Requirement", "Concentration Limit", "Designated Investor", "Eligible HNW Investor", "Included Investor", "Maturity Date", "Principal Obligations", "HNW Investor" or the definition of any of the defined terms used therein;

(iv) change the percentages specified in the definition of Required Lenders herein or any other provision hereof specifying the number or percentage of the Lenders which are required to amend, waive or modify any rights hereunder or otherwise make any determination or grant any consent hereunder;

(v) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under (or in respect of) the Loan Documents; or

(vi) amend the terms of Section 3.5(b) or this Section 12.1.

The Administrative Agent agrees that it will notify the Lenders of any proposed modification or amendment to any Loan Document, and deliver drafts of any such proposed modification or amendment to the Lenders, prior to the effectiveness of such proposed modification or amendment. Notwithstanding the above: (A) no provisions of Section 11 may be amended or modified without the consent of the Administrative Agent; (B) no provisions of Section 2.8 may be amended or modified without the consent of the Letter of Credit Issuer; and (C) Section 8 and Section 9 specify the requirements for waivers of the Affirmative Covenants and Negative Covenants listed therein,

and any amendment to a provision of Section 8 or Section 9 shall require the consent of the Lenders or the Administrative Agent that are specified therein as required for a waiver thereof. Any amendment, waiver or consent not specifically addressed in this Section 12.1 or otherwise shall be subject to the approval of Required Lenders.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above: (1) each Lender is entitled to vote as such Lender sees fit on any reorganization plan that affects the Loans or the Letters of Credit, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code of the United States supersede the unanimous consent provisions set forth herein; (2) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or insolvency proceeding; and (3) the Administrative Agent may, in its sole discretion, agree to the modification or waiver of any of the other terms of this Credit Agreement or any other Loan Document or consent to any action or failure to act by any Credit Party, if such modification, waiver, or consent is of an administrative nature.

If the Administrative Agent shall request the consent of any Lender to any amendment, change, waiver, discharge, termination, consent or exercise of rights covered by this Credit Agreement, and not receive such consent or denial thereof in writing within ten (10) Business Days of the making of such request by the Administrative Agent, as the case may be, such Lender shall be deemed to have denied its consent to the request.

12.2. **Sharing of Offsets**. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations (other than pursuant to Article IV or Section 12.5) greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of obligations owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and

(ii) the provisions of this paragraph shall not be construed to apply to (A) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Credit Agreement (including the application of funds arising from the existence of a Defaulting Lender), (B) the application of Cash Collateral provided for in Sections 2.8(h) and 4.9 or (C) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans and Letters of Credit to any assignee or participant, other than to the Borrowers or any of their Subsidiaries (as to which the provisions of this paragraph shall apply).

Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Credit Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Credit Party in the amount of such participation.

12.3. **Sharing of Collateral**. To the extent permitted by applicable law, each Lender and the Administrative Agent, in its capacity as a Lender, agrees that if it shall, through the receipt of any proceeds from a Capital Call or the exercise of any remedies under any Collateral Documents, receive or be entitled to receive payment of a portion of the aggregate amount of principal, interest and fees due to it under this Credit Agreement which constitutes a greater proportion of the aggregate amount of principal, interest and fees then due to such Lender under this Credit Agreement than the proportion received by any other Lender in respect of the aggregate amount of principal, interest and fees due with respect to any Obligations to such Lender under this Credit Agreement, then such Lender or the Administrative Agent, in its capacity as a Lender, as the case may be, shall purchase participations in the Obligations under this Credit Agreement held by such other Lenders so that all such recoveries of principal, interest and fees with respect to this Credit Agreement, the Notes and the Obligations thereunder held by the Lenders shall be *pro rata* according to each Lender's Commitment (determined as of the date hereof and regardless of any change in any Lender's Commitment caused by such Lender's receipt of a proportionately greater or lesser payment hereunder). Each Lender hereby authorizes and directs the Administrative Agent to coordinate and implement the sharing of collateral contemplated by this Section 12.3 prior to the distribution of proceeds from Capital Calls or proceeds from the exercise of remedies under the Collateral Documents prior to making any distributions of such proceeds to each Lender or the Administrative Agent, in their respective capacity as the Lenders.

12.4. **Waiver**. No failure to exercise, and no delay in exercising, on the part of the Administrative Agent or the Lenders, any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agents and the Lenders hereunder and under the Loan Documents shall be in addition to all other rights provided by law. No modification or waiver of any provision of this Credit Agreement, the Notes or any of the other Loan Documents, nor consent to departure therefrom, shall be effective unless in writing and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand. Subject to the terms of this Credit Agreement (including, without limitation, Section 12.1), the Administrative Agent acting on behalf of all Lenders, and the Credit Parties may from time to time enter into agreements amending or changing any provision of this Credit Agreement or the rights of the Lenders or the Credit Parties hereunder, or may grant waivers or consents to a departure from the due performance of the obligations of the Credit Parties hereunder, any such agreement, waiver or consent made with such written consent of the Administrative Agent being effective to bind all the Lenders, except as provided in Section 12.1. A waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

12.5. **Payment of Expenses; Indemnity**.

(a) **Cost and Expenses**. The Borrowers and any other Credit Party, jointly and severally, shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, including the Administrative Agent's special counsel, Mayer Brown LLP, in connection with the preparation, negotiation, execution, delivery and administration of this Credit Agreement and the other Loan Documents and any amendments, modifications, addition of Investors, amendments to any Credit Party's Constituent Document, joinder of Borrowers, or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out of pocket expenses incurred by the Letter of Credit Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iii) all out of pocket expenses incurred by the Administrative Agent, any Lender or the Letter of Credit Issuer (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Letter of Credit Issuer, in connection with the enforcement or protection of its rights (A) in connection with this Credit Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) **Indemnification by the Borrowers**. The Borrowers shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Letter of Credit Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "***Indemnitee***") against, and hold each Indemnitee harmless from, and shall pay or reimburse any such Indemnitee for, any and all losses, claims (including, without limitation, any Environmental Claims), damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrowers or any other Credit Party), other than such Indemnitee and its Related Parties, arising out of, in connection with, or as a result of (i) the execution or delivery of this Credit Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby (including, without limitation, the Credit Facility), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Letter of Credit Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by any Credit Party or any Subsidiary thereof, or any Environmental Claim related in any way to any Credit Party or any Subsidiary, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Credit Party or any Subsidiary thereof, and regardless of whether any Indemnitee is a party thereto, or (v) any claim (including, without limitation, any Environmental Claims), investigation, litigation or other proceeding (whether or not the Administrative Agent or any Lender is a party thereto) and the prosecution and defense thereof, arising out of or in any way connected

with the Loans, this Credit Agreement, any other Loan Document, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby, including without limitation, reasonable attorneys and consultant's fees, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by any Credit Party or any Subsidiary thereof against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Credit Party or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) **Reimbursement by the Lenders**. To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under clause (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the Letter of Credit Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Letter of Credit Issuer or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Principal Obligations at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Letter of Credit Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), Letter of Credit Issuer in connection with such capacity.

(d) **Waiver of Consequential Damages, Etc**. To the fullest extent permitted by Applicable Law, the Borrowers and each other Credit Party shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Credit Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Credit Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) **Payments**. All amounts due under this Section shall be payable promptly after demand therefor.

(f) **Survival**. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the Obligations hereunder.

12.6. **Notice**.

(a) **Notices Generally**. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing (except where telephonic instructions or notices are expressly authorized herein to be given) and shall be deemed to be effective: (a) if by hand delivery, telecopy or other facsimile transmission, on the day and at the time on which delivered to such party at the address or fax numbers specified below; (b) if by mail, on the day which it is received after being deposited, postage prepaid, in the United States registered or certified mail, return receipt requested, addressed to such party at the address specified below; or (c) if by FedEx or other reputable express mail service, on the next Business Day following the delivery to such express mail service, addressed to such party at the address set forth below; (d) if by telephone, on the day and at the time communication with one of the individuals named below occurs during a call to the telephone number or numbers indicated for such party below; or (e) if by email, as provided in Section 12.6(b).

If to the Credit Parties:

At the address specified with respect thereto on Schedule I hereto.

If to the Administrative Agent:

Bank of America, N.A.
NC1-027-21-04
214 North Tryon Street
Charlotte, NC 28255
Attention: Jeremy Grubb/Jose Liz-Moncion
Telephone: (980) 386-7261/(980) 387-1124
Fax: (980) 233-7050/(312) 453-6498

With copies to:

Mayer Brown LLP
1675 Broadway
New York, New York 10019
Attention: Michael C. Mascia
Telephone: (212) 506-2655
Fax: (212) 849-5655
Email: mmascia@mayerbrown.com

If to the Lenders:

At the address and numbers set forth below the signature of such Lender on the signature page hereof or on the Assignment and Assumption of such Lender.

Any party hereto may change its address for purposes of this Credit Agreement by giving notice of such change to the other parties pursuant to this Section 12.6. With respect to any notice received by the Administrative Agent from any Borrower or any Investor not otherwise addressed

herein, the Administrative Agent shall notify the Lenders promptly of the receipt of such notice, and shall provide copies thereof to the Lenders.

(b) **Electronic Communication**. Notices and other communications to the Lenders and the Letter of Credit Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent; provided that the foregoing shall not apply to notices to any Lender or the Letter of Credit Issuer pursuant to Section 2 if such Lender or the Letter of Credit Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving such notices by electronic communication. Any Credit Party may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

12.7. **Governing Law**. The substantive laws of the State of New York applicable to agreements made and to be performed entirely within such state shall govern the validity, construction, enforcement and interpretation of this Credit Agreement and all of the other Loan Documents.

12.8. **Choice of Forum; Consent to Service of Process and Jurisdiction; Waiver of Trial by Jury**. Any suit, action or proceeding against any Credit Party with respect to this Credit Agreement, the Notes or the other Loan Documents or any judgment entered by any court in respect thereof, may be brought in the courts of the State of New York, or in the United States Courts located in the Borough of Manhattan in New York City, pursuant to Section 5-1402 of the New York General Obligations Law, as the Lenders in their sole discretion may elect and each Credit Party hereby submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. Each Credit Party hereby irrevocably consents to the service of process in any suit, action or proceeding in said court by the mailing thereof by the Lender by registered or certified mail, postage prepaid, to such Credit Party's address set forth in Section 12.6. Each Credit Party hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Credit Agreement or the Notes brought in the courts located in the State of New York, Borough of Manhattan in New York City, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO

HEREBY WAIVES TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THIS CREDIT AGREEMENT, THE NOTES OR ANY OF THE OTHER LOAN DOCUMENTS, WHICH WAIVER IS INFORMED AND VOLUNTARY.

12.9. **Invalid Provisions**. If any provision of this Credit Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Credit Agreement, such provision shall be fully severable and this Credit Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Credit Agreement, and the remaining provisions of this Credit Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Credit Agreement, unless such continued effectiveness of this Credit Agreement, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein. If any provision of this Credit Agreement shall conflict with or be inconsistent with any provision of any of the other Loan Documents, then the terms, conditions and provisions of this Credit Agreement shall prevail.

12.10. **Entirety**. The Loan Documents embody the entire agreement between the parties and supersede all prior agreements and understandings, if any, relating to the subject matter hereof and thereof.

12.11. **Successors and Assigns; Participations**.

(a) **Successors and Assigns Generally**. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrowers nor any other Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders**. Any Lender may at any time assign to one or more assignees (each, an "***Assignee***") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that, in each case, any such assignment shall be subject to the following conditions:

(i) **Minimum Amounts**.

1. in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it or contemporaneous assignments to related Approved Lending Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Lending Fund, no minimum amount need be assigned; and;

2. in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding hereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of such "Trade Date") shall not be less than $5,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrowers otherwise consent (each such consent not to be unreasonably withheld or delayed); provided that the Borrowers shall be deemed to have given their consent five (5) Business Days after the date written notice thereof has been delivered by the assigning Lender (through the Administrative Agent) unless such consent is expressly refused by the Borrowers prior to such fifth (5th) Business Day.

(ii) **Proportionate Amounts**. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(iii) **Required Consents**. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

1. the consent of the Borrowers (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Lending Fund; provided, that the Borrowers shall be deemed to have consented to any such assignment unless they shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; and provided, further, that the Borrowers' consent shall not be required during the primary syndication of the Credit Facility;

2. the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Lending Fund with respect to such Lender; and

3. the consent of the Letter of Credit Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) **Assignment and Assumption**. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 for each assignment; provided that (A) only one such fee will be payable in connection with simultaneous assignments to two or more Approved Lending Funds by a Lender and (B) the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire if requested by the Administrative Agent.

(v) **No Assignment to Certain Persons**. No such assignment shall be made to (A) any Credit Party or any Credit Party's Subsidiaries or Affiliates or (B) to any Defaulting Lender or any of its Affiliates, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) **No Assignment to Natural Persons**. No such assignment shall be made to a natural Person.

(vii) **Certain Additional Payments**. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers and the Administrative Agent, the applicable pro rata share of Loans previously requested, but not funded by, the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Letter of Credit Issuer and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full share of all Loans and participations in Letters of Credit in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with

the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(viii) **Consequences of Assignment**. Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Article IV and Section 12.5 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) **Register**. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at one of its offices in Charlotte, North Carolina, a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amounts of (and stated interest on) the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). The entries in the Register shall be conclusive, absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers and any Lender (but only to the extent of entries in the Register that are applicable to such Lender), at any reasonable time and from time to time upon reasonable prior notice.

(d) **Participations**. Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrowers or any of the Borrowers' Affiliates or Subsidiaries) (each, a "***Participant***") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Letter of Credit Issuer and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations

under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 12.5(c) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver or modification described in Section 12.1 that directly affects such Participant and could not be affected by a vote of the Required Lenders. The Borrowers agree that each Participant shall be entitled to the benefits of Article IV (subject to the requirements and limitations therein, including the requirements of Section 4.1(f) (it being understood that the documentation required under Section 4.1(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 4.8 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 4.1 and 4.4, with respect to such participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrowers' request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 4.8(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 5.3 as though it were a Lender; provided that such Participant agrees to be subject to Section 12.2 as though it were a Lender.

(e) **Participant Register**. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "***Participant Register***"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) **Certain Pledges**. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve

Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) **Addition of Lenders**. With the prior written consent of the Administrative Agent in its sole discretion, at the request of the Borrowers, a new lender may join the Credit Facility as a Lender and such new Lender shall assume all rights and obligations of a Lender under this Credit Agreement and the other Loan Documents; provided that:

(i) The Commitment of the new Lender shall be in addition to the Commitment of the existing Lenders in effect on the date of such new Lender's entry into the Credit Facility and the Maximum Commitment shall be increased in a corresponding amount;

(ii) the Commitment of the new Lender shall be in a minimum amount of $10,000,000, or such lesser amount agreed to by the Borrowers and the Administrative Agent;

(iii) if any new Lender is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Borrowers and the Administrative Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 4.1(f); and

(iv) the Borrowers shall execute such new Notes as the Administrative Agent or any Lender may request, and the new Lender shall deliver payment of a processing and recordation fee of $3,500 to the Administrative Agent, which amount the Administrative Agent may waive in its sole discretion.

(h) **Disclosure of Information**. Any Lender may furnish any information concerning any Credit Party in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 12.16.

12.12. **All Powers Coupled with Interest**. All powers of attorney and other authorizations granted to the Lenders, the Administrative Agent and any Persons designated by the Administrative Agent or any Lender pursuant to any provisions of this Credit Agreement or any of the other Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied, any of the Commitments remain in effect or the Credit Facility has not been terminated.

12.13. **Headings**. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Credit Agreement.

12.14. **Survival**. All representations and warranties made by the Credit Parties herein shall survive delivery of the Notes, the making of the Loans and the issuance of the Letters of Credit.

12.15. **Full Recourse**. The payment and performance of the Obligations shall be fully recourse to the Fund Parties and their properties and assets. Notwithstanding anything in this Credit Agreement and the Loan Documents to the contrary, the Obligations shall not be recourse to the Borrower Managing Member or the Guarantor General Partner and the Lenders shall not have the right to pursue any claim or action against the Borrower Managing Member or the Guarantor General Partner except for any claim or action for actual damages of the Agents or Lenders as a result of any fraud, willful misrepresentation or willful misappropriation of proceeds from the Credit Facility on the part of the Borrower Managing Member or the Guarantor General Partner, as applicable, in which event there shall be full recourse against such Person.

12.16. **Availability of Records; Confidentiality**. (a) the Credit Parties acknowledge and agree that the Administrative Agent may provide to the Lenders, and that the Administrative Agent and each Lender may provide to any Affiliate of a Lender or Participant or Assignee or proposed Participant or Assignee and each of their respective officers, directors, employees, advisors, auditors, counsel, rating agencies and agents or any other Person as deemed necessary or appropriate in any Lender's reasonable judgment, provided such party is advised of the confidential nature of such information, originals or copies of this Credit Agreement, all Loan Documents, Borrowing Base Certificates, and all other documents, certificates, opinions, letters of credit, reports, and other material information of every nature or description, and may communicate all oral information, at any time submitted by or on behalf of any Borrower Party or received by the Administrative Agent or a Lender in connection with the Loans, the Letter of Credit Liability, the Commitments or any Borrower Party; provided that, prior to any such delivery or communication, the Lender, Affiliate of a Lender, Participant, or Assignee, or proposed Participant or Assignee or such other Person, as the case may be, shall agree to preserve the confidentiality of all data and information which constitutes Confidential Information; (b) the Credit Parties, the Administrative Agent and the Lenders (i) acknowledge and agree that (x) the identities of the Investors, the amounts of their respective Capital Commitments and details regarding their Investments under the applicable Constituent Documents (collectively, the "***Investor Information***") have been and will be delivered on a confidential basis; and (y) information with respect to Investments has been and will be delivered on a confidential basis; (ii) acknowledge and agree that such Investor Information and information with respect to Investments are Confidential Information; and (iii) agree that such Investor Information and information with respect to Investments shall be subject to the provisions of this Section 12.16; and (c) anything herein to the contrary notwithstanding, the provisions of this Section 12.16 shall not preclude or restrict any such party from disclosing any Confidential Information: (i) with the prior written consent of any Credit Party; (ii) upon the order of or pursuant to the rules and regulations of any Governmental Authority having jurisdiction over such party or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (iii) in connection with any audit by an independent public accountant of such party, provided such auditor thereto agrees to be bound by the provisions of this Section 12.16; (iv) to examiners or auditors of any applicable Governmental Authority which examines such party's books and records while conducting such examination or audit; or (v) as otherwise specifically required by law.

12.17. **USA Patriot Act Notice**. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Credit Party that pursuant to the requirements of

the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "***Patriot Act***"), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Credit Party in accordance with the Patriot Act.

12.18. **Multiple Counterparts**. This Credit Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Credit Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Credit Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Credit Agreement.

12.19. **Term of Agreement**. This Credit Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than contingent indemnification obligations not then due) arising hereunder or under any other Loan Document shall have been indefeasibly and irrevocably paid and satisfied in full, all Letters of Credit have been terminated or expired and all Commitments have been terminated. No termination of this Credit Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Credit Agreement which survives such termination. For the avoidance of doubt, this Credit Agreement shall remain in full force and effect after the Maturity Date if any Letters of Credit remain outstanding, even if Cash Collateralized.

12.20. **Inconsistencies with Other Documents**. In the event there is a conflict or inconsistency between this Credit Agreement and any other Loan Document, the terms of this Credit Agreement shall control; provided that any provision of the Collateral Documents which imposes additional burdens on any Credit Party or further restricts the rights of any Credit Party or any of its Affiliates or gives the Administrative Agent or Lenders additional rights shall not be deemed to be in conflict or inconsistent with this Credit Agreement and shall be given full force and effect.

Section 13. GUARANTY

13.1. **Guaranty of Payment and Performance**.

- The Guarantor hereby guarantees the prompt payment to the Lenders and Administrative Agent, as and when due to the Lenders and Administrative Agent in accordance with the terms of this Credit Agreement and the Borrower and Managing Member Security Agreement, of (i) the entire Capital Commitment which Acadia Realty Acquisition IV LLC, a Delaware limited liability company, has committed to Acadia Realty Acquisition IV LLC pursuant to the LLC Agreement, (ii) all legal and other costs or expenses paid or incurred by or on behalf of the Lenders or the Administrative Agent in the enforcement thereof or hereof and (iii) any loss, cost, damage or expense paid or incurred by or on behalf of the Lenders and the Administrative Agent by reason of (1) gross negligence or fraudulent acts or omissions, or (2) the termination or amendment of any Uniform Commercial Code financing statements filed in connection with

this Credit Agreement, without the Lenders' and Administrative Agent's prior written consent. The Guarantor further guarantees that the representations and warranties made by the Borrower in this Credit Agreement, the Borrower and Managing Member Security Agreement and all other documents executed and delivered by the Borrowers to the Lenders and/or Administrative Agent in connection with the Credit Agreement are true as of the date hereof, and, in the event proceeds of this Credit Agreement are advanced, or other credit is extended, to the Borrowers from time to time, that each request for any loan or other extension of credit under this Credit Agreement, by whomsoever made, shall constitute the Guarantor's personal affirmation that at the time thereof said representations and warranties by the Borrowers, together with those representations and warranties made by the Guarantor in this Section 13, are true and correct. The Guarantor acknowledges and agrees that this Guaranty is a continuing guaranty and that the agreements, guaranties and waivers made by the Guarantor herein, and the Guarantor's obligations hereunder, are and shall at all times continue to be primary, absolute and unconditional.

13.2. **Obligations Unconditional**. The obligations of the Guarantor hereunder are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or any other agreement or instrument referred to therein, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. The Guarantor agrees that this Guaranty may be enforced by any Secured Party without the necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to the Notes or any other of the Loan Documents or any collateral, if any, hereafter securing the Obligations or otherwise and the Guarantor hereby waives the right to require the Administrative Agent, the Letter of Credit Issuer or the Lenders to make demand on or proceed against any Borrower Party or any other Person (including a co-guarantor) or to require the Administrative Agent, the Letter of Credit Issuer or the Lenders to pursue any other remedy or enforce any other right. The Guarantor further agrees that nothing contained herein shall prevent any Secured Party from suing on the Notes or any of the other Loan Documents or foreclosing its or their, as applicable, security interest in or Lien on any Collateral, if any, securing the Obligations or from exercising any other rights available to it or them, as applicable, under this Credit Agreement, the Notes, any other of the Loan Documents, or any other instrument of security, if any, and the exercise of any of the aforesaid rights and the completion of any foreclosure proceedings shall not constitute a discharge of the Guarantor's obligations hereunder; it being the purpose and intent of the Guarantor that its obligations hereunder shall be absolute, independent and unconditional under any and all circumstances. Neither the Guarantor's obligations under this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release, increase or limitation of the liability of any Credit Party or by reason of the bankruptcy, insolvency or analogous procedure of any Credit Party. The Guarantor waives any and all notice of the creation, renewal, extension accrual or increase of any of the Obligations and notice of or proof of reliance by any Secured Party on this Guaranty or acceptance of this Guaranty. The Obligations, and any part of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed,

extended, amended or waived, in reliance upon this Guaranty. All dealings between the Credit Parties, on the one hand, and the Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guaranty. The Guarantor represents and warrants that it is, and immediately after giving effect to the Guaranty and the obligation evidenced hereby, will be, Solvent.

This Credit Agreement and the obligations of the Guarantor hereunder shall be valid and enforceable and shall not be subject to any limitation, impairment or discharge for any reason (other than payment in full of the Obligations), including, without limitation, the occurrence of any of the following, whether or not the Administrative Agent shall have had notice or knowledge of any of them: (A) any failure to assert or enforce or agreement not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Obligations or any agreement relating thereto, or with respect to any guaranty of or other security for the payment of the Obligations, (B) any waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including without limitation provisions relating to events of default) of this Credit Agreement and any other Loan Document or any agreement or instrument executed pursuant thereto, or of any guaranty or other security for the Obligations, (C) to the fullest extent permitted by law, any of the Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect, (D) the application of payments received from any source to the payment of indebtedness other than the Obligations, even though the Administrative Agent might have elected to apply such payment to any part or all of the Obligations, (E) any failure to perfect or continue perfection of a security interest in any of the Collateral, (F) any defenses, set-offs or counterclaims which the Borrowers may allege or assert against the Administrative Agent in respect of the Obligations, including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury, and (G) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of the Guarantor as an obligor in respect of the Obligations.

13.3. **Modifications**. The Guarantor agrees that: (a) all or any part of the Collateral now or hereafter held for the Obligations, if any, may be exchanged, compromised or surrendered from time to time; (b) none of the Lenders and the Administrative Agent shall have any obligation to protect, perfect, secure or insure any such security interests, liens or encumbrances now or hereafter held, if any, for the Obligations; (c) the time or place of payment of the Obligations may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; (d) the Borrowers, the Guarantor and any other party liable for payment under the Loan Documents may be granted indulgences generally; (e) any of the provisions of the Note or any of the other Loan Documents, including, without limitation, this Credit Agreement may be modified, amended or waived; (f) any party (including any co-guarantor) liable for the payment thereof may be granted indulgences or be released; and (g) any deposit balance for the credit of the Borrowers, the Guarantor or any other party liable for the payment of the Obligations or liable upon any security therefor may be released, in whole or in part, at, before or after the stated, extended or accelerated maturity of the Obligations, all without notice to or further assent by the Guarantor,

which shall remain bound thereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence or release.

13.4. **Waiver of Rights**. The Guarantor expressly waives to the fullest extent permitted by applicable law: (a) notice of acceptance of the Guaranty by the Lenders and of all extensions of credit to any Credit Party by the Lenders; (b) presentment and demand for payment or performance of any of the Obligations; (c) protest and notice of dishonor or of default (except as specifically required in this Credit Agreement) with respect to the Obligations or with respect to any security therefor; (d) notice of the Lenders obtaining, amending, substituting for, releasing, waiving or modifying any security interest, lien or encumbrance, if any, hereafter securing the Obligations, or the Lenders subordinating, compromising, discharging or releasing such security interests, liens or encumbrances, if any; (e) all other notices, demands, presentments, protests or any agreement or instrument related to this Credit Agreement, any other Loan Document or the Obligations to which the Guarantor might otherwise be entitled; (f) any right to require the Administrative Agent as a condition of payment or performance by the Guarantor, to (A) proceed against the Borrowers, any guarantor of the Obligations or any other Person, (B) proceed against or exhaust any other security held from the Borrowers, any guarantor of the Obligations or any other Person, (C) proceed against or have resort to any balance of any deposit account, securities account or credit on the books of the Administrative Agent or any other Person, or (D) pursue any other remedy in the power of the Administrative Agent whatsoever; (g) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Borrowers including, without limitation, any defense based on or arising out of the lack of validity or the unenforceability of the Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Borrowers from any cause other than payment in full of the Obligations; (h) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (i) any defense based upon the Administrative Agent's errors or omissions in the administration of the Obligations; (j) (A) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Credit Agreement and any legal or equitable discharge of the Guarantor's obligations hereunder, (B) the benefit of any statute of limitations affecting the Guarantor's liability hereunder or the enforcement hereof, (C) any rights to set-offs, recoupments and counterclaims, and (D) promptness, diligence and any requirement that the Administrative Agent protect, secure, perfect or insure any other security interest or Lien or any property subject thereto; and (k) to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Credit Agreement.

13.5. **Reinstatement**. Notwithstanding anything contained in this Credit Agreement or the other Loan Documents, the obligations of the Guarantor under this Section 13 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy, reorganization, any analogous procedure or otherwise, and the Guarantor agrees that it will indemnify each Secured Party on demand for all reasonable costs and expenses (including, without limitation, reasonable fees of outside counsel) incurred by such Person in connection with such rescission or restoration,

including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

13.6. **Remedies**. The Guarantor agrees that, as between the Guarantor, on the one hand, and the Secured Parties, on the other hand, the Obligations may be declared to be forthwith due and payable (and shall be deemed to have become automatically due and payable) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such Obligation from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Obligation being deemed to have become automatically due and payable), such Obligation (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantor. The Guarantor acknowledges and agrees that its obligations hereunder are secured in accordance with the terms of the Collateral Documents and that the Secured Parties may exercise their remedies thereunder in accordance with the terms thereof.

13.7. **Subrogation**. The Guarantor agrees that, until the indefeasible payment of the Obligations in full in cash, it will not exercise any right of reimbursement, subrogation, indemnification, contribution, offset, remedy (direct or indirect) or other claims against any other Credit Party arising by contract or operation of law or equity in connection with any payment made or required to be made by the Guarantor under this Credit Agreement or the other Loan Documents now or hereafter. The Guarantor further agrees that, to the extent the waiver of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification the Guarantor may have against any other Credit Party or against any Collateral or other collateral or security, and any rights of contribution the Guarantor may have against any other Credit Party, shall be junior and subordinate to any rights the Administrative Agent may have against such Credit Party and to all right, title and interest the Administrative Agent may have in any such other collateral.

13.8. **Inducement**. The Lenders have been induced to make the Loans to the Borrowers in part based upon the assurances by the Guarantor that the Guarantor desires that the Obligations of the Guarantor under the Loan Documents be honored and enforced as separate obligations of the Guarantor, should Administrative Agent and the Lenders desire to do so.

13.9. **Combined Liability**. Notwithstanding the foregoing, the Guarantor shall be liable to the Lenders for all representations, warranties, covenants, obligations and indemnities, including, without limitation, the Guaranty Obligation, and the Administrative Agent and the Lenders may at their option enforce the entire amount of the Guaranty Obligation against the Guarantor.

13.10. **Borrower Information**. The Guarantor confirms and agrees that the Administrative Agent shall have no obligation to disclose or discuss with the Guarantor its assessment of the financial condition of the Borrowers. The Guarantor has adequate means to obtain information from the Borrowers on a continuing basis concerning the financial condition of the Borrowers and its ability to perform its obligations under the Credit Agreement and any other Loan Document, and the Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrowers and of all circumstances bearing upon the risk of nonpayment of the

Obligations. The Guarantor hereby waives and relinquishes any duty on the part of the Administrative Agent to disclose any matter, fact or thing relating to the business, operations or condition of the Borrowers now known or hereafter known by the Administrative Agent. The Guarantor hereby waives any right to have the Collateral or other collateral or security securing the Obligations marshaled.

13.11. **Instrument for the Payment of Money**. The Guarantor hereby acknowledges that the guarantee in this Section 13 constitutes an instrument for the payment of money, and consents and agrees that any Lender or the Administrative Agent, at its sole option, in the event of a dispute by the Guarantor in the payment of any moneys due hereunder, shall have the right to bring motions and/or actions under New York CPLR Section 3213.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES FOLLOW.

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed as of the day and year first above written.

BORROWER:

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

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

BORROWER MANAGING MEMBER:

ACADIA REALTY ACQUISITION IV LLC, a Delaware limited liability company

By:/s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

GUARANTOR:

ACADIA REALTY LIMITED PARTNERSHIP, a Delaware limited partnership

By: Acadia Realty Trust, a Maryland real estate investment trust,
its general partner

By:/s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

GUARANTOR GENERAL PARTNER:

ACADIA REALTY TRUST, a Maryland real estate investment trust

By:/s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

PLEDGOR:

ACADIA INVESTORS IV, INC., a Maryland corporation

By:/s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

ADMINISTRATIVE AGENT, STRUCTURING AGENT, SOLE BOOKRUNNER, SOLE LEAD ARRANGER, LETTER OF CREDIT ISSUER AND LENDERS:

Commitment: $150,000,000

BANK OF AMERICA, N.A.

By:/s/ Jeremy Grubb
Name: Jeremy Grubb
Title: Vice President

SCHEDULE I
Credit Party Information

SCHEDULE II
Commitments

Lender Name	**Commitment**
Bank of America, N.A.	$150,000,000

SCHEDULE III

Credit Party Organizational Structure

EXHIBIT A
SCHEDULE OF INVESTORS/
FORM OF BORROWING BASE CERTIFICATE

[Attached]

EXHIBIT B
FORM OF NOTE

Dated as of [DATE]

$[150,000,000] New York, New York

1. FOR VALUE RECEIVED, the undersigned [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Maker***"), hereby unconditionally promises to pay to the order of BANK OF AMERICA, N.A., as Administrative Agent for each of the Lenders under the Credit Agreement (as defined below), (the "***Payee***") to the Administrative Agent Account, the principal sum of [ONE HUNDRED AND FIFTY MILLION] DOLLARS ($[150,000,000]), or, if less, the unpaid principal amount of the Loans, in lawful money of the United States of America on the Maturity Date or as otherwise provided in the Credit Agreement.

2. Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among the Maker, as a borrower, and any Borrowers which become a party thereto pursuant to the terms thereof (the "***Borrowers***"), [ACADIA REALTY ACQUISITION IV, LLC] as Borrower Managing Member, the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***") and BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

3. The unpaid principal amount of this Note shall be payable in accordance with the terms of Section 3 of the Credit Agreement. The unpaid principal amount of this Note shall bear interest from the date of borrowing until maturity in accordance with Section 2.6 and Section 3 of the Credit Agreement. Interest on this Note shall be payable in accordance with Section 3 of the Credit Agreement.

4. All Borrowings hereunder, and all payments made with respect thereto, may be recorded by the Payee from time to time on grids which may be attached hereto or the Payee may record such information by such other method as the Payee may generally employ; provided, however, that failure to make any such entry shall in no way reduce or diminish the Maker's obligations hereunder. The aggregate unpaid amount of all Borrowings set forth on grids which may be attached hereto shall, absent manifest error, be presumptive evidence of the unpaid principal amount of this Note.

5. This Note has been executed and delivered pursuant to the Credit Agreement and is one of the "Notes" referred to therein, and the holder of this Note shall be entitled to the benefits provided in the Credit Agreement. This Note evidences Loans made under the Credit Agreement. Reference is hereby made to the Credit Agreement for a statement of: (a) the obligation of the Lenders to make advances thereunder; (b) the prepayment rights and obligations of the Maker; (c) the collateral for

the repayment of this Note; and (d) the events upon which the maturity of this Note may be accelerated. The Maker may borrow, repay and reborrow hereunder upon the terms and conditions specified in the Credit Agreement. Notwithstanding the foregoing, should any of the events described in Sections 10.1(h) or 10.1(i) of the Credit Agreement occur, then the principal of, and accrued interest on, this Note shall become immediately due and repayable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Maker.

6. If this Note, or any installment or payment due hereunder, is not paid when due, whether on the Maturity Date or by acceleration, or if it is collected through a bankruptcy, probate or other court, whether before or after the Maturity Date, the Maker agrees to pay all out-of-pocket costs of collection, including, but not limited to, attorneys' fees and expenses incurred by the holder hereof and cost of appeal as provided in the Credit Agreement. All past-due principal of, and, to the extent permitted by applicable law, past-due interest on this Note, shall bear interest until paid at the Default Rate as provided in the Credit Agreement.

7. The Maker and all sureties, endorsers, guarantors and other parties ever liable for payment of any sums payable pursuant to the terms of this Note, jointly and severally waive demand, presentment for payment, protest, notice of protest, notice of acceleration, notice of intent to accelerate, diligence in collection, the bringing of any suit against any party, and any notice of or defense on account of any extensions, renewals, partial payment, or any releases or substitutions of any security, or any delay, indulgence, or other act of any trustee or any holder hereof, whether before or after maturity.

8. This Note and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Note or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

9. Reference is hereby made to Section 12.15 of the Credit Agreement regarding the provisions relating to recourse liability which are hereby incorporated by reference in this Note as if fully set forth herein, for the payment and performance of the Maker's obligations hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the day and year first above written.

MAKER:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

EXHIBIT C-1
FORM OF BORROWER AND BORROWER MANAGING MEMBER SECURITY AGREEMENT

Dated as of [_____] [●], 2012

THIS BORROWER AND BORROWER MANAGING MEMBER SECURITY AGREEMENT (the "***Security Agreement***") is executed and delivered as of the date above by [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***") and [ACADIA REALTY ACQUISITION IV, LLC], a [DELAWARE LIMITED LIABILITY COMPANY], as the managing member of the Borrower (the "***Borrower Managing Member***"), as pledgors (the Borrower and the Borrower Managing Member each individually a "***Pledgor***" and collectively the "***Pledgors***"), in favor of BANK OF AMERICA N.A., as administrative agent (the "***Administrative Agent***"), for the benefit of the Secured Parties (as defined in the Credit Agreement).

Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among the Borrower, and any other Borrowers which become a party thereto pursuant to the provisions thereof (the "***Borrowers***"), the Borrower Managing Member, the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***") and BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Reference is also made to that certain Operating Agreement dated May 16, 2012 (as the same may be amended, restated, modified, or supplemented from time to time, the "***LLC Agreement***") and the Subscription Agreements (as defined in the Credit Agreement) of the Borrower (together with the LLC Agreement, the "***LLC Documents***").

1. Each Pledgor hereby confirms that it is receiving direct or indirect benefit from the loans and letters of credit to be evidenced by the Obligations, and that the grant of the security interest in the Collateral hereunder and the execution of this Security Agreement is a condition to the granting of such loans and issuance of such letters of credit;

2. The pledge set forth in this Security Agreement shall secure the payment and the performance of the Obligations.

3. Pursuant to the LLC Documents, the Borrower Managing Member may make one or more Capital Calls upon the Investors to make contributions to the capital of the Borrower subject to certain limitations specified in the LLC Agreement.

4. In order to secure the Notes and the Obligations, each Pledgor, as applicable, hereby pledges, transfers and assigns to the Administrative Agent for the benefit of the Secured Parties and grants

to the Administrative Agent for the benefit of the Secured Parties, a security interest and lien in, to and under the following, whether now existing or hereafter acquired or arising and wherever located (the "***Collateral***"):

(a)all of such Pledgor's rights to make Capital Calls of the Capital Commitments of the Investors and all other rights, titles, interests, powers and privileges related to, appurtenant to or arising out of such Pledgor's rights to require or demand that the Investors make Capital Contributions to the Borrower;

(b)all of such Pledgor's rights, titles, interests and privileges in and to the Capital Commitments, the Uncalled Capital Commitments and the Capital Contributions made by its Investors, whether now owned or hereafter acquired;

(c)all of such Pledgor's rights, titles, interests, remedies, and privileges under the LLC Documents (i) to issue and enforce Capital Calls, (ii) to receive and enforce Capital Contributions and (iii) relating to Capital Calls, Capital Commitments, Uncalled Capital Commitments or Capital Contributions; and

(d)all proceeds of any and all of the foregoing.

The Administrative Agent acknowledges that, with respect to any member of the Borrower, the Collateral does not include a security interest in any equity interest of such member in the Borrower.

5. In furtherance of the pledge above, each Pledgor shall execute such forms, authorizations, documents and instruments, and do such other things, as the Administrative Agent shall, in its sole discretion, request in order to require that all Investors deposit directly to the Collateral Account all monies or sums paid or to be paid by them as and when Capital Calls are made pursuant to the LLC Documents. The Pledgors shall take all action necessary to fully preserve, maintain and protect the security interest in the Collateral granted to the Administrative Agent for the benefit of the Secured Parties, including, without limitation, the first priority status of such security interest. At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Pledgors, the Pledgors shall promptly and duly execute and deliver such further instruments and documents and take such further actions as the Administrative Agent may request, in its sole discretion, in order to ensure that the Administrative Agent has a valid, first priority, perfected security interest in the Collateral and any proceeds thereof or for the purposes of obtaining, confirming or preserving the full benefits of this Security Agreement and of the rights and powers herein granted.

6. The Borrower hereby confirms that the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof. In addition, the Borrower further hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, and covenants and agrees with Administrative Agent, for the benefit of the Secured Parties, as follows:

(a) That it has not heretofore transferred, assigned, pledged, hypothecated, granted any security interest in, or encumbered all or any portion of the Collateral to any party other than Administrative Agent;

(b) That it has the full right and power to make the transfer, pledge and assignment and grant the security interests granted hereby;

(c) That it has reviewed the UCC financing statements which the Administrative Agent intends to file with respect to the Collateral and that such UCC financing statements are accurate with respect to any information pertaining to it;

(d) That it was formed in, and only in, the State of Delaware;

(e) That it hereby authorizes the Administrative Agent to file UCC financing statements with the appropriate Secretary of State in order to perfect the Administrative Agent's first priority security interest in the Collateral, and it hereby authorizes the Administrative Agent to file all continuation statements, amendments or new UCC financing statements necessary to maintain the continuing perfection by filing of the Administrative Agent's first priority security interest in the Collateral;

(f) That it shall not grant or create (nor shall either suffer any other Person to grant or create) any other Liens on any Collateral, whether junior, equal, or superior in priority to the Liens created by the Loan Documents; and

(g) That it shall perform all such acts and execute all such documents as the Administrative Agent may request, in its sole discretion, in order to enable the Secured Parties to file and record every instrument that the Administrative Agent may deem necessary in order to perfect and maintain the Secured Parties' first priority liens and security interests in the Collateral and otherwise to preserve, protect, maintain and confirm the rights of the Secured Parties in respect of such liens and security interests.

7. The Borrower Managing Member hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, and covenants and agrees with Administrative Agent, for the benefit of the Secured Parties, as follows:

(a) That (i) it is the sole managing member of the Borrower, (ii) it has the authority to execute this Security Agreement and to perform its obligations hereunder, (iii) this Security Agreement has been duly authorized, executed and delivered, and (iv) this Security Agreement constitutes the legal, valid and binding obligations of the Borrower Managing Member, enforceable in accordance with the terms hereof, subject to Debtor Relief Laws and to general principles of equity;

(b) That it has not heretofore transferred, assigned, pledged, hypothecated, granted any security interest in, or encumbered all or any portion of the Collateral to any party other than Administrative Agent and that it has the full right and power to make the transfer, pledge and assignment and grant the security interests granted hereby;

(c) That it has reviewed the UCC financing statements which the Administrative Agent intends to file with respect to the Collateral and that such UCC financing statements are accurate with respect to any information pertaining to it;

(d) That it was formed in, and only in, the State of Delaware;

(e) That it hereby authorizes the Administrative Agent to file UCC financing statements with the appropriate Secretary of State in order to perfect the Administrative Agent's first priority security interest in the Collateral, and it hereby authorizes the Administrative Agent to file all continuation statements, amendments or new UCC financing statements necessary to maintain the continuing perfection by filing of the Administrative Agent's first priority security interest in the Collateral;

(f) That it shall not grant or create (nor shall either suffer any other Person to grant or create) any other Liens on any Collateral, whether junior, equal, or superior in priority to the Liens created by the Loan Documents; and

(g) That it shall perform all such acts and execute all such documents as the Administrative Agent may request, in its sole discretion, in order to enable the Secured Parties to file and record every instrument that the Administrative Agent may deem necessary in order to perfect and maintain the Secured Parties' first priority liens and security interests in the Collateral and otherwise to preserve, protect, maintain and confirm the rights of the Secured Parties in respect of such liens and security interests.

8. Upon the occurrence of an Event of Default, the Administrative Agent, on behalf of the Secured Parties, is hereby authorized, in its own name or the name of any Pledgor, to notify any or all parties obligated to the Borrower with respect to the Uncalled Capital Commitments to make all payments due or to become due thereon directly to Administrative Agent for the benefit of the Secured Parties at the Collateral Account, or to initiate one or more Capital Calls in order to pay the Obligations or for any other purpose contemplated by the Credit Agreement (which Capital Calls may be in excess of the amount owing under the Credit Agreement if required in order to comply with ERISA or otherwise result in payment in full of the Obligations).

9. The Administrative Agent, on behalf of the Secured Parties, is hereby granted an irrevocable power of attorney, which is coupled with an interest, to (i) execute, deliver and perfect all documents and do all things that the Administrative Agent considers to be required or desirable to carry out the acts and exercise the powers set forth herein and (ii) execute all checks, drafts, receipts, instruments, instructions or other documents, agreements or items on behalf of the Pledgors upon the occurrence of an Event of Default, as shall be deemed by the Administrative Agent to be necessary or advisable to protect the security interests and liens herein granted or the repayment of the Obligations.

10.

(a) Upon the occurrence of an Event of Default, the Administrative Agent, on behalf of the Secured Parties, shall have the following additional rights with respect to the Collateral:

(i) To sell the Collateral or any part thereof, upon giving at least ten (10) days' prior notice to the Pledgors of the time and place of sale (which notice each Pledgor and the Administrative Agent agree is commercially reasonable), for cash or upon credit or for future delivery; the Pledgors hereby waive all rights, if any, of marshalling the Collateral and any other security for the Obligations, and at the option and in the complete discretion of the Administrative Agent, either:

(A) at public sale; or

(B) at private sale, in which event such notice shall also contain the terms of the proposed sale, and the Pledgors shall have until the time of such proposed sale in which to redeem the Collateral or to procure a purchaser willing, ready and able to purchase the Collateral on terms more favorable to the Pledgors, the Secured Parties and the holders of the Notes, and if such a purchaser is so procured, then the Administrative Agent shall sell the Collateral to the purchaser so procured; and

(ii) To bid for and to acquire, unless prohibited by applicable law, free from any redemption right, the Collateral, or any part thereof, and, if the Secured Parties are then the holders of the Obligations or any participation or other interest therein, in lieu of paying cash therefor, the Administrative Agent on behalf of the Secured Parties may make settlement for the selling price by crediting the net selling price, if any, after deducting all costs and expenses of every kind, upon the outstanding principal amount of the Obligations, in such order and manner as the Administrative Agent on behalf of the Secured Parties, in its discretion, may deem advisable. The Administrative Agent for the benefit of the Secured Parties, upon so acquiring the Collateral, or any part thereof, shall be entitled to hold or otherwise deal with or dispose of the same in any manner not prohibited by applicable law.

(b) From time to time the Administrative Agent may, but shall not be obligated to, postpone the time and change the place of any proposed sale of any of the Collateral for which notice has been given as provided above if, in the judgment of Administrative Agent, such postponement or change is necessary or appropriate in order that the provisions of this Security Agreement applicable to such sale may be fulfilled or in order to obtain more favorable conditions under which such sale may take place. The Administrative Agent shall give the Pledgors reasonable notice of such change.

(c) In case of any sale by the Administrative Agent of any of the Collateral on credit, which may be elected at the option and in the complete discretion of Administrative Agent, on behalf of the Secured Parties, the Collateral so sold may be retained by the Administrative Agent for the benefit of the Secured Parties until the selling price is paid by the purchaser, but neither Administrative Agent nor the Secured Parties shall incur any liability in case of failure of the purchaser to take up and pay for the Collateral so sold. In case of any such failure, such Collateral so sold may be again similarly sold. After deducting all costs or expenses of every kind (including, without limitation, the reasonable attorneys' fees and legal expenses incurred by the Administrative Agent and the Secured Parties), the

Administrative Agent shall apply the residue of the proceeds of any sale or sales, if any, to pay the principal of and interest upon the Obligations in accordance with Section 3.4 of the Credit Agreement. The excess, if any, shall be paid to Pledgors, as applicable, or as otherwise required by applicable law. Neither the Administrative Agent nor the Secured Parties shall incur any liability as a result of the sale of the Collateral at any private sale or sales.

(d) All recitals in any instrument of assignment or any other instrument executed by the Administrative Agent for the benefit of the Secured Parties or by the Lenders incident to the sale, transfer, assignment or other disposition or utilization of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein and no other proof shall be required to establish full legal propriety of the sale or other action taken by Administrative Agent for the benefit of the Secured Parties or by the Lenders or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action shall be presumed conclusively to have been performed or to have occurred.

11. Notwithstanding a foreclosure upon any of the Collateral or exercise of any other remedy by Administrative Agent on behalf of the Secured Parties upon the occurrence of an Event of Default: (i) no Pledgor shall be subrogated thereby to any rights of Administrative Agent for the benefit of the Secured Parties against the Collateral or any other security for the Obligations, or any Pledgor, or any property of any Pledgor; (ii) nor shall any Pledgor be deemed to be the owner of any interest in the Obligations; and (iii) nor shall any Pledgor exercise any rights or remedies with respect to any Pledgor or the Collateral or any other security for the Obligations or any of them or the property of any Pledgor until the Obligations has been paid to Administrative Agent for the benefit of the Secured Parties and is fully performed and discharged.

12. The Borrower Managing Member and the Borrower hereby agrees to the subordination of Other Claims in accordance with Section 5.4 of the Credit Agreement.

13. Subject to Section 12.5 of the Credit Agreement, the Administrative Agent and the Secured Parties shall have all rights, remedies and recourse granted in the Notes, the Loan Documents and any other instruments executed to provide security for or in connection with the payment and performance of the Obligations or existing at common law or equity (including those granted by the Uniform Commercial Code, as adopted in the State of New York and any other state which governs the creation or perfection (and the effect thereof) of any security interest in the Collateral, and the right of offset), and such rights and remedies: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively or concurrently against any or all Pledgors and any other party obligated under the Obligations, or against the Collateral, or any of such Collateral, or any other security for the Obligations, or any of them, at the sole discretion of the Administrative Agent, on behalf of the Secured Parties; (iii) may be exercised as often as occasion therefor shall arise, it being agreed by the Pledgors that the exercise or failure to exercise any of the same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse; and (iv) are intended to be and shall be, non-exclusive.

14. No delay or omission on the part of Administrative Agent or Secured Parties in exercising any right hereunder shall operate as a waiver of any such right or any other right. A waiver on any

one or more occasions shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

15. Regardless of any provision hereof, in the absence of gross negligence or willful misconduct by the Administrative Agent or the Secured Parties, or both, neither the Administrative Agent nor the Secured Parties shall be liable for the failure of the Administrative Agent to collect or exercise diligence in the collection, possession or any transaction concerning, all or part of the Capital Calls or the Uncalled Capital Commitment or sums due or paid thereon or any remedies related to the enforcement thereof nor shall they be under any obligation whatsoever to anyone by virtue of the security interests and Liens relating to the Capital Commitment. Further, neither Administrative Agent nor the Secured Parties shall be responsible in any way for any depreciation in the value of the Collateral nor have any duty or responsibility whatsoever to take any steps to preserve any rights of any Pledgor in the Collateral or under the LLC Documents.

16. Neither Administrative Agent nor the Secured Parties has assumed, and nothing contained herein shall be declared to have imposed upon Administrative Agent or the Secured Parties, any of the Borrower's duties or Obligations or the Borrower Managing Member's duties or Obligations as a partner of the Borrower except that the Administrative Agent and the Secured Parties shall be bound by the provisions of the LLC Agreement in exercising rights or remedies thereunder assigned to the Administrative Agent hereunder.

17. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be given in the manner provided in the Credit Agreement (with notices, demands, requests or other communications to the Borrower Managing Member being sent to the same address as the Borrower).

18. Reference is hereby made to Section 11.9 of the Credit Agreement for the terms and conditions upon which a successor Administrative Agent hereunder may be appointed. Wherever the words "***Administrative Agent***" are used herein, the same shall mean the Administrative Agent named in the first paragraph of this Security Agreement or the successor Administrative Agent at the time in question.

19. This Security Agreement shall be binding upon and inure to the benefit of and be enforceable by the undersigned and their respective successors and assigns. This Security Agreement may not be assigned by any Pledgor. This Security Agreement may be assigned by the Administrative Agent without the consent of any Pledgor to any successor Administrative Agent under the Credit Agreement.

20. The headings to the various paragraphs of this Security Agreement shall have been inserted for convenient reference only and shall not modify, define, limit or expand the expressed provisions of this Security Agreement. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, and such counterparts shall together constitute but one and the same instrument.

21. This Security Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Security Agreement or

any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

22. Any suit, action or proceeding against any party hereto with respect to this Security Agreement or any judgment entered by any court in respect thereof, may be brought in the courts of the State of New York, or in the United States Courts located in the Borough of Manhattan in New York City, pursuant to Section 5-1402 of the New York General Obligations Law, as Administrative Agent and Secured Parties in their sole discretion may elect and each party hereto hereby submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. Each party hereto hereby irrevocably consents to the service of process in any suit, action or proceeding in said court by the mailing thereof by the Administrative Agent, on behalf of the Secured Parties, by registered or certified mail, postage prepaid, to such party's address set forth in the Credit Agreement. Each party hereto hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Security Agreement brought in the courts located in the State of New York, Borough of Manhattan in New York City, and each party hereto hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THIS SECURITY AGREEMENT, WHICH WAIVER IS INFORMED AND VOLUNTARY.

23. The remedies given to the Administrative Agent on behalf of the Secured Parties hereunder are cumulative and in addition to any and all other rights which Administrative Agent on behalf of Secured Parties may have against any Pledgor or any other Person, at law or in equity, including exoneration and subrogation, or by virtue of any other agreement.

24. This Security Agreement and the provisions set forth herein shall continue until payment in full of the Obligations, and the Administrative Agent's and the Secured Parties' rights hereunder shall not be released, diminished, impaired, reduced or adversely affected by: (i) the renewal, extension, modification, amendment or alteration of the Credit Agreement or any other Loan Document or any related document or instrument in accordance with the terms thereof; (ii) any adjustment, indulgence, forbearance or compromise that might be granted or given by the Administrative Agent or the Secured Parties to any primary or secondary obligor or in connection with any security for the Obligations; (iii) any full or partial release of any of the foregoing; or (iv) notice of any of the foregoing.

25. On the full, final, and complete satisfaction of the Obligations (other than any part of the Obligations which survives termination of the Credit Agreement), this Security Agreement shall be of no further force or effect. Thereafter, upon request, the Administrative Agent, on behalf of the Secured Parties, shall promptly provide Pledgors, at their sole expense, a written release of their respective Obligations hereunder and of the Collateral and, so long as the Pledgors have written confirmation from the Administrative Agent that this Security Agreement has been terminated as provided above, the Pledgors shall be authorized to prepare and file UCC termination statements terminating all UCC financing statements filed of record in connection with this Security Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the day and year first above written.

PLEDGORS:

BORROWER:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

BORROWER MANAGING MEMBER:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

THIS SECURITY AGREEMENT ACCEPTED AND AGREED BY:

ADMINISTRATIVE AGENT:

BANK OF AMERICA N.A.,
as Administrative Agent

By:
Name:
Title:

EXHIBIT C-2
FORM OF GUARANTOR AND GUARANTOR GENERAL PARTNER SECURITY AGREEMENT

Dated as of [_____] [●], 2012

THIS GUARANTOR SECURITY AGREEMENT (the "***Security Agreement***") is executed and delivered as of the date above by [ACADIA REALTY LIMITED PARTNERSHIP], a [DELAWARE LIMITED PARTNERSHIP] (the "***Guarantor***") and [ACADIA REALTY TRUST], a [MARYLAND REAL ESTATE INVESTMENT TRUST], as the general partner of the Guarantor (the ***"Guarantor General Partner***"), as pledgors (the Guarantor and the Guarantor General Partner each individually a "***Pledgor***" and collectively the "***Pledgors***"), in favor of BANK OF AMERICA N.A., as administrative agent (the "***Administrative Agent***"), for the benefit of the Secured Parties (as defined in the Credit Agreement).

Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any other Borrowers which become a party thereto pursuant to the provisions thereof (the "***Borrowers***")], the Guarantor, the Guarantor General Partner, the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Reference is also made to that certain Partnership Agreement of the Guarantor dated May 16, 2012 (as the same may be amended, restated, modified, or supplemented from time to time, the "***Partnership Agreement***") and the Subscription Agreements (as defined in the Credit Agreement) of the Guarantor (together with the Partnership Agreement, the "***Partnership Documents***").

1. Each Pledgor hereby confirms that it is receiving direct or indirect benefit from the loans and letters of credit to be evidenced by the Obligations, and that the grant of the security interest in the Collateral hereunder and the execution of this Security Agreement is a condition to the granting of such loans and issuance of such letters of credit;

2. The pledge set forth in this Security Agreement shall secure the payment and the performance of the Obligations.

3. Pursuant to the Partnership Documents, the Guarantor General Partner may make one or more Capital Calls upon the Investors to make contributions to the capital of the Guarantor subject to certain limitations specified in the Partnership Agreements.

4. In order to secure the Notes and the Obligations, each Pledgor, as applicable, hereby pledges, transfers and assigns to the Administrative Agent for the benefit of the Secured Parties and grants

to the Administrative Agent for the benefit of the Secured Parties, a security interest and lien in, to and under the following, whether now existing or hereafter acquired or arising and wherever located (the "***Collateral***"):

(a) all of such Pledgor's rights to make Capital Calls of the Capital Commitments of the Investors and all other rights, titles, interests, powers and privileges related to, appurtenant to or arising out of such Pledgor's right to require or demand that the Investors make Capital Contributions to the Guarantor;

(b) all of such Pledgor's rights, titles, interests and privileges in and to the Capital Commitments, the Uncalled Capital Commitments and the Capital Contributions made by its Investors;

(c) all of such Pledgor's rights, titles, interests, remedies, and privileges under the Partnership Documents (i) to issue and enforce Capital Calls, (ii) to receive and enforce Capital Contributions and (iii) relating to Capital Calls, Capital Commitments, Uncalled Capital Commitments or Capital Contributions, whether now owned or hereafter acquired; and

(d) all proceeds of any and all of the foregoing.

The Administrative Agent acknowledges that, with respect to any general partner of the Guarantor, the Collateral does not include a security interest in any equity interest of such general partner of the Guarantor.

5. In furtherance of the pledge above, each Pledgor shall execute such forms, authorizations, documents and instruments, and do such other things, as the Administrative Agent shall, in its sole discretion, request in order to require that all Investors deposit directly to the Collateral Account all monies or sums paid or to be paid by them as and when Capital Calls are made pursuant to the Partnership Documents. The Pledgors shall take all action necessary to fully preserve, maintain and protect the security interest in the Collateral granted to the Administrative Agent for the benefit of the Secured Parties, including, without limitation, the first priority status of such security interest. At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Pledgors, the Pledgors shall promptly and duly execute and deliver such further instruments and documents and take such further actions as the Administrative Agent may request, in its sole discretion, in order to ensure that the Administrative Agent has a valid, first priority, perfected security interest in the Collateral and any proceeds thereof or for the purposes of obtaining, confirming or preserving the full benefits of this Security Agreement and of the rights and powers herein granted.

6. The Guarantor hereby confirms that the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof. In addition, the Guarantor further hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, and covenants and agrees with Administrative Agent, for the benefit of the Secured Parties, as follows:

(a) That it has not heretofore transferred, assigned, pledged, hypothecated, granted any security interest in, or encumbered all or any portion of the Collateral to any party other than Administrative Agent;

(b) That it has the full right and power to make the transfer, pledge and assignment and grant the security interests granted hereby;

(c) That it has reviewed the UCC financing statements which the Administrative Agent intends to file with respect to the Collateral and that such UCC financing statements are accurate with respect to any information pertaining to it;

(d) That it was formed in, and only in, the State of Delaware;

(e) That it hereby authorizes the Administrative Agent to file UCC financing statements with the appropriate Secretary of State in order to perfect the Administrative Agent's first priority security interest in the Collateral, and it hereby authorizes the Administrative Agent to file all continuation statements, amendments or new UCC financing statements necessary to maintain the continuing perfection by filing of the Administrative Agent's first priority security interest in the Collateral;

(f) That it shall not grant or create (nor shall either suffer any other Person to grant or create) any other Liens on any Collateral, whether junior, equal, or superior in priority to the Liens created by the Loan Documents; and

(g) That it shall perform all such acts and execute all such documents as the Administrative Agent may request, in its sole discretion, in order to enable the Secured Parties to file and record every instrument that the Administrative Agent may deem necessary in order to perfect and maintain the Secured Parties' first priority liens and security interests in the Collateral and otherwise to preserve, protect, maintain and confirm the rights of the Secured Parties in respect of such liens and security interests.

7. The Guarantor General Partner hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, and covenants and agrees with Administrative Agent, for the benefit of the Secured Parties, as follows:

(a) That (i) it is the sole general partner of the Guarantor, (ii) it has the authority to execute this Security Agreement and to perform its obligations hereunder, (iii) this Security Agreement has been duly authorized, executed and delivered, and (iv) this Security Agreement constitutes the legal, valid and binding obligations of the Guarantor General Partner, enforceable in accordance with the terms hereof, subject to Debtor Relief Laws and to general principles of equity;

(b) That it has not heretofore transferred, assigned, pledged, hypothecated, granted any security interest in, or encumbered all or any portion of the Collateral to any party other than Administrative Agent and that it has the full right and power to make the transfer, pledge and assignment and grant the security interests granted hereby;

(c) That it has reviewed the UCC financing statements which the Administrative Agent intends to file with respect to the Collateral and that such UCC financing statements are accurate with respect to any information pertaining to it;

(d) That it was formed in, and only in, the State of Maryland;

(e) That it hereby authorizes the Administrative Agent to file UCC financing statements with the appropriate Secretary of State in order to perfect the Administrative Agent's first priority security interest in the Collateral, and it hereby authorizes the Administrative Agent to file all continuation statements, amendments or new UCC financing statements necessary to maintain the continuing perfection by filing of the Administrative Agent's first priority security interest in the Collateral;

(f) That it shall not grant or create (nor shall either suffer any other Person to grant or create) any other Liens on any Collateral, whether junior, equal, or superior in priority to the Liens created by the Loan Documents; and

(g) That it shall perform all such acts and execute all such documents as the Administrative Agent may request, in its sole discretion, in order to enable the Secured Parties to file and record every instrument that the Administrative Agent may deem necessary in order to perfect and maintain the Secured Parties' first priority liens and security interests in the Collateral and otherwise to preserve, protect, maintain and confirm the rights of the Secured Parties in respect of such liens and security interests.

8. Upon the occurrence of an Event of Default, the Administrative Agent, on behalf of the Secured Parties, is hereby authorized, in its own name or the name of any Pledgor, to notify any or all parties obligated to the Guarantor with respect to the Uncalled Capital Commitments to make all payments due or to become due thereon directly to Administrative Agent for the benefit of the Secured Parties at the Collateral Account or at a different account than that specified in the Credit Agreement, or to initiate one or more Capital Calls in order to pay the Obligations or for any other purpose contemplated by the Credit Agreement (which Capital Calls may be in excess of the amount owing under the Credit Agreement if required in order to comply with ERISA or otherwise result in payment in full of the Obligations).

9. The Administrative Agent, on behalf of the Secured Parties, is hereby granted an irrevocable power of attorney, which is coupled with an interest, to (i) execute, deliver and perfect all documents and do all things that the Administrative Agent considers to be required or desirable to carry out the acts and exercise the powers set forth herein and (ii) execute all checks, drafts, receipts, instruments, instructions or other documents, agreements or items on behalf of the Pledgors upon the occurrence of an Event of Default, as shall be deemed by the Administrative Agent to be necessary or advisable to protect the security interests and liens herein granted or the repayment of the Obligations.

10.

(a) Upon the occurrence of an Event of Default, the Administrative Agent, on behalf of the Secured Parties, shall have the following additional rights with respect to the Collateral:

(iii) To sell the Collateral or any part thereof, upon giving at least ten (10) days' prior notice to the Pledgors of the time and place of sale (which notice each Pledgor and the Administrative Agent agree is commercially reasonable), for cash or upon credit or for future delivery; the Pledgors hereby waive all rights, if any, of marshalling the Collateral and any other security for the Obligations, and at the option and in the complete discretion of the Administrative Agent, either:

(A) at public sale; or

(B) at private sale, in which event such notice shall also contain the terms of the proposed sale, and the Pledgors shall have until the time of such proposed sale in which to redeem the Collateral or to procure a purchaser willing, ready and able to purchase the Collateral on terms more favorable to the Pledgors, the Secured Parties and the holders of the Notes, and if such a purchaser is so procured, then the Administrative Agent shall sell the Collateral to the purchaser so procured; and

(iv) To bid for and to acquire, unless prohibited by applicable law, free from any redemption right, the Collateral, or any part thereof, and, if the Secured Parties are then the holders of the Obligations or any participation or other interest therein, in lieu of paying cash therefor, the Administrative Agent on behalf of the Secured Parties may make settlement for the selling price by crediting the net selling price, if any, after deducting all costs and expenses of every kind, upon the outstanding principal amount of the Obligations, in such order and manner as the Administrative Agent on behalf of the Secured Parties, in its discretion, may deem advisable. The Administrative Agent for the benefit of the Secured Parties, upon so acquiring the Collateral, or any part thereof, shall be entitled to hold or otherwise deal with or dispose of the same in any manner not prohibited by applicable law.

(a) From time to time the Administrative Agent may, but shall not be obligated to, postpone the time and change the place of any proposed sale of any of the Collateral for which notice has been given as provided above if, in the judgment of Administrative Agent, such postponement or change is necessary or appropriate in order that the provisions of this Security Agreement applicable to such sale may be fulfilled or in order to obtain more favorable conditions under which such sale may take place. The Administrative Agent shall give the Pledgors reasonable notice of such change.

(b) In case of any sale by the Administrative Agent of any of the Collateral on credit, which may be elected at the option and in the complete discretion of Administrative Agent, on behalf of the Secured Parties, the Collateral so sold may be retained by the Administrative Agent for the benefit of the Secured Parties until the selling price is paid by the purchaser, but neither Administrative Agent nor the Secured Parties shall incur any liability in case of failure of the purchaser to take up and pay for the Collateral so sold. In case of any such

failure, such Collateral so sold may be again similarly sold. After deducting all costs or expenses of every kind (including, without limitation, the reasonable attorneys' fees and legal expenses incurred by the Administrative Agent and the Secured Parties), the Administrative Agent shall apply the residue of the proceeds of any sale or sales, if any, to pay the principal of and interest upon the Obligations in accordance with Section 3.4 of the Credit Agreement. The excess, if any, shall be paid to Pledgors, as applicable, or as otherwise required by applicable law. Neither the Administrative Agent nor the Secured Parties shall incur any liability as a result of the sale of the Collateral at any private sale or sales.

(c) All recitals in any instrument of assignment or any other instrument executed by the Administrative Agent for the benefit of the Secured Parties or by the Lenders incident to the sale, transfer, assignment or other disposition or utilization of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein and no other proof shall be required to establish full legal propriety of the sale or other action taken by Administrative Agent for the benefit of the Secured Parties or by the Lenders or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action shall be presumed conclusively to have been performed or to have occurred.

11. Notwithstanding a foreclosure upon any of the Collateral or exercise of any other remedy by Administrative Agent on behalf of the Secured Parties upon the occurrence of an Event of Default: (i) no Pledgor shall be subrogated thereby to any rights of Administrative Agent for the benefit of the Secured Parties against the Collateral or any other security for the Obligations, or any Pledgor, or any property of any Pledgor; (ii) nor shall any Pledgor be deemed to be the owner of any interest in the Obligations; and (iii) nor shall any Pledgor exercise any rights or remedies with respect to any Pledgor or the Collateral or any other security for the Obligations or any of them or the property of any Pledgor until the Obligations has been paid to Administrative Agent for the benefit of the Secured Parties and is fully performed and discharged.

12. The Guarantor General Partner and the Guarantor hereby agrees to the subordination of Other Claims in accordance with Section 5.4 of the Credit Agreement.

13. Subject to Section 12.5 of the Credit Agreement, the Administrative Agent and the Secured Parties shall have all rights, remedies and recourse granted in the Loan Documents and any other instruments executed to provide security for or in connection with the payment and performance of the Obligations or existing at common law or equity (including those granted by the Uniform Commercial Code, as adopted in the State of New York and any other state which governs the creation or perfection (and the effect thereof) of any security interest in the Collateral, and the right of offset), and such rights and remedies: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively or concurrently against any or all Pledgors and any other party obligated under the Obligations, or against the Collateral, or any of such Collateral, or any other security for the Obligations, or any of them, at the sole discretion of the Administrative Agent, on behalf of the Secured Parties; (iii) may be exercised as often as occasion therefor shall arise, it being agreed by the Pledgors that the exercise or failure to exercise any of the same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse; and (iv) are intended to be and shall be, non-exclusive.

14. No delay or omission on the part of Administrative Agent or Secured Parties in exercising any right hereunder shall operate as a waiver of any such right or any other right. A waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

15. Regardless of any provision hereof, in the absence of gross negligence or willful misconduct by the Administrative Agent or the Secured Parties, neither the Administrative Agent nor the Secured Parties shall be liable for any the failure of the Administrative Agent to collect or exercise diligence in the collection, possession, or any transaction concerning, all or part of the Capital Calls, or the Uncalled Capital Commitment or sums due or paid thereon or any remedies related to the enforcement thereof nor shall they be under any obligation whatsoever to anyone by virtue of the security interests and Liens relating to the Capital Commitment. Further, neither Administrative Agent nor the Secured Parties shall be responsible in any way for any depreciation in the value of the Collateral nor have any duty or responsibility whatsoever to take any steps to preserve any rights of any Pledgor in the Collateral or under the Partnership Documents.

16. Neither Administrative Agent nor the Secured Parties has assumed, and nothing contained herein shall be declared to have imposed upon Administrative Agent or the Secured Parties, any of the Guarantor's duties or Obligations or the Guarantor General Partner's duties or Obligations as a partner of the Guarantor, except that the Administrative Agent and the Secured Parties shall be bound by the provisions of the Partnership Agreement in exercising rights and remedies thereunder assigned to the Administrative Agent hereunder.

17. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be given in the manner provided in the Credit Agreement (with notices, demands, requests or other communications to the Guarantor General Partner being sent to the same address as the Guarantor).

18. Reference is hereby made to Section 11.9 of the Credit Agreement for the terms and conditions upon which a successor Administrative Agent hereunder may be appointed. Wherever the words "***Administrative Agent***" are used herein, the same shall mean the Administrative Agent named in the first paragraph of this Security Agreement or the successor Administrative Agent at the time in question.

19. This Security Agreement shall be binding upon and inure to the benefit of and be enforceable by the undersigned and their respective successors and assigns. This Security Agreement may not be assigned by any Pledgor. This Security Agreement may be assigned by the Administrative Agent without the consent of any Pledgor to any successor Administrative Agent under the Credit Agreement.

20. The headings to the various paragraphs of this Security Agreement shall have been inserted for convenient reference only and shall not modify, define, limit or expand the expressed provisions of this Security Agreement. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, and such counterparts shall together constitute but one and the same instrument.

21. This Security Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Security Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

22. Any suit, action or proceeding against any party hereto with respect to this Security Agreement or any judgment entered by any court in respect thereof, may be brought in the courts of the State of New York, or in the United States Courts located in the Borough of Manhattan in New York City, pursuant to Section 5-1402 of the New York General Obligations Law, as Administrative Agent and Secured Parties in their sole discretion may elect and each party hereto hereby submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. Each party hereto hereby irrevocably consents to the service of process in any suit, action or proceeding in said court by the mailing thereof by the Administrative Agent, on behalf of the Secured Parties, by registered or certified mail, postage prepaid, to such party's address set forth in the Credit Agreement. Each party hereto hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Security Agreement brought in the courts located in the State of New York, Borough of Manhattan in New York City, and each party hereto hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THIS SECURITY AGREEMENT, WHICH WAIVER IS INFORMED AND VOLUNTARY.

23. The remedies given to the Administrative Agent on behalf of the Secured Parties hereunder are cumulative and in addition to any and all other rights which Administrative Agent on behalf of Secured Parties may have against any Pledgor or any other Person, at law or in equity, including exoneration and subrogation, or by virtue of any other agreement.

24. This Security Agreement and the provisions set forth herein shall continue until payment in full of the Obligations, and the Administrative Agent's and the Secured Parties' rights hereunder shall not be released, diminished, impaired, reduced or adversely affected by: (i) the renewal, extension, modification, amendment or alteration of the Credit Agreement or any other Loan Document or any related document or instrument in accordance with the terms thereof; (ii) any adjustment, indulgence, forbearance or compromise that might be granted or given by the Administrative Agent or the Secured Parties to any primary or secondary obligor or in connection with any security for the Obligations; (iii) any full or partial release of any of the foregoing; or (iv) notice of any of the foregoing.

25. On the full, final, and complete satisfaction of the Obligations (other than any part of the Obligations which survives termination of the Credit Agreement), this Security Agreement shall be of no further force or effect. Thereafter, upon request, the Administrative Agent, on behalf of the Secured Parties, shall promptly provide Pledgors, at their sole expense, a written release of their respective Obligations hereunder and of the Collateral and, so long as the Pledgors have written confirmation from the Administrative Agent that this Security Agreement has been terminated as

provided above, the Pledgors shall be authorized to prepare and file UCC termination statements terminating all UCC financing statements filed of record in connection with this Security Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the day and year first above written.

PLEDGORS:

GUARANTOR:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

GUARANTOR GENERAL PARTNER:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

THIS SECURITY AGREEMENT ACCEPTED AND AGREED BY:

ADMINISTRATIVE AGENT:

BANK OF AMERICA N.A.,
as Administrative Agent

By:__
Name:
Title:

EXHIBIT C-3
FORM OF PLEDGOR SECURITY AGREEMENT

Dated as of [_____], [●] 2012

THIS PLEDGOR SECURITY AGREEMENT (the "***Security Agreement***") is executed and delivered as of the date above by [ACADIA INVESTORS IV, INC], a [MARYLAND CORPORATION] (the "***Pledgor***"), in favor of BANK OF AMERICA N.A., as administrative agent (the "***Administrative Agent***"), for the benefit of the Secured Parties (as defined in the Credit Agreement).

Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any other Borrowers which become a party thereto pursuant to the provisions thereof (the "***Borrowers***")], the Pledgor, the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Reference is also made to that certain Stockholder Agreement of the Pledgor dated [May 16, 2012] (as the same may be amended, restated, modified, or supplemented from time to time, the "***Stockholder Agreement***") and the Subscription Agreements (as defined in the Credit Agreement) of the Pledgor (together with the Stockholder Agreement, the "***Stockholder Documents***").

1. The Pledgor hereby confirms that it is receiving direct or indirect benefit from the loans and letters of credit to be evidenced by the Obligations, and that the grant of the security interest in the Collateral hereunder and the execution of this Security Agreement is a condition to the granting of such loans and issuance of such letters of credit;

2. The pledge set forth in this Security Agreement shall secure the payment and the performance of the Obligations.

3. Pursuant to the Stockholder Documents, the Pledgor may make one or more Capital Calls upon the Investors to make contributions to the capital of the Pledgor subject to certain limitations specified in the Stockholder Agreements.

4. In order to secure the Notes and the Obligations, the Pledgor, as applicable, hereby pledges, transfers and assigns to the Administrative Agent for the benefit of the Secured Parties and grants to the Administrative Agent for the benefit of the Secured Parties, a security interest and lien in, to and under the following, whether now existing or hereafter acquired or arising and wherever located (the "***Collateral***"):

(a) all of the Pledgor's rights to make Capital Calls of the Capital Commitments of the Investors and all other rights, titles, interests, powers and privileges related to, appurtenant to or arising out of the Pledgor's right to require or demand that the Investors make Capital Contributions to the Pledgor;

(b) all of the Pledgor's rights, titles, interests and privileges in and to the Capital Commitments, the Uncalled Capital Commitments and the Capital Contributions made by its Investors;

(c) all of the Pledgor's rights, titles, interests, remedies, and privileges under the Stockholder Documents (i) to issue and enforce Capital Calls, (ii) to receive and enforce Capital Contributions and (iii) relating to Capital Calls, Capital Commitments, Uncalled Capital Commitments or Capital Contributions, whether now owned or hereafter acquired; and

(d) all proceeds of any and all of the foregoing.

5. In furtherance of the pledge above, the Pledgor shall execute such forms, authorizations, documents and instruments, and do such other things, as the Administrative Agent shall, in its sole discretion, request in order to require that all Investors deposit directly to the Collateral Account all monies or sums paid or to be paid by them as and when Capital Calls are made pursuant to the Stockholder Documents. The Pledgor shall take all action necessary to fully preserve, maintain and protect the security interest in the Collateral granted to the Administrative Agent for the benefit of the Secured Parties, including, without limitation, the first priority status of such security interest. At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Pledgor, the Pledgor shall promptly and duly execute and deliver such further instruments and documents and take such further actions as the Administrative Agent may request, in its sole discretion, in order to ensure that the Administrative Agent has a valid, first priority, perfected security interest in the Collateral and any proceeds thereof or for the purposes of obtaining, confirming or preserving the full benefits of this Security Agreement and of the rights and powers herein granted.

6. The Pledgor hereby confirms that the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof. In addition, the Pledgor further hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, and covenants and agrees with Administrative Agent, for the benefit of the Secured Parties, as follows:

(a) That it has not heretofore transferred, assigned, pledged, hypothecated, granted any security interest in, or encumbered all or any portion of the Collateral to any party other than Administrative Agent;

(b) That it has the full right and power to make the transfer, pledge and assignment and grant the security interests granted hereby;

(c) That it has reviewed the UCC financing statements which the Administrative Agent intends to file with respect to the Collateral and that such UCC financing statements are accurate with respect to any information pertaining to it;

(d) That it was formed in, and only in, the State of Delaware;

(e) That it hereby authorizes the Administrative Agent to file UCC financing statements with the appropriate Secretary of State in order to perfect the Administrative Agent's first priority security interest in the Collateral, and it hereby authorizes the Administrative Agent to file all continuation statements, amendments or new UCC financing statements necessary to maintain the continuing perfection by filing of the Administrative Agent's first priority security interest in the Collateral;

(f) That it shall not grant or create (nor shall either suffer any other Person to grant or create) any other Liens on any Collateral, whether junior, equal, or superior in priority to the Liens created by the Loan Documents; and

(g) That it shall perform all such acts and execute all such documents as the Administrative Agent may request, in its sole discretion, in order to enable the Secured Parties to file and record every instrument that the Administrative Agent may deem necessary in order to perfect and maintain the Secured Parties' first priority liens and security interests in the Collateral and otherwise to preserve, protect, maintain and confirm the rights of the Secured Parties in respect of such liens and security interests.

7. Upon the occurrence of an Event of Default, the Administrative Agent, on behalf of the Secured Parties, is hereby authorized, in its own name or the name of any Pledgor, to notify any or all parties obligated to the Pledgor with respect to the Uncalled Capital Commitments to make all payments due or to become due thereon directly to Administrative Agent for the benefit of the Secured Parties at the Collateral Account or at a different account than that specified in the Credit Agreement, or to initiate one or more Capital Calls in order to pay the Obligations or for any other purpose contemplated by the Credit Agreement (which Capital Calls may be in excess of the amount owing under the Credit Agreement if required in order to comply with ERISA or otherwise result in payment in full of the Obligations).

8. The Administrative Agent, on behalf of the Secured Parties, is hereby granted an irrevocable power of attorney, which is coupled with an interest, to (i) execute, deliver and perfect all documents and do all things that the Administrative Agent considers to be required or desirable to carry out the acts and exercise the powers set forth herein and (ii) execute all checks, drafts, receipts, instruments, instructions or other documents, agreements or items on behalf of the Pledgor upon the occurrence of an Event of Default, as shall be deemed by the Administrative Agent to be necessary or advisable to protect the security interests and liens herein granted or the repayment of the Obligations.

9.

(a) Upon the occurrence of an Event of Default, the Administrative Agent, on behalf of the Secured Parties, shall have the following additional rights with respect to the Collateral:

(v) To sell the Collateral or any part thereof, upon giving at least ten (10) days' prior notice to the Pledgor of the time and place of sale (which notice the Pledgor and the Administrative Agent agree is commercially reasonable), for cash or upon credit or for future delivery; the Pledgor hereby waive all rights, if any, of marshalling the Collateral and any other security for the Obligations, and at the option and in the complete discretion of the Administrative Agent, either:

(A) at public sale; or

(B) at private sale, in which event such notice shall also contain the terms of the proposed sale, and the Pledgor shall have until the time of such proposed sale in which to redeem the Collateral or to procure a purchaser willing, ready and able to purchase the Collateral on terms more favorable to the Pledgor, the Secured Parties and the holders of the Notes, and if such a purchaser is so procured, then the Administrative Agent shall sell the Collateral to the purchaser so procured; and

(vi) To bid for and to acquire, unless prohibited by applicable law, free from any redemption right, the Collateral, or any part thereof, and, if the Secured Parties are then the holders of the Obligations or any participation or other interest therein, in lieu of paying cash therefor, the Administrative Agent on behalf of the Secured Parties may make settlement for the selling price by crediting the net selling price, if any, after deducting all costs and expenses of every kind, upon the outstanding principal amount of the Obligations, in such order and manner as the Administrative Agent on behalf of the Secured Parties, in its discretion, may deem advisable. The Administrative Agent for the benefit of the Secured Parties, upon so acquiring the Collateral, or any part thereof, shall be entitled to hold or otherwise deal with or dispose of the same in any manner not prohibited by applicable law.

(b) From time to time the Administrative Agent may, but shall not be obligated to, postpone the time and change the place of any proposed sale of any of the Collateral for which notice has been given as provided above if, in the judgment of Administrative Agent, such postponement or change is necessary or appropriate in order that the provisions of this Security Agreement applicable to such sale may be fulfilled or in order to obtain more favorable conditions under which such sale may take place. The Administrative Agent shall give the Pledgor reasonable notice of such change.

(c) In case of any sale by the Administrative Agent of any of the Collateral on credit, which may be elected at the option and in the complete discretion of Administrative Agent, on behalf of the Secured Parties, the Collateral so sold may be retained by the Administrative Agent for the benefit of the Secured Parties until the selling price is paid by the purchaser, but neither Administrative Agent nor the Secured Parties shall incur any liability in case of failure of the purchaser to take up and pay for the Collateral so sold. In case of any such

failure, such Collateral so sold may be again similarly sold. After deducting all costs or expenses of every kind (including, without limitation, the reasonable attorneys' fees and legal expenses incurred by the Administrative Agent and the Secured Parties), the Administrative Agent shall apply the residue of the proceeds of any sale or sales, if any, to pay the principal of and interest upon the Obligations in accordance with Section 3.4 of the Credit Agreement. The excess, if any, shall be paid to Pledgor, as applicable, or as otherwise required by applicable law. Neither the Administrative Agent nor the Secured Parties shall incur any liability as a result of the sale of the Collateral at any private sale or sales.

(d) All recitals in any instrument of assignment or any other instrument executed by the Administrative Agent for the benefit of the Secured Parties or by the Lenders incident to the sale, transfer, assignment or other disposition or utilization of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein and no other proof shall be required to establish full legal propriety of the sale or other action taken by Administrative Agent for the benefit of the Secured Parties or by the Lenders or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action shall be presumed conclusively to have been performed or to have occurred.

10. Notwithstanding a foreclosure upon any of the Collateral or exercise of any other remedy by Administrative Agent on behalf of the Secured Parties upon the occurrence of an Event of Default: (i) the Pledgor shall not be subrogated thereby to any rights of Administrative Agent for the benefit of the Secured Parties against the Collateral or any other security for the Obligations, or the Pledgor, or any property of the Pledgor; (ii) nor shall the Pledgor be deemed to be the owner of any interest in the Obligations; and (iii) nor shall the Pledgor exercise any rights or remedies with respect to the Pledgor or the Collateral or any other security for the Obligations or any of them or the property of the Pledgor until the Obligations has been paid to Administrative Agent for the benefit of the Secured Parties and is fully performed and discharged.

11. The Pledgor hereby agrees to the subordination of Other Claims in accordance with Section 5.4 of the Credit Agreement.

12. Subject to Section 12.5 of the Credit Agreement, the Administrative Agent and the Secured Parties shall have all rights, remedies and recourse granted in the Loan Documents and any other instruments executed to provide security for or in connection with the payment and performance of the Obligations or existing at common law or equity (including those granted by the Uniform Commercial Code, as adopted in the State of New York and any other state which governs the creation or perfection (and the effect thereof) of any security interest in the Collateral, and the right of offset), and such rights and remedies: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively or concurrently against the Pledgor and any other party obligated under the Obligations, or against the Collateral, or any of such Collateral, or any other security for the Obligations, or any of them, at the sole discretion of the Administrative Agent, on behalf of the Secured Parties; (iii) may be exercised as often as occasion therefor shall arise, it being agreed by the Pledgor that the exercise or failure to exercise any of the same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse; and (iv) are intended to be and shall be, non-exclusive.

13. No delay or omission on the part of Administrative Agent or Secured Parties in exercising any right hereunder shall operate as a waiver of any such right or any other right. A waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

14. Regardless of any provision hereof, in the absence of gross negligence or willful misconduct by the Administrative Agent or the Secured Parties, neither the Administrative Agent nor the Secured Parties shall be liable for any the failure of the Administrative Agent to collect or exercise diligence in the collection, possession, or any transaction concerning, all or part of the Capital Calls or the Uncalled Capital Commitment or sums due or paid thereon or any remedies related to the enforcement thereof nor shall they be under any obligation whatsoever to anyone by virtue of the security interests and Liens relating to the Capital Commitment. Further, neither Administrative Agent nor the Secured Parties shall be responsible in any way for any depreciation in the value of the Collateral nor have any duty or responsibility whatsoever to take any steps to preserve any rights of the Pledgor in the Collateral or under the Stockholder Documents.

15. Neither Administrative Agent nor the Secured Parties has assumed, and nothing contained herein shall be declared to have imposed upon Administrative Agent or the Secured Parties, any of the Pledgor's duties or Obligations, except that the Administrative Agent and the Secured Parties shall be bound by the provisions of the Stockholder Agreement in exercising rights and remedies thereunder assigned to the Administrative Agent hereunder.

16. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be given in the manner provided in the Credit Agreement.

17. Reference is hereby made to Section 11.9 of the Credit Agreement for the terms and conditions upon which a successor Administrative Agent hereunder may be appointed. Wherever the words "***Administrative Agent***" are used herein, the same shall mean the Administrative Agent named in the first paragraph of this Security Agreement or the successor Administrative Agent at the time in question.

18. This Security Agreement shall be binding upon and inure to the benefit of and be enforceable by the undersigned and their respective successors and assigns. This Security Agreement may not be assigned by the Pledgor. This Security Agreement may be assigned by the Administrative Agent without the consent of the Pledgor to any successor Administrative Agent under the Credit Agreement.

19. The headings to the various paragraphs of this Security Agreement shall have been inserted for convenient reference only and shall not modify, define, limit or expand the expressed provisions of this Security Agreement. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, and such counterparts shall together constitute but one and the same instrument.

20. This Security Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Security Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein)

and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

21. Any suit, action or proceeding against any party hereto with respect to this Security Agreement or any judgment entered by any court in respect thereof, may be brought in the courts of the State of New York, or in the United States Courts located in the Borough of Manhattan in New York City, pursuant to Section 5-1402 of the New York General Obligations Law, as Administrative Agent and Secured Parties in their sole discretion may elect and each party hereto hereby submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. Each party hereto hereby irrevocably consents to the service of process in any suit, action or proceeding in said court by the mailing thereof by the Administrative Agent, on behalf of the Secured Parties, by registered or certified mail, postage prepaid, to such party's address set forth in the Credit Agreement. Each party hereto hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Security Agreement brought in the courts located in the State of New York, Borough of Manhattan in New York City, and each party hereto hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THIS SECURITY AGREEMENT, WHICH WAIVER IS INFORMED AND VOLUNTARY.

22. The remedies given to the Administrative Agent on behalf of the Secured Parties hereunder are cumulative and in addition to any and all other rights which Administrative Agent on behalf of Secured Parties may have against any Pledgor or any other Person, at law or in equity, including exoneration and subrogation, or by virtue of any other agreement.

23. This Security Agreement and the provisions set forth herein shall continue until payment in full of the Obligations, and the Administrative Agent's and the Secured Parties' rights hereunder shall not be released, diminished, impaired, reduced or adversely affected by: (i) the renewal, extension, modification, amendment or alteration of the Credit Agreement or any other Loan Document or any related document or instrument in accordance with the terms thereof; (ii) any adjustment, indulgence, forbearance or compromise that might be granted or given by the Administrative Agent or the Secured Parties to any primary or secondary obligor or in connection with any security for the Obligations; (iii) any full or partial release of any of the foregoing; or (iv) notice of any of the foregoing.

24. On the full, final, and complete satisfaction of the Obligations (other than any part of the Obligations which survives termination of the Credit Agreement), this Security Agreement shall be of no further force or effect. Thereafter, upon request, the Administrative Agent, on behalf of the Secured Parties, shall promptly provide the Pledgor, at its sole expense, a written release of their respective Obligations hereunder and of the Collateral and, so long as the Pledgor has written confirmation from the Administrative Agent that this Security Agreement has been terminated as provided above, the Pledgor shall be authorized to prepare and file UCC termination statements terminating all UCC financing statements filed of record in connection with this Security Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the day and year first above written.

PLEDGOR:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

THIS PLEDGE ACCEPTED

AND AGREED BY:

ADMINISTRATIVE AGENT:

BANK OF AMERICA N.A.,
as Administrative Agent

By:__
Name:
Title:

EXHIBIT D
FORM OF COLLATERAL ACCOUNT ASSIGNMENT

For value received, [**ACADIA STRATEGIC OPPORTUNITY FUND IV LLC**, a Delaware limited liability company][**ACADIA REALTY LIMITED PARTNERSHIP**, a Delaware limited partnership][**ACADIA INVESTORS IV, INC**, a Maryland corporation] (the "***Assignor***"), hereby transfers and pledges to **BANK OF AMERICA, N.A.**, as Administrative Agent, on behalf of the Secured Parties, under that certain Revolving Credit Agreement (as amended, modified, supplemented, or restated from time to time, the "***Credit Agreement***"), dated as of November 21, 2012, by and among the Assignor [as borrower][as guarantor][as pledgor], [Acadia Realty Limited Partnership, a Delaware limited partnership as guarantor][Acadia Strategic Opportunity Fund IV LLC, a Delaware limited liability company as borrower][Acadia Investors IV, Inc, a Maryland corporation as pledgor], Bank of America, N.A., as administrative agent (in such capacity, the "***Administrative Agent***"), Structuring Agent, Sole Lead Arranger, Sole Book Manager, Letter of Credit Issuer and as a Lender and the other parties from time to time party thereto, and grants to Administrative Agent, for the benefit of each Secured Party, a common law lien, claim, encumbrance upon and security interest in deposit account no. [_____] at Bank of America, N.A. ("***Depository***"), with reference to "***[_____]***" and any extensions or renewals thereof, if the account is one which may be extended or renewed, and any successor or substitute accounts (such account or accounts and any extensions or renewals being hereinafter called the "***Collateral Account***", together with all of Assignor's right, title, and interest (whether now existing or hereafter created or arising) in and to the Collateral Account, all sums now or at any time hereafter on deposit therein, credited thereto, or payable thereon, all proceeds and products thereof, and all instruments, documents, certificates, and other writings evidencing the Collateral Account, on the following terms and conditions:

1. This assignment of the Collateral Account shall secure the payment and the performance of the Obligations (as defined in the Credit Agreement).

2. Assignor represents and warrants that:

   a. subject to Administrative Agent's and the Secured Parties' rights with respect to the Collateral Account on the records of the Depository, Assignor is the sole owner of the Collateral Account and has authority to execute and deliver this assignment;

   b. except for any financing statement which may have been filed by the Administrative Agent for the benefit of the Secured Parties, no financing statement covering the Collateral Account, or any part thereof, has been filed with any filing officer;

   c. except for the security agreement entered into in favor of the Administrative Agent on behalf of the Secured Parties, no other assignment or security agreement has been executed with respect to the Collateral Account; and

   d. the Collateral Account is not subject to any Liens or offsets of any Person other than Administrative Agent, the Secured Parties and the Depository.

3. So long as the Obligations or any part thereof remains unpaid, Assignor covenants and agrees:

a. (i) from time to time promptly to execute and deliver to Administrative Agent all such other assignments, certificates, passbooks, and supplemental writings, and do all other acts or things as Administrative Agent may reasonably request in order to more fully evidence and perfect the security interest herein created; and (ii) Administrative Agent may file such financing statements, amendments thereto and continuations thereof as Administrative Agent may reasonably deem appropriate in order to more fully evidence and perfect the security interest herein created;

b. promptly to furnish Administrative Agent with any information or writings which Administrative Agent may reasonably request concerning the Collateral Account;

c. promptly to notify Administrative Agent of any change in any fact or circumstances warranted or represented by Assignor herein or in any other writing furnished by Assignor to Administrative Agent in connection with the Collateral Account or the Obligations;

d. promptly to notify Administrative Agent of any claim, action, or proceeding affecting title to the Collateral Account, or any part thereof, or the security interest herein, and, at the request of Administrative Agent, appear in and defend any such action or proceeding; and

e. to pay to Administrative Agent the amount of any court costs and reasonable attorney's fees assessed by a court and incurred by Administrative Agent following any Event of Default or Cash Control Event hereunder.

4. Assignor covenants and agrees that without the prior consent of Administrative Agent Assignor will not:

a. create any Lien in or upon, or otherwise encumber, or assign the Collateral Account, or any part thereof, or permit the same to be or become subject to any Lien, attachment, execution, sequestration, other legal or equitable process, or any encumbrance of any kind or character, except the Lien herein created and any offset rights inuring to the benefit of Depository, but only to the extent same are subordinated to Secured Parties' Liens; or

b. request, make or allow to be made any withdrawals from the Collateral Account except as provided hereunder or in *Section 5.2* of the Credit Agreement.

Should any funds payable with respect to the Collateral Account be received by Assignor, they shall immediately upon such receipt become subject to the Lien hereof and while in the hands of Assignor be segregated from all other funds of Assignor and be held in trust for Secured Parties. Except as otherwise provided in the Credit Agreement, Assignor shall have absolutely no dominion or control over such funds except to immediately deposit them into the Collateral Account. Assignor acknowledges and agrees that Depository shall comply with instructions originated in writing by Administrative Agent in accordance with the terms hereof and of the Credit Agreement directing the disposition of funds in the Collateral Account without further consent of Assignor.

5. Administrative Agent's or the Secured Parties' rights hereunder shall not be released, diminished, impaired, reduced or adversely affected by:

a. any adjustment, indulgence, forbearance or compromise that might be granted or given by Administrative Agent, on behalf of the Secured Parties, or the Secured Parties to any primary or secondary obligor or in connection with any security for the Obligations;

b. any full or partial release of any security for the Obligations;

c. any other action taken or omitted to be taken by Administrative Agent, on behalf of the Secured Parties, or the Secured Parties in connection with the Obligations, whether or not such action or omission prejudices Assignor or increases the likelihood that the Collateral Account will be applied to the Obligations; or

d. notice of any of the foregoing.

6. Administrative Agent, in its discretion, without in any manner impairing any rights and powers of Secured Parties hereunder, may, at any time and from time to time, without further consent of or notice to Assignor, and with or without valuable consideration:

a. renew or extend the maturity of or accept partial payments upon the Obligations or any part thereof;

b. release any person primarily or secondarily liable in respect of the Obligations or any security therefor;

c. alter in any manner that the Secured Parties may elect the terms of any instrument evidencing the Obligations or any part thereof either as to the maturity thereof, rate of interest, method of payment, parties thereto or otherwise;

d. renew, extend or accept partial payments upon, release or permit substitutions for or withdrawals of, any security (other than the Collateral Account) at any time directly or indirectly, immediately or remotely, securing the payment of the Obligations or any part thereof; and

e. release or pay to Assignor, or any other person otherwise entitled thereto, any amount paid or payable in respect of any such other direct or indirect security for the Obligations, or any part thereof.

7. Should any person other than Assignor have heretofore executed or hereafter execute, in favor of the Secured Parties, any deed of trust, mortgage, or security agreement, or have heretofore pledged or hereafter pledge any other property to secure the payment of the Obligations, or any part thereof, the exercise by the Secured Parties of any right or power conferred upon any of them in any such instrument, or by any such pledge, shall be wholly discretionary with each Secured Party, and the exercise or failure to exercise any such right or power shall not impair or diminish the Secured Parties' rights, titles, interest, Liens, and powers existing hereunder.

8. The term "***Event of Default***," as used herein, means the existence of any "*Event of Default*" described in the Credit Agreement.

9. The term "***Cash Control Event***," as used herein, shall mean if, on any date of determination, (a) an Event of Default has occurred and is continuing; (b) a Potential Default has occurred and is continuing; or (c) the Principal Obligations exceed the Available Commitment.

10. a. During the existence of an Event of Default, Administrative Agent, on behalf of the Secured Parties, in addition to any other remedies it may have, may do one or more of the following:

i. declare the Obligations immediately due and payable;

ii. demand payment and performance thereof from the funds in or credited to the Collateral Account; and

iii. withdraw funds from the Collateral Account and apply all or any portion of the Collateral Account to the Obligations as described in ***paragraph 13*** hereof.

b. Assignor hereby authorizes Administrative Agent during the existence of an Event of Default and so long as any part of the Obligations remain outstanding:

i. to withdraw, collect, and receipt for any and all funds on deposit in or payable on the Collateral Account, and apply such funds to payment of the Obligations;

ii. on behalf of Assignor to receive, take, assign, deliver, accept, deposit, and endorse the name of Assignor upon any checks, drafts, or other instruments payable to Assignor evidencing payment on the Collateral Account;

iii. to surrender or present for notation of withdrawal the passbook, certificate, or other documents issued to Assignor in connection with the Collateral Account; and

iv. exercise any other rights or take any other actions specified herein or in the Credit Agreement.

11. Upon the occurrence of a Cash Control Event, Administrative Agent, on behalf of the Secured Parties, in addition to any other remedies it may have, may restrict or prohibit withdrawals from the Collateral Account.

12. Neither Administrative Agent nor any other Secured Party shall be liable for any loss of interest on or any penalty or charge assessed against funds in, payable on, or credited to the Collateral Account as a result of Administrative Agent, or any Secured Party exercising any of its rights or remedies under, and in accordance with, this assignment, except to the extent resulting from gross negligence or willful misconduct.

13. Administrative Agent shall be entitled to apply any and all funds received by it hereunder toward payment and performance of the Obligations in such order and manner as Administrative Agent, in its absolute discretion, may elect. If such funds are not sufficient to pay and perform the Obligations in full, Assignor shall remain liable for any deficiency, the liability of each person obligated on the Obligations to be determined by Administrative Agent following its receipt and crediting of such funds. Upon full and final payment of the Obligations, the rights of Administrative Agent in and to the Collateral Account hereunder will be deemed to be released and of no further force and effect.

14. All rights, titles, interests, Liens, and remedies of Secured Parties hereunder are cumulative of each other and of every other right, title, interest, Lien, or remedy which the Secured Parties may otherwise have at law or in equity or under any other contract or other writing for the enforcement of the security interest herein or the collection of the Obligations, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or

remedies. Should Assignor have heretofore executed or hereafter execute any other security agreement in favor of the Secured Parties, the security interest therein created and all other rights, powers, and privileges vested in the Secured Parties by the terms thereof shall exist concurrently with the security interest created herein.

15. Should any part of the Obligations be payable in installments, the acceptance by Administrative Agent at any time and from time to time of part payment of the aggregate amount of all installments then matured shall not be deemed to be a waiver of the default then existing. No waiver by the Secured Parties of any default shall be deemed to be a waiver of any other subsequent default, nor shall any such waiver by the Secured Parties be deemed to be a continuing waiver. No delay or omission by the Secured Parties in exercising any right or power hereunder, or under any other writings executed by Assignor as security for or in connection with the Obligations, shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercise thereof, or the exercise of any other right or power of the Secured Parties hereunder or under such other writings.

16. No provision herein or in any promissory note, instrument, or any other loan document evidencing the Obligations shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is provided for herein or in any such promissory note, instrument, or any other loan document, the provisions of this paragraph shall govern, and the Assignor shall not be obligated to pay the amount of such interest to the extent that it is in excess of the amount permitted by law. The intention of the parties being to conform strictly to the usury laws now in force, all promissory notes, instruments, and other loan documents evidencing the Obligations shall be held subject to reduction to the amount allowed under said usury laws as now or hereafter construed by the courts having jurisdiction.

17. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

18. (a) PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THE LAWS OF ANOTHER JURISDICTION GOVERN THE CREATION, PERFECTION, VALIDITY, OR ENFORCEMENT OF LIENS UNDER THIS ASSIGNMENT, AND THE APPLICABLE FEDERAL LAWS OF THE UNITED STATES OF AMERICA, SHALL GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT AND INTERPRETATION OF THIS ASSIGNMENT. (b) NOTWITHSTANDING THE FOREGOING, THE PARTIES HERETO AGREE THAT THE STATE OF NEW YORK SHALL BE DEEMED TO BE THE JURISDICTION OF THE DEPOSITORY FOR PURPOSES OF ANY MATTER IN RESPECT HEREOF RELATING TO OR ARISING UNDER SECTION 9-304 OF THE UNIFORM COMMERCIAL CODE AS IN EFFECT FROM TIME TO TIME IN THE STATE OF NEW YORK. **(c) ASSIGNOR AND BANK OF AMERICA EXPRESSLY AGREE THAT THE TERMS AND CONDITIONS OF ANY AGREEMENT ESTABLISHING THE COLLATERAL ACCOUNT OR OTHERWISE GOVERNING THE COLLATERAL ACCOUNT SHALL, TO THE EXTENT INCONSISTENT HEREWITH (INCLUDING IN RESPECT OF THE FOREGOING CLAUSE (b)), BE SUBORDINATE TO AND CONTROLLED BY THIS ASSIGNMENT OF COLLATERAL ACCOUNT**.

19. Any suit, action or proceeding against Assignor with respect to this Assignment or any judgment entered by any court in respect thereof, may be brought in the courts of the State of New York, or

in the United States Courts located in the Borough of Manhattan in New York City, pursuant to *Section 5-1402* of the New York General Obligations Law, as Administrative Agent in its sole discretion may elect, and Assignor hereby submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. Assignor hereby irrevocably consents to the service of process in any suit, action or proceeding in said court by the mailing thereof by Administrative Agent by registered or certified mail, postage prepaid, to Assignor's address set forth following its signature hereto. Assignor hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Assignment brought in the courts located in the State of New York, Borough of Manhattan in New York City, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **ASSIGNOR HEREBY WAIVES TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THIS ASSIGNMENT, WHICH WAIVER IS INFORMED AND VOLUNTARY**.

20. This assignment shall be binding on and inure to the benefit of Assignor and Administrative Agent and their respective successors and permitted assigns.

21. This Assignment and the provisions set forth herein shall continue until the full, final, and complete satisfaction of the Obligations, and the Administrative Agent's and the Secured Parties' rights hereunder shall not be released, diminished, impaired, reduced or adversely affected by: (i) the renewal, extension, modification, amendment or alteration of the Credit Agreement or any other Loan Document or any related document or instrument; (ii) any adjustment, indulgence, forbearance or compromise that might be granted or given by Administrative Agent or the Secured Parties to any primary or secondary obligor or in connection with any security for the Obligations; (iii) any full or partial release of any of the foregoing; or (iv) notice of any of the foregoing.

22. On the full, final, and complete satisfaction of the Obligations, this Assignment shall be of no further force or effect. Thereafter, upon request, Administrative Agent, on behalf of the Secured Parties, shall reasonably provide Assignor, at Assignor's sole expense, a written release of Assignor's obligations hereunder and an assignment of the Collateral Account to Assignor.

23. In the event of a conflict or inconsistency between any provision of this agreement with any provision of the Credit Agreement, the Credit Agreement will control.

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SIGNATURE PAGES FOLLOW.

ASSIGNOR ACKNOWLEDGES RECEIPT OF A COPY OF THIS ASSIGNMENT. Executed by Assignor on the date first above written.

[ACADIA STRATEGIC OPPORTUNITY FUND IV LLC,][ACADIA REALTY LIMITED PARTNERSHIP][ACADIA INVESTORS IV, INC]
[a Delaware limited liability company][a Delaware limited partnership][a Maryland corporation]

By:__
Name:
Title:

BANK OF AMERICA, N.A.

By:__
Name:
Title:

DEPOSITORY ACKNOWLEDGMENT
AND AGREEMENT

The undersigned depository, Bank of America, N.A. (the "***Depository***"), acknowledges that Assignor has assigned the Collateral Account as described in the foregoing Collateral Account Assignment (the "***Assignment***", with capitalized terms not defined herein being used herein as therein defined). The records of the Depository have been marked to show the Assignment. The Depository hereby acknowledges that the Collateral Account, as described in the Assignment, has been validly created by the Depository in favor of Assignor.

Notwithstanding any other provision to the contrary in any other agreement between the Depository and the Assignor and/or the Administrative Agent, the Depository agrees that if at any time it shall receive any instructions directing deposition of funds in the Account from the Administrative Agent, the Depository shall comply with such instructions without further consent by the Assignor. In the event the Assignor is permitted to give instructions with respect to the Account, notwithstanding anything to the contrary contained in any other agreement between the Depository and the Assignor and/or the Administrative Agent, if at the time the Depository shall receive conflicting instructions from the Assignor and the Administrative Agent, the Depository shall follow the instructions of the Administrative Agent and not the Assignor.

The Depository hereby subordinates any and all rights of set-off and all other rights and Liens of the Depository against the Collateral Account to the rights, security interests, and Liens under the Assignment, and agrees that, so long as the Obligation remains outstanding, Depository shall not, without the prior written consent of the Administrative Agent, which consent may be withheld by the Administrative Agent in its sole and absolute discretion, with or without cause, exercise or enforce any rights or remedies with respect to the Collateral Account except as required to preserve its rights in the case of bankruptcy, reorganization or insolvency proceedings with respect to the Assignor, and except that the Depository may charge the Collateral Account for any charges, fees and expenses for which Assignor is responsible and which relate to the transactions contemplated by the Assignment or the Credit Agreement referred to therein.

The Depository may rely upon and shall be fully protected, indemnified and held harmless in acting or refraining from acting upon any notice (including, without limitation, electronically confirmed facsimiles of such notice) received from the Assignee or the Assignor (including, without limitation, any notice of an Event of Default or Cash Control Event as defined in the Assignment or the Credit Agreement referred to in the Assignment) and believed by it to be genuine and to have been signed or presented by the proper party or parties.

The Depository further agrees to provide Assignee with copies of all notices and records sent to Assignor relating to the Collateral Account, and will deliver to Assignee all monthly (or other periodic) statements of the Collateral Account and respond to inquiries by Assignee about any deposits, withdrawals or any other matters relating to the Collateral Account, to the same extent Depository makes such information available to the Collateral Account holder, and Assignor hereby acknowledges and consents to such agreement by Depository.

This Depository Acknowledgment shall be effective as of the date of the Assignment.

BANK OF AMERICA, N.A.

By:__
Name:
Title:

Acknowledged and Agreed:

[Acadia Strategic Opportunity Fund IV LLC,]
[ACADIA REALTY LIMITED PARTNERSHIP]
[**ACADIA INVESTORS IV, INC**]
[a Delaware limited liability company]
[a Delaware limited partnership][a Maryland corporation]

By:_____
Name:
Title:

EXHIBIT E
FORM OF REQUEST FOR BORROWING

[DATE]

Bank of America, N.A.
NC1-027-15-01

214 North Tryon Street

Charlotte, NC 28255

Telephone: 980-233-7050
Fax: 980-386-7216
Attention: Jeremy Grubb
E-mail: jeremy.grubb@baml.com

RE: That certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof (the "***Borrowers***")], the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Ladies and Gentlemen:

This Request for Borrowing is executed and delivered by the Borrowers to the Administrative Agent pursuant to Section 2.3(a) of the Credit Agreement.

The Borrowers hereby request a Borrowing pursuant to the Credit Agreement as follows:

1. Name of Qualified Borrower (if applicable): _____
2. Amount of Borrowing: _____
3. Date of Borrowing: _____
4. Type of Borrowing (check one box only):

Reference Rate Loan LIBOR Rate Loan

5. Borrower's wire Instructions for receipt of Borrowing:

Bank: _____
ABA Number: _____
Account Name: _____
Account Number: _____
Reference: _____
Contact: _____

In connection with the Borrowing requested herein, the undersigned Borrower(s) hereby represent, warrant, and certify to the Administrative Agent for the benefit of the Lenders that:

(a) On and as of the date hereof the representations and warranties made by it set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects, and will be true and correct in all material respects immediately after the Borrowing requested herein, with the same force and effect as if made on and as of such date (except to the extent such representations and warranties expressly relate to an earlier date);

(b) No Event of Default or Potential Default exists and is continuing on and as of the date hereof or will exist on the date of the Borrowing requested herein;

(c) After giving effect to the Borrowing requested herein the Principal Obligations will not exceed the Available Commitment;

(d) The Borrowing Base Certificate attached hereto as Exhibit A, which constitutes an updated Exhibit A to the Credit Agreement, is true and correct as of the date hereof. In the event that any of the relevant information on such Borrowing Base Certificate changes between the date hereof and the date of the Borrowing requested herein, the Borrowers shall promptly deliver to the Administrative Agent corrections thereto; and

(e) Other than as disclosed to the Administrative Agent in writing, the Borrowers have no knowledge or reason to believe any Investor would be entitled to exercise any withdrawal, excuse or exemption right under the applicable LLC Agreement, its Subscription Agreement or any Side Letter with respect to any Investment being acquired in whole or in part with any proceeds of the requested Borrowing.

The undersigned hereby certifies each and every matter contained herein to be true and correct.

BORROWERS:

[_____],

[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

[QUALIFIED BORROWER IF APPLICABLE

[_____],

[_____]

By: [_____],
its [_____]

By:__
Name:
Title:]

EXHIBIT A TO REQUEST FOR [BORROWING]

[Updated Borrowing Base Certificate to be Attached Separately]

EXHIBIT F
FORM OF REQUEST FOR LETTER OF CREDIT

[DATE]

Bank of America, N.A.
NC1-027-15-01

214 North Tryon Street

Charlotte, NC 28255

Telephone: 980-233-7050
Fax: 980-386-7216
Attention: Jeremy Grubb
E-mail: jeremy.grubb@baml.com

RE: That certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof (the "***Borrowers***")], the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Ladies and Gentlemen:

This Request for Letter of Credit is executed and delivered by the Borrowers to the Administrative Agent pursuant to Section 2.8(b) of the Credit Agreement.

The Borrowers have attached hereto an Application and Agreement for Letter of Credit in the form of Schedule 1 dated November 21, 2012. The Borrowers hereby request that the Letter of Credit Issuer [issue][amend] a Letter of Credit substantially in the form of Schedule 2.

In connection with the [issuance][amendment] of the Letter of Credit requested herein, the Borrowers hereby represent and warrant to the Administrative Agent for the benefit of the Lenders and the Letter of Credit Issuer that:

Section 01.01 On and as of the date hereof the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects, and will be true and correct in all material respects immediately after the

[issuance][amendment] of the Letter of Credit requested herein, with the same force and effect as if made on and as of such date (except to the extent such representations and warranties expressly relate to an earlier date);

(f) No Event of Default or Potential Default exists and is continuing on and as of the date hereof or will exist on the date of the [issuance][amendment] of the Letter of Credit requested herein;

(g) After the issuance of the Letter of Credit requested herein the Principal Obligations will not exceed the Available Commitment;

(h) The Borrowing Base Certificate attached hereto as Exhibit A, which constitutes an updated Exhibit A to the Credit Agreement, is true and correct as of the date hereof. In the event that any of the relevant information on such Borrowing Base Certificate changes between the date hereof and the date of the [issuance][amendment] of the Letter of Credit requested herein, the Borrowers shall promptly deliver to the Administrative Agent corrections thereto; and

(i) Other than as disclosed to the Administrative Agent in writing, the Borrowers have no knowledge or reason to believe any Investor would be entitled to exercise any withdrawal, excuse or exemption right under the applicable LLC Agreement, its Subscription Agreement or any Side Letter with respect to any Investment being acquired in whole or in part with any proceeds of the requested Letter of Credit.

The undersigned hereby certifies each and every matter contained herein to be true and correct.

BORROWERS:

BORROWERS:

[_____],

[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

[QUALIFIED BORROWER IF APPLICABLE

[_____],

[_____]

By: [_____],
its [_____]

By:__
Name:
Title:]

SCHEDULE 1 TO REQUEST FOR LETTER OF CREDIT
APPLICATION AND AGREEMENT FOR LETTER OF CREDIT

[BANK OF AMERICA FORM APPLICATION TO BE INSERTED]

SCHEDULE 2 TO REQUEST FOR LETTER OF CREDIT
FORM OF LETTER OF CREDIT

Irrevocable Standby
Letter of Credit
No. _____
Date: _____
Amount: $_____

Attn: _____

Ladies and Gentlemen:

We hereby establish, at the request and for the account of [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC] (the **"Account Party"**), in your favor, this Irrevocable Standby Letter of Credit No. _____, in the aggregate amount of _____ (_____), as reduced from time to time pursuant to ***Annex A*** attached hereto (the ***"Total Credit"***), effective _____, 20__, and expiring at the close of banking business at our offices at _____ on _____, 20__.

We hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereinafter set forth, in one or more drawings by your draft bearing thereon Letter of Credit No. _____, payable at sight on a Banking Day (as defined below), and each accompanied by the original of this Letter of Credit, together with any amendment thereto, and a written and appropriately completed certificate signed by you in the form of ***Annex B*** attached hereto (any such draft accompanied by such certificate being a ***"Demand"***). As used herein, ***"Banking Day"*** means a day of the year on which banks are not required or authorized to close in New York City (USA) or London, England.

If we receive any such Demand, all in strict conformity with the terms and conditions of this Letter of Credit, not later than 11:00 a.m. (New York City time) on a Banking Day prior to the termination hereof, we will honor such Demand by making available to you before 3.30 p.m. (New York City time) on the second Banking Day following the date we shall have received such Demand (or the third Business Day if the account is held outside the United States or such later date as you may specify in such Demand), an amount in same-day funds equal to the amount of the draft submitted with such Demand. If we receive any such Demand, all in strict conformity with the terms and conditions of this Letter of Credit, after 11:00 a.m. (New York City time) on a Banking Day prior to the termination hereof, we will honor such Demand by making available to you, before 11:00 a.m. (New York City time) on the third Banking Day following the date we shall have received such Demand, an amount in same-day funds equal to the amount of the draft submitted with such Demand.

In accordance with your instructions, payment under this Letter of Credit may be made by wire transfer of funds from the Federal Reserve Bank of New York to your account in a bank on the Federal Reserve wire system or by deposit of same-day funds into a designated account that you maintain with us or such bank accounts as specified by you in the Demand.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such Demand.

The Demand may be delivered to us in person, by mail, by an express delivery service, or by telecopy to our fax number [_____]. A Demand shall be presented during our business hours on a Banking Day prior to the expiration hereof at our office at [_____].

A Demand under this Letter of Credit shall be presented directly to us and shall not be negotiated to or by any third party.

This Letter of Credit shall be governed by the Customs and Practice for Documentary Credits (2007 Revision), effective July, 2007 International Chamber of Commerce Publication No. 600, International Standby Practices (1998 Revision, effective January 1, 1999), International Chamber of Commerce Publication No. 590, and, to the extent not inconsistent therewith, by the laws of the State of New York, including the Uniform Commercial Code as in effect in the State of New York. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at the above address, specifically referring to the number of this Letter of Credit.

Very truly yours,

BANK OF AMERICA N.A.

By: _____
Name:_____
Title:_____

ANNEX A TO LETTER OF CREDIT
NOTICE OF REDUCTION OF TOTAL CREDIT
UNDER IRREVOCABLE STANDBY LETTER OF CREDIT NO. [_____]

Bank of America, N.A.
NC1-027-15-01

214 North Tryon Street

Charlotte, NC 28255

Telephone: 980-233-7050
Fax: 980-386-7216
Attention: Jeremy Grubb
E-mail: jeremy.grubb@baml.com

The undersigned, a duly authorized representative of [_____], a [_____] (the ***"Beneficiary"***), hereby notifies [the Letter of Credit Issuer] (the ***"Issuer"***), with reference to Irrevocable Standby Letter of Credit No. [_____] (the ***"Letter of Credit"***) issued by the Issuer in favor of the Beneficiary, that effective as of the date hereof, the face amount shall be reduced by $[_____], such that from and after the date hereof the face amount of the Letter of Credit shall be equal to $[_____].

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Notice as of the [___] day of [_____], [____].

BENEFICIARY:

[_____]
a [_____]

By: _____
Name:
Title:

ANNEX B TO LETTER OF CREDIT
CERTIFICATE FOR DRAWING UNDER

Bank of America, N.A.
NC1-027-15-01

214 North Tryon Street

Charlotte, NC 28255

Telephone: 980-233-7050
Fax: 980-386-7216
Attention: Jeremy Grubb
E-mail: jeremy.grubb@baml.com

The undersigned, a duly authorized representative of [_____], a [_____] (the ***"Beneficiary"***), hereby certifies to [the Letter of Credit Issuer] (the ***"Issuer"***), with reference to Irrevocable Standby Letter of Credit No. [_____] (the ***"Letter of Credit"***) issued by the Issuer in favor of the Beneficiary, that this certificate has been executed and delivered by the Beneficiary pursuant to [_____].

A. [The Beneficiary has not issued a certificate for the termination of the Letter of Credit.

A. The Drawing does not exceed the Stated Amount less any previous Drawing.

B. The proceeds of this Drawing shall be applied solely in accordance with the terms of the [_____] Agreement.

C. (i) Payment of this demand for payment is requested on or before 3:30 p.m., the second Business Day succeeding (or, if the account specified below is outside the United States, three Business Days after) the Business Day on which this Certificate is received or deemed to have been received by the Bank.

(ii) Payment of this demand for payment shall be made to the Beneficiary by credit to the following account:

[Beneficiary]
[Account Information]]

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the [_____] day of [_____], [___].

BENEFICIARY:

[_____]
a [_____]

By: _____
Name:
Title:

EXHIBIT A TO REQUEST FOR LETTER OF CREDIT

[Updated Borrowing Base Certificate to be Attached]

EXHIBIT G

[RESERVED]

EXHIBIT H
FORM OF LENDER ASSIGNMENT AND ASSUMPTION

Dated as of [DATE]

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "***Assignment and Assumption***") is made as of the date hereof between the assignor designated on Schedule 1 hereto (the "***Assignor***") and the assignee designated on Schedule 1 hereto (the "***Assignee***").

Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof (the "***Borrowers***")], the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. The Assignor hereby irrevocably sells and assigns to Assignee, without recourse and without representation or warranty except as expressly set forth herein, and Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, an undivided interest in and to the Assignor's rights and obligations in its capacity as Lender under the Credit Agreement and the other Loan Documents as of the Assignment Effective Date (as defined below) equal to the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement and the other Loan Documents. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Loans owing to the Assignee will be as set forth on Schedule 1.

2. The Assignor: (a) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any lien, encumbrance or adverse claim and that it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents (except this Assignment and Assumption) or the execution (other than by the Assignor), legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto, or the accuracy and completeness of any document furnished hereunder; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Credit Parties or any Investors (each, a "***Loan Party***") or the performance or observance by any Loan Party of any of its obligations under the Loan Documents or any other instrument or document furnished pursuant thereto.

3. The Assignee: (a) confirms that it has received a copy of the Credit Agreement and the other Loan Documents (except for copies of other Lenders' Assignment and Assumption Agreements which are available to the Assignee upon request), and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption; (b) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other Loan Document; (c) confirms that it is an Eligible Assignee; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (e) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (f) attaches (or has delivered to the Administrative Agent and the Assignor) completed and signed copies of any forms that may be required by the United States Internal Revenue Service (together with any additional supporting documentation required pursuant to applicable Treasury Department regulations or such other evidence satisfactory to the Borrowers and the Administrative Agent) in order to certify the Assignee's exemption from United States withholding taxes with respect to any payments or distributions made or to be made to the Assignee in respect of the Loans or under the Credit Agreement.

4. Following the execution of this Assignment and Assumption, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent. The effective date for this Assignment and Assumption (the "***Assignment Effective Date***") shall be the date specified by the Administrative Agent on its signature page hereto.

5. As of the Assignment Effective Date: (a) the Assignee shall be a party (as a Lender) to the Credit Agreement and the other Loan Documents and, to the extent provided in this Assignment and Assumption, have the rights and obligations of a Lender thereunder; and (b) the Assignor shall, to the extent provided in this Assignment and Assumption, relinquish its rights and be released from its obligations (as a Lender) under the Credit Agreement and the other Loan Documents (other than rights under the provisions of the Loan Documents relating to indemnification or the payment of fees, costs and expenses, to the extent such rights relate to the time prior to the Assignment Effective Date).

6. From and after the Assignment Effective Date, the Administrative Agent shall make all payments under the Credit Agreement and the other Loan Documents in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest, fees and indemnities with respect thereto) to the Assignee for amounts which have accrued up to but excluding the Assignment Effective Date and to the Assignee for amounts which have accrued from and after the Assignment Effective Date.

7. The Assignor and the Assignee shall exchange such consideration for the assignments contemplated hereunder and shall make all appropriate adjustments in payments under the Credit

Agreement for periods prior to the Assignment Effective Date as they shall deem appropriate, directly between themselves, if applicable.

8. This Assignment and Assumption embodies the entire agreement between the parties and supersede all prior agreements and understanding, if any, relating to the subject matter of this Assignment and Assumption.

9. The provisions of this Assignment and Assumption shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

10. This Assignment and Assumption and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Assignment and Assumption or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

11. This Assignment and Assumption may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule I to this Assignment and Assumption by facsimile or email (with a PDF copy attached) shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Assignor and Assignee have caused this Assignment and Assumption to be executed by their officers thereunto duly authorized as of the date specified thereon.

ASSIGNOR:

[ASSIGNOR SIGNATURE BLOCK]

ASSIGNEE:

[ASSIGNEE SIGNATURE BLOCK]

ACCEPTED AND APPROVED BY:

BANK OF AMERICA N.A.,
as Administrative Agent

By: _____
Name:
Title:

ASSIGNMENT EFFECTIVE DATE:
(To be completed by the Administrative Agent)

_____, 20___

CONSENTED TO BY:

BORROWER:

[_____],

[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

SCHEDULE I TO LENDER ASSIGNMENT AND ASSUMPTION AGREEMENT

Name of Assignor:	
Notice Information of Assignor:	
Assignor’s Commitment Prior to Assignment:	$
Percentage of Assignor’s Commitment Assigned:	%
Assignor’s Amount of Outstanding Loans After Assignment:	$
Assignor’s Amount of Outstanding Letter of Credit Liability After Assignment:	$
Assignor’s Amount of Undrawn Maximum Commitment:	$
Assignor’s Commitment After Assignment:	$
Assignor’s Percentage Interest of Total Maximum Commitment After Assignment:	**%**

Name of Assignee:	
Notice Information of Assignee:	
Assignee’s Commitment Prior to Assignment:	$
Assignee’s Amount of Outstanding Loans After Assignment:	$
Assignee’s Amount of Outstanding Letter of Credit Liability After Assignment:	$
Assignee’s Amount of Undrawn Maximum Commitment:	$
Assignee’s Commitment After Assignment:	$
Assignee’s Percentage Interest of Total Maximum Commitment After Assignment:	**%**

EXHIBIT I
FORM OF [QUALIFIED BORROWER NOTE]

Dated as of [DATE]

$[●] New York, New York

1. FOR VALUE RECEIVED, the undersigned [NAME OF QUALIFIED BORROWER], a [JURISIDICTION AND TYPE OF ENTITY] (the "***Maker***"), hereby unconditionally promises to pay to the order of BANK OF AMERICA, N.A., as Administrative Agent for each of the Lenders under the Credit Agreement (as defined below), (the "***Payee***") to the Administrative Agent Account, the principal sum of [AMOUNT IN WORDS] DOLLARS ($[AMOUNT IN NUMBERS]), or, if less, the unpaid principal amount of the Loans, in lawful money of the United States of America on the Maturity Date or as otherwise provided in the Credit Agreement.

2. Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among ACADIA STRATEGIC OPPORTUNITY FUND IV LLC, as a borrower, and any Borrowers which become a party thereto pursuant to the terms thereof (the "***Borrowers***"), ACADIA REALTY ACQUISITION IV, LLC as Borrower Managing Member, the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***") and BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

3. The unpaid principal amount of this Note shall be payable in accordance with the terms of Section 3 of the Credit Agreement. The unpaid principal amount of this Note shall bear interest from the date of borrowing until maturity in accordance with Section 2.6 and Section 3 of the Credit Agreement. Interest on this Note shall be payable in accordance with Section 3 of the Credit Agreement.

4. All Borrowings hereunder, and all payments made with respect thereto, may be recorded by the Payee from time to time on grids which may be attached hereto or the Payee may record such information by such other method as the Payee may generally employ; provided, however, that failure to make any such entry shall in no way reduce or diminish the Maker's obligations hereunder. The aggregate unpaid amount of all Borrowings set forth on grids which may be attached hereto shall, absent manifest error, be presumptive evidence of the unpaid principal amount of this Note.

5. This Note has been executed and delivered pursuant to the Credit Agreement and is one of the "Notes" referred to therein, and the holder of this Note shall be entitled to the benefits provided in the Credit Agreement. This Note evidences Loans made under the Credit Agreement. Reference is hereby made to the Credit Agreement for a statement of: (a) the obligation of the Lenders to make advances thereunder; (b) the prepayment rights and

obligations of the Maker; (c) the collateral for the repayment of this Note; and (d) the events upon which the maturity of this Note may be accelerated. The Maker may borrow, repay and reborrow hereunder upon the terms and conditions specified in the Credit Agreement. The repayment of this Note is secured by a guaranty of the Borrower. Notwithstanding the foregoing, should any of the events described in Sections 10.1(h) or 10.1(i) of the Credit Agreement occur, then the principal of, and accrued interest on, this Note shall become immediately due and repayable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Maker.

6. If this Note, or any installment or payment due hereunder, is not paid when due, whether on the Maturity Date or by acceleration, or if it is collected through a bankruptcy, probate or other court, whether before or after the Maturity Date, the Maker agrees to pay all out-of-pocket costs of collection, including, but not limited to, attorneys' fees and expenses incurred by the holder hereof and cost of appeal as provided in the Credit Agreement. All past-due principal of, and, to the extent permitted by applicable law, past-due interest on this Note, shall bear interest until paid at the Default Rate as provided in the Credit Agreement.

7. The Maker and all sureties, endorsers, guarantors and other parties ever liable for payment of any sums payable pursuant to the terms of this Note, jointly and severally waive demand, presentment for payment, protest, notice of protest, notice of acceleration, notice of intent to accelerate, diligence in collection, the bringing of any suit against any party, and any notice of or defense on account of any extensions, renewals, partial payment, or any releases or substitutions of any security, or any delay, indulgence, or other act of any trustee or any holder hereof, whether before or after maturity.

8. This Note and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Note or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

9. Reference is hereby made to Section 12.15 of the Credit Agreement regarding the provisions relating to recourse liability which are hereby incorporated by reference in this Note as if fully set forth herein, for the payment and performance of the Maker's obligations hereunder.

10. By its execution hereof, the Maker hereby agrees to be bound by the terms and conditions of the Credit Agreement as a Borrower as if it were a signature party thereto.

11. The Maker's address for notices pursuant to the Credit Agreement is:

[INSERT NOTICE DETAILS FOR QUALIFIED BORROWER]

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the day and year first above written.

MAKER:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

703287387 12410180

EXHIBIT J
FORM OF QUALIFIED BORROWER GUARANTY

Dated as of [DATE]

THIS QUALIFIED BORROWER GUARANTY (the "***Qualified Borrower Guaranty***") is made as of [DATE] by [NAME OF BORROWER], a [jurisdiction of organization] [type of organization] (the "***Guarantor***") in favor of BANK OF AMERICA N.A., as administrative agent (the "***Administrative Agent***"), for the benefit of the Secured Parties (as defined in the Credit Agreement).

Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof (the "***Borrowers***")], the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. The Guarantor represents and warrants that it has received or will receive direct or indirect benefit from the making of this Qualified Borrower Guaranty and the creation of the Guaranteed Debt (as defined below), that the Guarantor is familiar with the financial condition of the Qualified Borrower (as defined below) and the value of any collateral security for the Guaranteed Debt and that the Creditor has made no representations to the Guarantor in order to induce the Guarantor to execute this Borrower Guaranty.

2. In connection with Credit Agreement, the Guarantor hereby irrevocably, unconditionally and absolutely guarantees, in favor of the Administrative Agent for each of the Secured Parties (collectively, the "***Creditor***"), the prompt payment when due of all interest, principal, fees, expenses and other amounts now or hereafter represented by, or arising in connection with: (a) [that][those] certain Note[s], payable to the order of the Creditor and as more particularly described on Schedule A, including, without limitation, all liabilities and indebtedness represented or evidenced by any promissory note given in renewal, extension, modification or substitution of or for and such Note (each, a "***Qualified Borrower Note***"); and (b) all obligations of the Qualified Borrower[s] listed on Schedule A (each, a "***Qualified Borrower***") under the Credit Agreement (collectively, the "***Guaranteed Debt***") in accordance with the terms of this Qualified Borrower Guaranty. This is an unconditional guaranty of payment, and not a guaranty of collection, and the Creditor may enforce the Guarantor's obligations hereunder pursuant to the Credit Agreement without first suing, or enforcing its rights or remedies against the Qualified Borrower or any other obligor, or enforcing or collecting any present or future collateral security for the Guaranteed Debt.

3. The Guarantor hereby waives notice of: (a) acceptance of this Qualified Borrower Guaranty; (b) the extension of credit by the Creditor to the Qualified Borrower; (c) the occurrence of any breach or default by the Qualified Borrower in respect of the Guaranteed Debt; (d) the sale or foreclosure on any collateral for the Guaranteed Debt; (e) the transfer of the Guaranteed Debt to any third party to the extent permitted under the Credit Agreement and to the extent that such notice is not required under the Credit Agreement; and (f) all other notices, except as otherwise required under the Credit Agreement.

4. The Guarantor hereby agrees and acknowledges that its obligations hereunder shall not be released or discharged by the following: (a) the renewal, extension, modification or alteration of the Qualified Borrower Note, the Guaranteed Debt or any related document or instrument; (b) any forbearance or compromise granted to the Qualified Borrower by the Creditor; (c) the insolvency, bankruptcy, liquidation or dissolution of the Qualified Borrower; (d) the invalidity, illegality or unenforceability of all or any part of the Guaranteed Debt; (e) the full or partial release of the Qualified Borrower or any other obligor; (f) the release, surrender, exchange, subordination, deterioration, waste, loss or impairment (including without limitation negligent, willful, unreasonable or unjustifiable impairment) of any collateral for the Guaranteed Debt; (g) the failure of the Creditor properly to obtain, perfect or preserve any security interest or lien in any such collateral; (h) the failure of the Creditor to exercise diligence, commercial reasonableness or reasonable care in the preservation, enforcement or sale of any such collateral; provided, that, such acknowledgement shall not be a waiver of the Creditor's obligations to sell collateral in a commercially reasonable manner to the extent required under the Loan Documents or applicable laws; and (i) any other act or omission of the Creditor or the Qualified Borrower which would otherwise constitute or create a legal or equitable defense in favor of a Borrower.

5. Notwithstanding anything to the contrary in this Borrower Guaranty, until the Guaranteed Debt has been paid in full, the Guarantor hereby irrevocably waives all rights it may have at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of the Creditor) to seek contribution, indemnification, or any other form of reimbursement from the Qualified Borrower, any other guarantor, or any other person now or hereafter primarily or secondarily liable for any obligations of the Qualified Borrower to the Creditor, for any disbursement made by the Guarantor under or in connection with this Borrower Guaranty or otherwise.

6. If the Qualified Borrower is or shall hereafter be liable to the Creditor for any obligation, indebtedness or liability other than the Guaranteed Debt, and the Creditor should collect or receive any payments, funds or distributions which are not specifically required, by law or agreement, to be applied to the Guaranteed Debt, then the Creditor may, in its sole discretion, apply such payments, funds or distributions to indebtedness of the Qualified Borrower other than the Guaranteed Debt.

7. This Qualified Borrower Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Debt is rescinded or must otherwise be returned by the Creditor, upon the insolvency, bankruptcy, reorganization, or

dissolution of the Qualified Borrower or otherwise, all as though such payment had not been made.

8. This Qualified Borrower Guaranty has been executed and delivered pursuant to the Credit Agreement and is one of the "Qualified Borrower Guaranties" referred to therein.

9. This Qualified Borrower Guaranty may be amended only by a written instrument executed by the Guarantor and the Creditor. Schedule I to this Qualified Borrower Guaranty may be amended by the Guarantor from time to time to identify additional Qualified Borrowers and Qualified Borrower Notes, the obligations of which will become subject to this Qualified Borrower Guaranty and upon such amendment all references herein to Schedule I shall be deemed to mean Schedule I as amended thereby. Such amendment shall be in the form of Schedule II annexed hereto.

10. This Qualified Borrower Guaranty and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Qualified Borrower Guaranty or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

11. Any suit, action or proceeding against the Guarantor with respect to this Qualified Borrower Guaranty or any judgment entered by any court in respect hereof, may be brought in the courts of the State of New York, or in the United States Courts located in the Borough of Manhattan in New York City as the Creditor in its sole discretion may elect and the Guarantor hereby submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. The Gurantor hereby irrevocably consents to the service of process in any suit, action or proceeding in said court by the mailing thereof by the Creditor by registered or certified mail, postage prepaid, to the Guarantor's address listed in the Credit Agreement. The Guarantor hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Qualified Borrower Guaranty brought in the courts located in the State of New York, Borough of Manhattan in New York City, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. THE GUARANTOR, AND BY ITS ACCEPTANCE HEREOF THE CREDITOR, EACH HEREBY WAIVES TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THIS QUALIFIED BORROWER GUARANTY, WHICH WAIVER IS INFORMED AND VOLUNTARY.

12. On the full, final and complete satisfaction of the Guaranteed Debt, this Qualified Borrower Guaranty shall be of no further force or effect. Thereafter, upon request, the Creditor shall reasonably provide the Guarantor, at the Guarantor's sole expense, a written release of its obligations hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Guarantor has caused this Qualified Borrower Guaranty to be duly executed as of the day and year first above written.

GUARANTOR:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

SCHEDULE I TO QUALIFIED BORROWER GUARANTY

QUALIFIED BORROWER	AMOUNT OF NOTE	DATE OF NOTE
[NAME]	$[AMOUNT]	[DATE]

SCHEDULE II TO QUALIFIED BORROWER GUARANTY
FORM OF AMENDMENT FOR QUALIFIED BORROWER ADDITION

Dated as of [DATE]

Reference is made to that certain Qualified Borrower Guaranty (the "***Qualified Borrower Guaranty***"), dated as of [DATE], by [GUARANTOR NAME[S]] ("***Guarantor***") in favor of BANK OF AMERICA N.A., as administrative agent (the "***Administrative Agent***"), for the benefit of the Secured Parties (as defined in the Credit Agreement).

Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof (the "***Borrowers***"), the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Guarantor has designated the following entity as a Qualified Borrower and the Note described below is a Qualified Borrower Note:

QUALIFIED BORROWER	AMOUNT OF NOTE	DATE OF NOTE
[NAME]	$[AMOUNT]	[DATE]

Upon execution of this Amendment for Qualified Borrower Addition (this "***Amendment***"), the Qualified Borrower Guaranty shall be, and be deemed to be, modified and amended in accordance herewith and the obligations, duties and liabilities the Guarantor shall hereafter be determined, exercised and enforced in accordance with the Qualified Borrower Guaranty as so amended and modified by this Amendment, and all the terms and conditions of this Amendment shall be and be deemed to be part of the terms and conditions of the Qualified Borrower Guaranty for any and all purposes. Except as modified and expressly amended by this Amendment, the Qualified Borrower Guaranty is in all respects ratified and confirmed, and all the terms and provisions thereof shall be and remain in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Guarantor has caused this Amendment to be duly executed as of the day and year first above written.

GUARANTOR:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

703287387 12410180

EXHIBIT K
FORM OF INVESTOR CONSENT

_____, 2012

Bank of America, N.A.,
as Administrative Agent
NC1-027-21-04
214 North Tryon Street
Charlotte, NC 28202
Attention: Jeremy Grubb

Re: Revolving Credit Facility (the "***Credit Facility***") established pursuant to that certain Revolving Credit Agreement (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"), entered into or to be entered into by and among Acadia Strategic Opportunity Fund IV LLC ("***Borrower***"), Acadia Realty Acquisition IV LLC ("***Managing Member***"), Acadia Realty Limited Partnership, as Guarantor, Acadia Realty Trust, as Guarantor General Partner, Acadia Investors IV, Inc. ("***Pledgor***"), Bank of America, N.A., as Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and a Lender (collectively, with any other financial institutions from time to time a party thereto as lenders, the "***Lenders***", and each, a "***Lender***").

Ladies and Gentlemen:

In order to induce Lenders to provide the Credit Facility to Borrower, the undersigned hereby acknowledges and agrees as follows:

We have entered into (i) that certain Stockholders Agreement by and among Pledgor, Acadia D.R. Management LLC and the Major Stockholders (as defined therein), dated as of May 16, 2012 (as the same may be further modified, amended, or restated from time to time, the "***Stockholders Agreement***"; all capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Stockholders Agreement) and (ii) a Subscription Agreement pursuant to which we have (a) purchased shares of stock in Pledgor, which is a member in Borrower and (b) committed to make cash contributions of capital ("***Capital Contributions***") to Pledgor on the terms and subject to the conditions set forth in the Stockholders Agreement and our Subscription Agreement in the aggregate amount of $[_____] (our "***Capital Commitment***"), which Capital Contributions are to be contributed by Pledgor to Borrower pursuant to the terms of the Operating Agreement.

As of the date hereof, $[_____] of our Capital Commitment has been called, $_____ (our "***Unfunded Capital Commitment***"), of our Capital Commitment remains to

be drawn upon the delivery of one or more Drawdown Notices pursuant to and in accordance with the Stockholders Agreement and our Subscription Agreement.

We hereby agree that we shall deliver to Administrative Agent from time to time upon the request of Managing Member, Pledgor or Administrative Agent (i) either (A) our balance sheet as of the end of each fiscal year and the related statements of operations for such fiscal year reported on by our independent public accountants, or, if we have not retained public accountants to report on such statements, certified by an officer, or (B) such other financial statements and information as shall be acceptable to the Managing Member, in either case by the later to occur of (x) the date which is 120 days after the end of our fiscal year, and (y) the date we make such financial information available to our shareholders, directors, stakeholders, principals or lenders or such financial information becomes available to the public and (ii) a certificate setting forth our Unfunded Capital Commitment.

We hereby acknowledge and agree that under the terms of and subject to the conditions set forth in the Stockholders Agreement, we are and shall remain unconditionally obligated to fund our Unfunded Capital Commitment required on account of calls for Capital Contributions duly made in accordance with the terms of the Stockholders Agreement (including, without limitation, subsequent calls for Capital Contributions made in connection with a shortfall in funds available to Borrower as a result of the failure of any other Stockholder or Managing Member to advance funds with respect to a call for Capital Contributions duly made). In addition, we hereby acknowledge and confirm to Administrative Agent, Lenders, Managing Member and Pledgor that we will make Capital Contributions to the extent of our Unfunded Capital Commitment, to be applied to the repayment of outstanding obligations under the Credit Agreement, whether such Capital Contributions are called by Managing Member, Pledgor or Administrative Agent for such purpose on behalf of Managing Member and Pledgor (whether or not any Person is then acting as Managing Member for Borrower or Manager for Pledgor) without, defense, counterclaim or offset of any kind, including without limitation any defense under Section 365 of the U.S. Bankruptcy Code, all of which we hereby waive. Notwithstanding anything to the contrary in the Stockholders Agreement or Operating Agreement, we hereby acknowledge and agree that (i) our obligation to fund our Unfunded Capital Commitment as and when requested by Administrative Agent is unconditional and (ii) Administrative Agent shall not be required to state any specific purpose or use of funds, deliver any supporting documentation whatsoever or comply with any formalities when making a Drawdown on our Unfunded Capital Commitment, except that such Drawdown must be made in writing.

We hereby (i) acknowledge that Borrower, Managing Member and Pledgor, pursuant to the terms of the Stockholders Agreement and the Credit Agreement are making a collateral assignment to Administrative Agent for the benefit of Lenders of (i) our Capital Contributions; and the right to issue Drawdown Notices and call and receive all payments of all or any portion of our Unfunded Capital Commitment under the Stockholders Agreement to secure all loans and other extensions of credit made under the Credit Facility and all other obligations of Borrower under the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), (ii) represent that as of the date hereof, (A) to the best of our knowledge there is no default or circumstance which with the passage of time and/or the giving of notice would

constitute a default under the Operating Agreement or the Stockholders Agreement, (B) the Stockholders Agreement, our Subscription Agreement and this Investor Consent is in full force and effect and enforceable against us in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors rights generally from time to time in effect and to general principles of equity, (C) we have the power and authority required to execute and deliver the Stockholders Agreement, our Subscription Agreement and this Investor Consent, and to perform our obligations thereunder and hereunder, and (D) we do not have any right of offset against, or reduction to, our obligation to fund our Unfunded Capital Commitment, (iii) acknowledge that for so long as the Credit Facility is in place, (A) we will not amend, modify, supplement, cancel, terminate, reduce or suspend any of the provisions of the Stockholders Agreement, our Subscription Agreement or the Operating Agreement relating to the Capital Commitments, the making of Capital Contributions or the incurrence of indebtedness or any other provisions that would adversely affect the rights of Administrative Agent or Lenders without your prior written consent, (B) a transfer of our interest in the Pledgor will require notice to you, and (C) that any claims that we may have against the Pledgor, the Managing Member or any other stockholder shall be subordinate to all payments due to you under the Credit Facility, and (iv) acknowledge that until otherwise instructed by Administrative Agent in writing, all future Capital Contributions made by us under the Stockholders Agreement and our Subscription Agreement will be made by wire transfer to the following account opened and maintained by Borrower with the Administrative Agent (the "***Collateral Account***") which Borrower has also pledged as security for the Obligations (as such term is defined in the Credit Agreement):

Bank:	Bank of America, N.A.
Account Number:	[_____]
ABA Number:	[_____]
Reference:	Acadia Strategic Opportunity Fund IV LLC Collateral Account
Contact Person:	[_____]

We hereby acknowledge that for so long as the Credit Agreement is in effect, we are obligated, under the terms and subject to the limitations and conditions set forth in the Stockholders Agreement and our Subscription Agreement, to honor any Drawdown Notice delivered to us in the name of the Administrative Agent on behalf of Lenders, without setoff, counterclaim or defense by funding the applicable portion of our Capital Commitment into the Collateral Account, provided such Drawdown Notice is delivered for the purpose of paying due and payable obligations of the Borrower to Lenders under the Credit Facility and states on its face that it is delivered for such purpose.

We understand that Lenders and Administrative Agent will be relying upon the statements and agreements made herein in connection with making the Credit Facility available to Borrower and, accordingly hereby acknowledge that Capital Contributions we make under the Stockholders Agreement and our Subscription Agreement will not satisfy our obligation to fund our Capital Commitment unless such Capital Contributions are paid into the above account (unless we are otherwise instructed by Administrative Agent as described above). We hereby acknowledge that the terms of the Credit Agreement and of each other Loan Document (as defined therein) can be

modified without further notice to us or our consent; provided, however, that in no event shall any modification of the Credit Agreement or any Loan Document alter our rights or obligations under the Stockholders Agreement or our Subscription Agreement without our written consent. In addition, we understand that the Credit Agreement and this Investor Consent shall be for the benefit of Administrative Agent, Lenders, and Lenders' successors and assigns, and that this Investor Consent will remain in effect until we are notified jointly by Administrative Agent and Managing Member that the Credit Facility has been terminated.

We also acknowledge and confirm that (a) we understand that Lenders have not been involved in the organization of Pledgor or offering of Pledgor's equity interests, or made any representation in connection therewith, (b) we are not relying on Lenders in any way in connection with our investment in Pledgor and (c) Lenders have no obligation to provide us with any financial, tax or other information pertaining to Pledgor or any other Person.

This letter shall be governed by, and construed in accordance with, the laws of the State of New York. This letter may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same instrument.

The undersigned irrevocably (a) agrees that any suit action or other legal proceeding arising out of or relating to this letter may be brought in the courts of the United States of America located in the Southern District of New York or in the state courts of the State and County of New York, (b) consents to the jurisdiction of each such court in any such suit, action or proceeding, (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum, (d) consents to the service of any and all process in any such suit, action or proceeding by the service of copies or such process to the undersigned at the address provided on the signature page hereto, as the same may be changed by written notice to the Administrative Agent from time to time.

For governmental entity Investors:

[We represent and warrant that: (i) we are subject to commercial law with respect to our obligations under the Stockholders Agreement and this Investor Consent; (ii) the making and performance of the Stockholders Agreement and this Investor Consent constitute private and commercial acts rather than governmental or public acts, and that neither we nor any of our properties or revenues has any right of immunity from suit, court jurisdiction, execution of a judgment or from any other legal process with respect to our obligations under the Stockholders Agreement and this Investor Consent. To the extent that we may hereafter be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to the Stockholders Agreement, or this Investor Consent to claim any such immunity, and to the extent that in any such jurisdiction

there may be attributed to us such an immunity (whether or not claimed), we hereby irrevocably agree not to claim and hereby irrevocably waive such immunity to the fullest extent permitted by applicable law.]

For ERISA Investors:

[The undersigned signatory confirms that it is the fiduciary of the plans whose assets are invested in Pledgor and it confirms that: (i) it made its own determination that the Transaction (defined below) was made on terms that are no less favorable to such plans than those that could be obtained in arm's-length transactions with unrelated parties; (ii) the decision to invest in Pledgor and to execute and deliver this Investor Consent (the "***Transaction***") was made by the undersigned, and the undersigned is not included among, is independent of, and is unaffiliated with, Lenders (including the Administrative Agent) and Pledgor (as defined below); (iii) each plan on behalf of which we have invested in Pledgor (or commingled funds of related plans): (A) has no less than $100,000,000 of assets; and (B) not more than five percent (5%) of the assets of each such plan (or commingled fund) have been invested in Pledgor; and (iv) Lenders (including the Administrative Agent): (x) had no influence, authority, or control over the Transaction, and (y) rendered no investment advice with respect to the Transaction. For purposes of this paragraph, a fiduciary is "not included among, is independent of, and unaffiliated with" a Lender (including the Administrative Agent) and Pledgor, as applicable, if: (A) the fiduciary is not, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with such Lender or Pledgor; (B) the fiduciary is not an officer, director, employee or relative of, or partner in, such Lender or Pledgor; and (C) no officer, director, highly-compensated employee, or shareholder of Pledgor, or any officer, director or highly-compensated employee, or partner of a Lender, is also an officer, director, highly-compensated employee, or partner of the fiduciary. If such individual is a director of the Lender, he or she must abstain from participation in, and not otherwise be involved in, the decision made by the fiduciary to invest in Pledgor.]

{or – where this Investor Consent is being signed by a custodian or someone other than the fiduciary:}

[We confirm that [_____] is the fiduciary (the "***Fiduciary***") of the Pledgor and that the Fiduciary has confirmed to the Pledgor that: (i) the Fiduciary made its own determination that the Transaction (defined below) was made on terms that are no less favorable to the Pledgor than those that could be obtained in arm's-length transactions with unrelated parties; (ii) the Fiduciary made the decision to invest in Pledgor and to execute and deliver this Investor Consent (the "***Transaction***"), and the Fiduciary is not included among, is independent of, and is unaffiliated with, Lenders (including the Administrative Agent) and Pledgor (as defined below); (iii) each plan on behalf of which the Investor has invested in Pledgor (or commingled funds of related plans): (A) has no less than $100,000,000 of assets; and (B) not more than five percent (5%) of the assets of each such plan (or commingled fund) have been invested in Pledgor; and (iv) Lenders

(including the Administrative Agent): (x) had no influence, authority, or control over the Fiduciary's decision to invest in Pledgor, and (y) rendered no investment advice with respect to the Investor's investment in Pledgor. For purposes of this paragraph, a fiduciary is "not included among, is independent of, and unaffiliated with" a Lender (including the Administrative Agent) and Pledgor, as applicable, if: (A) the fiduciary is not, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with such Lender or Pledgor; (B) the fiduciary is not an officer, director, employee or relative of, or partner in, such Lender or Pledgor; and (C) no officer, director, highly-compensated employee, or shareholder of Pledgor, or any officer, director or highly-compensated employee, or partner of a Lender, is also an officer, director, highly-compensated employee, or partner of the fiduciary. If such individual is a director of the Lender, then he or she must abstain from participation in, and not otherwise be involved in, the decision made by the fiduciary to invest in Pledgor.]

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.
SIGNATURE PAGE FOLLOWS.

[NAME OF INVESTOR]

By: __
Name:
Title:

Address:

[_____]
[_____]

EXHIBIT L
FORM OF INVESTOR OPINION

[Attached]

EXHIBIT M
FORM OF RESPONSIBLE OFFICER'S CERTIFICATE

[DATE]

The undersigned is a duly authorized [TITLE] of [NAME OF CREDIT PARTY], a [jurisdiction of organization] [type of organization] and [NAME OF CREDIT PARTY], a [jurisdiction of organization] [type of organization] (collectively, the "***Credit Parties***").

Reference is made to that certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof (the "***Borrowers***"), the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

In connection with Section 6.1(g) of the Credit Agreement, I hereby certify, in my capacity as a Responsible Officer of the Credit Parties, on the date hereof that:

(i) All of the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects as of the date of the Credit Agreement with the same force and effect as if made on and as of the date hereof (except to the extent such representations and warranties expressly relate to an earlier date);

(ii) No Event of Default or Potential Default exists and is continuing on and as of the date of the Credit Agreement;

(iii) There has not occurred any change in the business, assets, operations, or condition (financial or otherwise) or prospects of the Borrowers or any Included Investor or Designated Investor, or in the facts and information regarding such entities as represented up until the date of the Credit Agreement, a Material Adverse Effect;

(iv) There is no Proceeding pending or threatened that purports to affect the Borrowers or any transaction contemplated under any Borrowers' Constituent Documents or the Loan Documents or on the ability of any Borrower to perform its Obligations under its Constituent Documents or the Loan Documents or any related documents;

(vi) [Use whichever of the following correctly describes the Borrowers' and the Guarantor's ERISA exemption:][Each Borrower and the Guarantor has obtained an opinion of counsel reasonably acceptable to the Administrative Agent that each Borrower and the Guarantor has remained and still is an Operating Company]; or [the underlying assets of each Borrower and the Guarantor do not constitute Plan Assets because less than 25% of the total value of each class of equity interests in such Person is held by

"benefit plan investors" within the meaning of Sectoin 3(42) of ERISA];

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The undersigned hereby certifies each and every matter contained herein to be true and correct.

_____

Name:
Title:

EXHIBIT N
FORM OF SUBSCRIPTION AGREEMENT

[Attached]

EXHIBIT O

FORM OF FACILITY EXTENSION/INCREASE REQUEST

[DATE]

Bank of America, N.A.
NC1-027-15-01

214 North Tryon Street

Charlotte, NC 28255

Telephone: 980-233-7050
Fax: 980-386-7216
Attention: Jeremy Grubb
E-mail: jeremy.grubb@baml.com

RE: That certain Revolving Credit Agreement dated as of November 21, 2012 by and among [ACADIA STRATEGIC OPPORTUNITY FUND IV LLC], a [DELAWARE LIMITED LIABILITY COMPANY] (the "***Borrower***"), any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof (the "***Borrowers***"), the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA N.A., as the Administrative Agent, the Structuring Agent, the Sole Bookrunner, the Sole Lead Arranger, the Letter of Credit Issuer and as a Lender (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Ladies and Gentlemen:

This [facility extension/increase] request (this "***Request***") is executed and delivered by the Borrowers to the Administrative Agent pursuant to Section [2.14/2.15] of the Credit Agreement.

The Borrowers hereby request [an extension of the Stated Maturity Date to [DATE] (the "***Facility Extension***")] [an increase in the Maximum Commitment in the amount of $[INCREASE AMOUNT] (the "***Facility Increase***") for an aggregate Maximum Commitment in the amount of $[NEW MAXIMUM COMMITMENT]].

In connection with this Request, the Borrowers hereby represent, warrant and certify to the Administrative Agent for the benefit of the Lenders that:

1) On and as of the date hereof the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material

respects, and will be true and correct in all material respects immediately after the request herein becomes effective, with the same force and effect as if made on and as of such date (except to the extent such representations and warranties expressly relate to an earlier date);

(j) No Event of Default or Potential Default exists and is continuing on and as of the date hereof or will exist on the date any request herein becomes effective;

(k) After any request herein becomes effective the Principal Obligations will not exceed the Available Commitment;

(l) The Borrowing Base Certificate attached hereto as Exhibit A, which constitutes an updated Exhibit A to the Credit Agreement, is true and correct as of the date hereof. In the event that any of the relevant information on such Borrowing Base Certificate changes between the date hereof and the date of the Facility Increase requested herein, the Borrowers shall promptly deliver to the Administrative Agent corrections thereto;

(m) Attached hereto as Exhibit B are resolutions adopted by the Borrowers approving or consenting to the [Facility Extension/Facility Increase].

(n) As of the date hereof, no event has occurred since the date of the most recent financial statements of the Borrowers delivered to the Administrative Agent which could reasonably be expected to have a Material Adverse Effect. In the event that between the date hereof and the date of the [Facility Extension/Facility Increase], any event should occur which could reasonably be expected to have a Material Adverse Effect, the Borrowers shall promptly notify Administrative Agent.

(o) [As of or prior to the date hereof, the Borrowers have paid to the Administrative Agent the Facility Increase Fee.]

The undersigned hereby certifies each and every matter contained herein to be true and correct.

BORROWERS:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

EXHIBIT P
FORM OF CAPITAL RETURN CERTIFICATION

[DATE]

Bank of America, N.A.
NC1-027-15-01

214 North Tryon Street

Charlotte, NC 28255

Telephone: 980-233-7050
Fax: 980-386-7216
Attention: Jeremy Grubb
E-mail: jeremy.grubb@baml.com

RE: That certain Revolving Credit Agreement dated as of November 21, 2012 by and among [NAME OF BORROWER], a [jurisdiction of organization] [type of organization] and [NAME OF BORROWER], a [jurisdiction of organization] [type of organization] [, any Borrowers which become a party thereto pursuant to Section 6.3 or Section 6.4 thereof] (each, a "***Borrower***", and collectively, the "***Borrowers***"), [GUARANTORS], the banks and financial institutions listed on the signature pages thereof as the Initial Lenders (the "***Initial Lenders***"), each of the other lending institutions that becomes a lender thereunder (together with the Initial Lenders, each a "***Lender***" and collectively, the "***Lenders***"), BANK OF AMERICA, N.A., as the Administrative Agent, the Letter of Credit Issuer, as a Lender, as the Sole Bookrunner and Sole Lead Arranger (as the same may be modified, amended, or restated from time to time, the "***Credit Agreement***"). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Ladies and Gentlemen:

In connection with this Capital Return Certification (this "***Certificate***"), the Borrowers hereby represent and warrant and certify to the Administrative Agent for the benefit of the Secured Parties that:

(a) The amounts distributed to each Investor as described above have been added back into such Investor's Uncalled Capital Commitment and may be subject to a Capital Call in the same manner as any other Uncalled Capital Commitment;

(b) After giving effect to the distributions described herein, the total Uncalled Capital Commitments of the Included Investors will be $_____.

(c) On and as of the date hereof the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except to the extent such representations and warranties expressly relate to an earlier date);

(d) No Event of Default or Potential Default exists and is continuing on and as of the date hereof;

(e) After giving effect to the distributions described herein the Principal Obligations will not exceed the Available Commitment;

(f) The Borrowing Base Certificate attached hereto as Exhibit A, which constitutes an updated Exhibit A to the Credit Agreement and gives effect to the return of capital certified herein, is true and correct as of the date hereof; and

(g) True and accurate copies of the Capital Return Notices for the distributions described herein and sent to the Investors are attached hereto as Exhibit B.

[Remainder of Page Intentionally Left Blank

Signature Page(s) Follow]

The undersigned hereby certifies each and every matter contained herein to be true and correct.

BORROWERS:

[_____],
[_____]

By: [_____],
its [_____]

By:__
Name:
Title:

EXHIBIT A TO CAPITAL RETURN CERTIFICATION

[Updated Borrowing Base Certificate to be Attached Separately]

EXHIBIT B TO CAPITAL RETURN CERTIFICATION

[Returned Capital Notices sent to the Investors to be Attached Separately]

EXHIBIT Q

FORM OF CAPITAL RETURN NOTICE

[LETTERHEAD]

[Date]

[Investor Name]
[Organization]
[Street Address]
[City, State, Zip Code]
[Country]

RE: Acadia Investors IV, Inc. (the "Fund") Distribution

Dear [Name],

As described in our recent correspondence, we are making distributions to the stockholders of the Fund from [*description of activity*].

Your share of this distribution is $_____, which will be wired to you today in accordance with your recent wiring instructions. After giving effect to the distribution referenced in this letter, your Remaining Capital Commitment (as defined in the Fund's Stockholder Agreement) eligible to be called is $_____.

As always, please do not hesitate to contact us should you have any questions or require additional information.

Sincerely,

_____

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into by and between Purchaser and Sellers, as of the Effective Date.

IN CONSIDERATION OF the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

Section 1.1: Definitions. The following terms shall have the meanings indicated for all purposes under this Agreement:

Acadia: Acadia Strategic Opportunity Fund III LLC, or, as the context may require, Acadia Strategic Opportunity Fund II, LLC, severally, and not jointly.

Allocated Contract Price: That portion of the Contract Price allocated to each Property as set forth on Exhibit C attached hereto.

Atlantic Avenue Property: Shall mean the Property described on the attached Exhibit A as "Atlantic".

Business Days: All days except Saturday, Sunday or a legal holiday under the laws of the State of New York.

Closing: The act of settlement of the purchase and sale of the Properties at which title is conveyed from Sellers to Purchaser and the Contract Price is paid by Purchaser to Sellers.

Closing Date: December 21, 2012, or as otherwise may be extended pursuant to the terms of Section 9.1 hereof by Purchaser, or Article 5 and Section 9.3 by Sellers hereunder, or on such other date as Purchaser and Sellers may agree in writing; such originally scheduled closing date, as such date may be extended as permitted hereunder, shall be TIME OF THE ESSENCE.

Contract Price: $293,903,000.00; provided, however, in the event that the Purchaser shall have elected either (i) the Pelham Adjournment Right or the Ozone Park Adjournment Right, on the one hand or (ii) the Pelham Termination Right or the Ozone Park Termination Right, respectively, on the other hand, the Contract Price shall be reduced by an amount equal to the Allocated Contract Price for the Pelham Property and/or the Ozone Park Property, respectively, as the case may be, and the Initial Earnest Money shall be proportionately reduced, in relation to the percentage of the Allocated Contract Price corresponding to any such property so terminated or adjourned, as the case may be.

Due Diligence Items: Shall have the meaning given to such term in Section 4.1.

Earnest Money: The Initial Earnest Money plus each installment of Additional Earnest Money, if any, plus interest thereon, if applicable.

Effective Date: The date on which the Title Agent receives a fully executed copy of this Agreement, said date being inserted by the Title Agent in the blank provided for that purpose on the signature page of this Agreement.

Governmental Authority: The United States of America, the State, and city or county and any agency or instrumentality thereof having jurisdiction over Sellers or the Properties or any portion thereof.

Improvements: The self-storage facilities, buildings and other improvements located on the Properties.

Initial Earnest Money: $8,817,090.00

Inspection Objection: Shall have the meaning given to such term in Section 4.2.

Land: Those parcels further and more fully described on Exhibit B attached hereto.

Legal Requirements: Any law, statute, ordinance, decree, requirement, order, judgment, rule, regulation of, and the terms of any license or permit issued by, any Governmental Authority applicable to the Property.

Ozone Park Adjournment Right: Shall have the meaning given to such term in Section 15.1.

Ozone Park Termination Right: Shall have the meaning given to such term in Section 15.2.

Ozone Park Property: Shall mean the Property described on the attached Exhibit A as “Ozone Park”.

Pelham Adjournment Right: Shall have the meaning given to such term in Section 15.1.

Pelham Termination Right: Shall have the meaning given to such term in Section 15.2.

Pelham Property: Shall mean the Property described on the attached Exhibit A as “Pelham”.

Properties: Shall have the meaning given to such term in Section 2.1.

Proration Date: The day immediately prior to the Closing Date.

Purchaser: SP Holdings I LLC, a Delaware limited liability company, whose address for notices is:

SP Holdings I LLC
Two Buckhead Plaza
3050 Peachtree Road NW, Suite 580
Atlanta, Georgia 30305

Attention: Bruce C. Roch, Jr.
Telephone No.: (404) 231-6700
Fax No.: (404) 963-9544

and

Heitman Capital Management LLC
191 North Wacker Drive, Suite 2500
Chicago, Illinois 60606
Attention: Howard Edelman
Telephone No.: (312) 855-6547
Fax No.: (312) 541-6738

with a copy to:

Mayer Brown LLP
350 South Grand Avenue
Los Angeles, California 90071-1503
Attention: Brian T. May, Esq.
Telephone No.: (213) 229-5113
Fax No.: (213) 576-8177

Renovation Agreements: Construction, renovation, design and any other agreements relating to renovations and improvements being made to the Repositioning Properties as further defined in Section 2.1(e)(xii).

Repositioning Properties: These properties are detailed in Exhibit G attached hereto.

Sellers:

Acadia Storage Company LLC
Acadia Storage Post Portfolio Company LLC
Acadia Suffern LLC
Acadia Atlantic Avenue LLC
Acadia Pelham Manor LLC
Acadia Liberty LLC

The address for notices to Sellers is:

Acadia Realty Trust
1311 Mamaroneck Avenue
Suite 260
White Plains, New York 10605
Attention: Robert Masters
Telephone No.: (914) 288-8139
Fax No.: (914) 288-2139

State: With respect to a particular property, the State in which such Property is located.

Title Agent: Near North National Title LLC, whose address for notices under this Agreement is:

222 North LaSalle Street
Lobby Level
Chicago, Illinois 60601
Attention: Cindy M. O'Donohue and Megan Toborg
Telephone No: 312-419-3918
Fax No: (312) 419-0778

Title Company: Chicago Title Insurance Company.

ARTICLE 2: AGREEMENT TO SELL AND PURCHASE

Section 2.1: Purchase and Sale. Upon and subject to the terms of this Agreement, Sellers agree to sell to Purchaser, and Purchaser agrees to purchase from Sellers, the Properties, as detailed on Exhibit A attached hereto. As used in this Agreement, the terms "Properties" as detailed on Exhibit A and "Property", shall mean and include all of Sellers' right, title and interest, if any, in:

(a) Fee simple title to the Land and Improvements for all the Properties except, with respect to (i) the Ozone Park Property, title to the lessee's leasehold interest thereof pursuant to a ground lease described on the attached Schedule 2.1(a) (the "Ozone Park Ground Lease") and (ii) the Pelham Property, (A) a space lease of a portion of the lessee's leasehold interest thereof pursuant to a ground lease described on the attached Schedule 2.1(a) (the "Pelham Ground Lease", together with the Ozone Park Ground Lease, the "Ground Leases"), such space lease interest consisting of Unit 1 of the P/A-Acadia Pelham Manor Condominium (the "Pelham Condominium"), as more particularly described on Exhibit A attached hereto, pursuant to a lease to be entered into at Closing, by and between Acadia Pelham Manor LLC, as landlord, and Purchaser, as tenant, in form and substance satisfactory to both Purchaser and Seller (the "Pelham Ground SubLease") and (B) Seller's interest in Unit 1 as a "Unit Owner" under the Pelham Condominium.

(b) All the rights and appurtenances pertaining to the Land, including all water and mineral rights, all rights in and to wastewater capacity and other utility capacity allocated to the Land, rights under any reciprocal easement agreements, access agreements and other recorded or unrecorded instruments benefiting the Land or the Improvements, all right, title and interest of Sellers in and to easements, adjacent and contiguous tracts, strips, gores, streets, alleys and rights-of-way, any reversionary rights attributable to the Land, any condemnation awards made or to be made in lieu thereof, and any awards for damage to the Land by reason of a change of grade of any highway, street, road or avenue (collectively, the "Appurtenances");

(c) All machinery, equipment, furnishings, furniture, signage and other tangible personal property of every kind and character, if any (the "Personal Property") owned by Sellers and now or hereafter located on or about, and used in connection with, the Land or the Improvements,

including all right, title and interest of Sellers' affiliate's interest in certain vehicles used in the operation of the businesses operated at the Properties, as more particularly set forth on and described in Schedule 3.1 herein (the "Vehicle Property");

(d) The interest of the lessors or landlords under all rental agreements, leases, and use and/or occupancy agreements covering any part of the Land or the Improvements (together with any amendments, modifications, amendments and restatements or supplements thereto, and any new storage space leases entered into prior to Closing in accordance with this Agreement, the "Leases"), together with all prepaid rents, security deposits, letters of credit and other deposits made by the tenants under the Leases and all guarantees relating to or made in connection with the Leases;

(e) All of the following, to the extent that they exist and relate to or arise out of the design, construction, ownership, use, leasing, maintenance, management, service, supply or operation of the Land, the Improvements, the Leases or the Personal Property: (i) contracts and agreements such as maintenance, service, supply and utility contracts (the "Service Contracts"), to the extent that Purchaser elects (or is required) to take assignment thereof as provided herein, (ii) warranties, guaranties, indemnities, claims and causes of action, (iii) development rights, air rights, governmental approvals, licenses, permits, certificates of occupancy and similar entitlements, (iv) plans, drawings, specifications, surveys, engineering reports, environmental reports and audits, government and regulatory compliance reports, such as Americans with Disabilities Act compliance reports, equipment manuals and other technical manuals and descriptions in Sellers' or Sellers' property manager's possession or control, (v) any operating agreements, reciprocal easement agreements, utility agreements and other recorded and unrecorded agreements affecting the Land, (vi) rights, including deposits and other amounts paid or prepaid by Sellers under construction contracts and architectural and engineering agreements, (vii) surveys, engineering, soils, seismic, geological and environmental reports, studies, certificates and other technical descriptions applicable to the Land and/or the Improvements in Sellers' or Sellers' property manager's possession or control, (viii) rights to credits, refunds and reimbursements, including any credits against, or right to pay reduced, application fees, permit fees, inspection fees and impact fees (subject to any adjustment, if and to the extent applicable, in accordance with this Agreement), (ix) rights under zoning cases, preliminary plans, plats and other development applications and approvals, if and to the extent in Sellers' or Sellers' property manager's possession or control (x) all other development rights, powers, privileges, options and other benefits associated with that pertain to, are attributable to, apply to or which otherwise benefit, the Land and/or the Improvements, and (xi) telephone exchanges, trade names, marks, all good will attributable to or associated with such trade names and marks, and other identifying material used by Sellers in the operation of the Improvements, excluding the name, "Storage Post" (collectively, all such property described in this subparagraph (e), the "Intangible Property") and, (xii) construction, renovation, architectural, mechanical, electrical and engineering drawings, designs, surveys, blue prints, plans and specifications, development agreements, constructions contracts and subcontracts, and any other documents, contracts, instruments or agreements relating to renovations and improvements being made to the Repositioning Properties, if and to the extent in Sellers' or Sellers' property manager's possession or control (the "Renovation Agreements").

ARTICLE 3: CONTRACT PRICE AND EARNEST MONEY

Section 3.1: **Contract Price**. At Closing, Purchaser shall pay to Sellers in immediately available funds an amount equal to the Contract Price, less the Earnest Money that is applied to the Contract Price and subject to the prorations and adjustments provided in this Agreement, including for the Vehicle Property pursuant to Sections 9.9(g) and 9.9(h) hereof. The Contract Price is allocable to the Properties and payable to the Sellers as set forth on Exhibit C.

Section 3.2: **Earnest Money.** The parties shall execute three (3) originals of this Agreement. Purchaser shall deposit the Initial Earnest Money with the Title Agent in escrow by no later than 5:00 P.M., New York time on the date that is two (2) Business Days immediately following the Effective Date, by wire transfer of immediately available federal funds to an account designated by Title Agent, to be held by Title Agent pursuant to and in accordance with the provisions of Article 14 of this Agreement; provided, if Purchaser fails to timely deliver the Initial Earnest Money pursuant to this Section 3.2, then this Agreement, without further act of either party, shall be automatically terminated. At Purchaser's option, the Title Agent shall either invest the Initial Earnest Money and any installment of Additional Earnest Money in an interest-bearing account acceptable to Purchaser or in any other account acceptable to Purchaser. The Earnest Money shall include all interest thereon, to the extent applicable. In the event of a Closing, all Earnest Money shall be applied to the Contract Price at Closing. In the event there is no Closing, all Earnest Money shall be disbursed in accordance with the provisions of Article 14 herein.

ARTICLE 4: DUE DILIGENCE ITEMS AND INSPECTION OF THE PROPERTY

Section 4.1: **Due Diligence Items**. Sellers, by their signatures to this Agreement, acknowledge that they have delivered to Purchaser true, correct and complete copies of the items listed below for all Properties listed on Exhibit A (the "Due Diligence Items") without any representation or warranty by Sellers as to the same except to the extent specifically set forth in Section 6.1 herein:

(a) the most recent surveys of the Properties in Sellers' possession;

(b) real estate and personal property tax statements with respect to each Property for the immediately preceding three (3) full calendar years;

(c) the written results, if any, of any roof reports, environmental site assessments, engineering reports, soil boring tests or other third party, physical inspections done at all of the Properties;

(d) the most recent appraisal done for all of the Properties;

(e) a current owner's policy of title insurance covering all of the Properties, and copies of all recorded documents;

(f) most recent lender's pro formas of title insurance covering all of the properties;

(g) a current site plan showing the location of the Improvements on all of the Properties;

(h) operating statements for all of the Properties for the immediately preceding three (3) full calendar years and for the year to date for 2012, itemized in reasonable detail as to expenses;

(i) fully executed copies of all Leases and all guarantees related thereto, if any, together with any correspondence or other written communication between Sellers (or any predecessor in title) and the tenants under the Leases at all of the Properties;

(j) fully executed copies of the Ground Leases and all guarantees related thereto, if any;

(k) historical occupancy reports for the immediately preceding three (3) full calendar years;

(l) all available architectural, structural, mechanical and electrical "as-built" plans and specifications for the Improvements, together with copies of all building permits, certificates of occupancy (whether temporary or final) and other material permits, licenses, franchises, authorizations, variances and approvals used in or relating to the ownership, construction, renovation, leasing, maintenance, management, occupancy or operation of the Improvements;

(m) warranties and guarantees related to any of the Personal Property or Improvements;

(n) a current rent roll for each property;

(o) copies of all Service Contracts and Renovation Agreements;

(p) copies of all utilities bills for the 12-month period preceding the Effective Date;

(q) a schedule of accounts receivable;

(r) a written description of any pending litigation brought by or against Sellers which involves any of the Properties;

(s) a written description of any pending appeals regarding property tax assessments (collectively, the "Pending Tax Appeals");

(t) copies of all written notices from governmental authorities;

(u) a schedule of all capital expenditures of $5,000 or more for the immediately preceding three (3) full calendar years and for the year to date for 2012; and

(v) a schedule of insurance coverage, including a claim history for current and prior two years.

Purchaser, by its signature to this Agreement, acknowledges receipt of the preceding items, without any representation or warranty or acknowledgment as to the completeness of the same. Sellers will promptly advise Purchaser in writing of any changes, additions, deletions or modifications with respect to any Due Diligence Items, to its knowledge, and will provide Purchaser with true, correct and complete copies of all such changes, additions, deletions or modifications.

The terms "to Sellers' knowledge," "to the best of Sellers' knowledge" and phrases of similar import used in this Agreement, including in Article 6 herein, shall mean the actual present knowledge (and not constructive knowledge) of Robert Masters and Jonathan Asta, without independent inquiry or investigation (except if and to the extent specifically set forth in Article 6 herein) based upon their review of the representations and warranties contained herein, and shall not mean that Sellers or such individual is charged with knowledge of the acts, omissions and/or knowledge of Sellers' property manager (or any employee thereof) or of Sellers' other agents or employees or of Sellers' predecessors in title to the Properties. Neither such individual shall have any personal liability with respect to this Agreement or the transaction contemplated hereunder.

Section 4.2: Sellers' Inspection Objections Cure Obligations.

(a) At any time prior to Closing, Purchaser or its agents, at their sole cost and risk, shall have the right to go on the Properties or any part thereof, to inspect the Properties and to make all such inspections, surveys, tests, market or other studies (including environmental) as Purchaser deems necessary or desirable to determine if the Properties are suitable for use by Purchaser, subject to this Section 4.2 and reasonable conditions relating to any on-site inspection of the Property promulgated by Sellers or Sellers' property manager. Except for a default by Sellers in their Closing obligations pursuant to Section 9.4 hereunder or any right of Purchaser hereunder to terminate this Agreement under Sections 10.5, 11.1 or 11.2, or a failure of a condition precedent to Purchaser's obligations hereunder in accordance with Section 9.3 herein, which is not duly cured pursuant to the final paragraph of Section 9.3 herein, the Earnest Money shall be non-refundable to Purchaser.

(b) Schedule 4.2 attached hereto sets forth all of Purchaser's objections to the condition of one or more of the Properties based solely on a condition, event, circumstance or fact reflected in a Third Party Report (hereinafter defined) commissioned by and obtained by Purchaser prior to the date hereof (such objections, the "Inspection Objections"). As used in this Agreement, the term "Third Party Report" shall mean one or more of the following reports prepared by an independent, third party not related to Purchaser: any Phase I or Phase II environmental site assessment, any property condition and engineering report, and any legal compliance report, including, without limitation, any zoning report. Purchaser shall have delivered to Sellers, prior to the Effective Date, all relevant portions of any Third Party Reports necessary to establish, to Sellers' reasonable satisfaction, the basis for the Inspection Objections.

(i) With respect to any Inspection Objections that can be remedied by delivery of documentation to or from a Governmental Agency (the "Inspection Objection Documentation"), Sellers shall exercise commercially reasonable efforts to deliver to Purchaser prior to Closing any such Inspection Objection Documentation.

(ii) If Sellers are unable to obtain any such Inspection Objection Documentation prior to Closing despite such commercially reasonable efforts, Sellers shall so notify Purchaser in writing prior to Closing of such fact (provided that such failure shall not be a failure of a condition precedent to Purchaser's obligations hereunder, which shall be unaffected by such failure), and Sellers will continue to exercise commercially reasonable efforts to obtain the Inspection Objection Documentation post-Closing, subject to subparagraph (iii) below, until it has so delivered same to

Purchaser after Closing (provided Purchaser shall reasonably cooperate after the Closing with Seller's reasonable requests, at no out-of-pocket cost or expense of Purchaser, necessary, in Seller's reasonable discretion, to facilitate the delivery of such Inspection Objection Documentation to Purchaser, including by executing any affidavits, forms, or letters, in its capacity as owner of the Properties, except that no such cooperation shall increase the obligations or liabilities of Purchaser under this Agreement), but in no event shall such failure to so deliver such documentation to Purchaser entitle Purchaser to exercise any remedy against Sellers, except pursuant to the following sentence, if applicable. Notwithstanding the foregoing, Sellers and Acadia shall indemnify, defend and hold Purchaser harmless from and against any claims, liabilities, obligations or actual damages suffered by Purchaser resulting from or arising out of (1) Sellers' failure to deliver such Inspection Objection Documentation to Purchaser after Closing and (2) the underlying conditions, events or circumstances described in such Inspection Objections. The provisions of this Section 4.2(b) shall survive the Closing if and to the extent Sellers have failed to so deliver the Inspection Objection Documentation by Closing.

(iii) With respect to the Inspection Objection relating to the Atlantic Avenue Property only, Seller shall exercise commercially reasonable efforts to complete (or cause to be completed) the work described on Schedule 4.2 to remedy such respective objection (the "Atlantic Work") prior to Closing; provided, however, in the event that Seller fails to complete such work prior to Closing such failure shall not be a default by Seller or a failure of a condition precedent to Purchaser's obligations hereunder and Seller shall, in such event, continue to exercise commercially reasonable efforts to complete (or cause to be completed) the work described on Schedule 4.2 to remedy such respective Inspection Objection. Upon completion of the work, Seller shall exercise commercially reasonable efforts to seek the Inspection Objection Documentation with respect to such work in accordance with this Section 4.2.

(1) The Atlantic Work shall be performed by Purchaser's environmental consultant, CNS Management Corporation ("CNS"), in accordance with an environmental remediation contract to be entered into prior to the Closing Date between Seller of the Atlantic Avenue Propertyand CNS. Sellers shall ensure the lien-free completion of such work.

(2) Inasmuch as this work will continue after the Closing, Purchaser hereby grants Seller and CNS a license to perform such work, and Purchaser shall be permitted to promulgate basic work guidelines to minimize risk and disruption to the owner and occupants thereof, such as liability insurance and work and safety rules, each in proportion to the scale and type of work being performed, and at similarly situated properties.

(3) In no event shall Seller amend or modify such contract for the Atlantic Work without Purchaser's prior written approval.

ARTICLE 5: TITLE AND SURVEY

Section 5.1: Delivery of Title Commitment and Survey. Purchaser acknowledges, prior to the date hereof, having received and reviewed:

(c) A Commitment for Title Insurance (the "Commitment") issued by the Title Agent on behalf of the Title Company, together with true and legible copies of all easements, restrictions and other items referred to as exceptions in the Commitment, pursuant to which the Title Agent agrees to issue to Purchaser at Closing an American Land Title Association Form 2006 Extended Coverage Owner's Policy of Title Insurance (the "Title Policy") in the full amount of the Contract Price, as allocated among the Properties in Purchaser's sole discretion, dated as of the Closing Date, together with such endorsements as are requested by Purchaser and are available under applicable Legal Requirements, insuring Purchaser's title to each Property, subject only to the Permitted Encumbrances (hereinafter defined); and

(d) A current survey, which shall be an update and/or recertification of the Properties' surveys previously delivered to Purchaser (collectively, the "Survey") of each Property made on the ground by a registered, professional land surveyor approved by the Title Agent and licensed by the appropriate Governmental Authority. The Survey shall for each Property (A) contain a metes and bounds description of the Land; (B) locate and show dimensions of all existing easements (setting forth book and page number) alleys, streets, roads and rights-of-way; (C) show any encroachments on or protrusions from the Property; (D) show all existing Improvements; (E) show any portion of each Property within a flood plain; and (E) otherwise conform to the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Real Property Title Surveys and the items set forth in Table A thereto (other than contours and elevations of the Land but including elevations of the Improvements).

Section 5.2: Procedure for Resolving Title Objections. Prior to the date hereof, Purchaser has notified Sellers in writing ("Purchaser's Objection Notice") of its objection to any exceptions to title contained in the Commitment or disapproval of the Survey which are not Permitted Exceptions ("Title Objections"). The term "Permitted Exceptions" shall mean: (i) any and all covenants, easements, restrictions, and agreements of record affecting the Properties, waived (or deemed waived) by Purchaser (i.e., either not expressly waived in response to Sellers' unwillingness to cure such objections as permitted hereunder or not raised by Purchaser as a Title Objection in Purchaser's Objection Notice); (ii) the Leases; and (iii) the standard printed exclusions and exceptions in the form of the owner's Title Policy. Sellers shall cure all such Title Objections, except to the extent set forth on the attached Schedule 5.2 (which are markups of Purchaser's original Title Objections) at or prior to Closing (which date may be extended for up to thirty (30) days by Sellers to cure same if it so elects for any items first appearing after the date of the recent lender's pro formas for the Properties, including in any update to the Commitment prior to closing, and which date (as extended by such thirty (30) days) may be further extended, at Seller's option,

for up to sixty (60) additional days so long as Sellers are diligently pursuing the cure of such Title Objections) which cures shall be performed to insure over or omit any such item in order to allow the Title Agent to issue the Title Policy on behalf of the Title Company subject only to the Permitted Exceptions. Except as expressly set forth above, Sellers shall have no obligation to remove or cure any Title Objections set forth in Purchaser's Objection Notice. All standard printed exceptions, including the gap exception, shall be deleted at Closing, to the extent same can be deleted by Sellers' delivery of a properly executed Owner's Affidavit (as defined herein) by Sellers and the Survey by Purchaser, to the Title Agent. Sellers shall execute and deliver to the Title Agent on or prior to the Closing Date an owner's affidavit on the Title Agent's standard form, without any requirement for indemnities except for "gap" indemnity (the "Owner's Affidavit") and any other documents, undertakings or agreements reasonably required by the Title Agent to issue the Title Policy in accordance with the provisions of this Agreement. Sellers shall be obligated to discharge and cause to be released from the public records, or otherwise cause to be omitted from the Purchaser's Title Policy at Closing, including, by bonding over or delivering escrows to the Title Agent satisfactory to Title Agent (but Sellers shall be so permitted to bond/escrow, as the case may be, only for exceptions which can be cured by payment of money) (1) any lien securing a monetary obligation or any lien or security interest that can be released by payment of money (except liens created or caused by Purchaser or Purchaser's agents in connection with its diligence activities at the Properties for which Sellers have notified Purchaser or for which Sellers are otherwise aware or otherwise responsible for, which shall be the responsibility of Purchaser) and (2) liens or encumbrances (including, but not limited to, monetary liens) voluntarily created by Sellers after the Effective Date in violation of this Agreement. In the event that Sellers shall have failed to cure any Title Objections, with regard to any Properties, to Purchaser's reasonable satisfaction prior to the end of Sellers' cure period in accordance with this paragraph (as same may be extended in accordance with this paragraph), Purchaser may, at its option, either (i) waive any uncured Title Objections and proceed to Closing or (ii) terminate this Agreement by written notice to Sellers, each option to be exercised within five (5) Business Days after Sellers have failed to cure any of the Title Objections of which Seller is required to cure in accordance with this paragraph. Purchaser's failure to so terminate this Agreement at the end of the period described in subparagraph (ii) of the immediately preceding sentence will constitute its waiver of any uncured Title Objections. In the event that Purchaser elects to terminate this Agreement under such subparagraph (ii), the Earnest Money shall be returned to Purchaser within three (3) days after Purchaser's termination notice, free and clear of all rights and claims of Sellers with respect thereto, except to the extent any claim exists against Purchaser relating to its on-site activities at the Properties for which Seller has notified Purchaser or which Seller is otherwise aware or otherwise responsible for, and neither party hereto shall have any other further liability or obligation hereunder. Any exceptions to title disclosed in the Commitment and not objected to by Purchaser in Purchaser's Objection Notice shall be deemed accepted by Purchaser.

ARTICLE 6: SELLERS' AND PURCHASER'S REPRESENTATIONS AND WARRANTIES

Section 6.1: Sellers' Representations and Warranties. Acadia and each Seller hereby jointly and severally represent and warrant to Purchaser as follows, with regard to each Seller and each Property.

(a) Each of Seller and Acadia is duly organized, validly existing and in good standing under the laws of the state of its organization, and is duly authorized to transact business in each state where it is required by law to qualify to transact business.

(b) Each of Seller and Acadia has, without notice to or consent or joinder of any other person or entity, the full right, power and authority to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by each of Seller and Acadia has been duly and validly authorized by all requisite action. This Agreement constitutes the legal, valid and binding agreement of each Seller and Acadia, enforceable in accordance with its terms.

(c) Each of Seller's and Acadia's execution, delivery and performance of this Agreement, and of any other documents to be executed and delivered by any of the Sellers at Closing, do not and will not violate, conflict with, result in the breach of or constitute a default under any of Sellers' or Acadia's organizational documents, any mortgage, indenture, document, instrument or agreement to which any Seller or Acadia is a party or by which any Seller or Acadia or any portion of the Property is bound or any Legal Requirement.

(d) Except to the extent set forth in the Due Diligence Items, Sellers have not received written notice, nor does any Seller have knowledge, of any pending, threatened or contemplated action by any Governmental Authority having the power of eminent domain that might result in all or any part of the Property being taken by condemnation, eminent domain or conveyed in lieu of such taking.

(e) Except to the extent set forth in the Due Diligence Items, no Seller has received written notice, nor does any Seller otherwise have knowledge, of any claim by any Governmental Authority relating to actual or alleged violations of any Legal Requirements.

(f) Sellers have not used any of the Properties, nor to the best of each Seller's knowledge, except to the extent set forth in the Due Diligence Items, has any Property been used for the use, manufacture, generation, disposal, storage, or release of Hazardous Substances other than use and storage, if at all, of commonly used and commercially available cleaning supplies and materials used in accordance with applicable Environmental Laws. To the best of each Seller's knowledge, after due inquiry with its property manager and except as disclosed in any Due Diligence Items, there are no Hazardous Substances located in, on, under or about any of the Properties other than use and storage, if at all, of commonly used and commercially available cleaning supplies and materials used in accordance with applicable Environmental Laws. Except to the extent set forth in the Due Diligence Items, to Sellers' knowledge, there are no underground storage tanks on any of the Properties. "Hazardous Substances" mean (i) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic mold, toxic wastes or substances or any other materials or pollutants which (A) pose a hazard to the Property or to persons on or about the Property or (B) cause the Property to be in violation of any Environmental Law (hereinafter defined) and (ii) any chemical, material or substance defined as or included in the definitions of "hazardous substances",

"hazardous wastes", "hazardous materials", "extremely hazardous wastes", "toxic substances" or words of similar import under any applicable Environmental Law. "Environmental Laws" mean any federal, state or local laws, ordinances, regulations or policies relating to the environment, health and safety, any Hazardous Substances (including, without limitation, the use, handling, transportation, production, disposal, discharge or storage thereof) or to environmental conditions in, on, under or about any of the Properties, including, without limitation, soil and groundwater conditions. For the avoidance of doubt, except to the extent it has knowledge disclosed herein, Sellers make no representations or warranties regarding the interior of any of the rented units at the Properties.

(g) Except as disclosed on Schedule 6.1(g) annexed hereto, there is no litigation or other proceedings pending or, to the best of each Seller's knowledge, threatened in writing against or relating to the Property or any Seller.

(h) To the best of each Seller's knowledge, the Due Diligence Items delivered to Purchaser by Sellers are true, correct and complete copies of what they purport to be. None of the Sellers has any Due Diligence Items in its possession or, to its knowledge, within its control, that has not been delivered (or made available) to Purchaser.

(i) Except for any routine maintenance and repairs, including any emergency repairs, no work has or will have been performed or will be in progress at the Properties other than what is disclosed on Exhibit F, and except for any such routine maintenance and repairs, including any emergency repairs or work disclosed on Exhibit F hereto, no materials have or will have been delivered to the Properties, that might provide the basis for a materialman's, mechanic's or other lien against the Properties or any portion thereof. True and correct copies of all Renovation Agreements have been delivered to Purchaser. Sellers have not delivered any written notice of a breach or default nor, to Sellers' knowledge, are Sellers or any other party in breach or default under any Renovation Agreement. Except in connection with any unfinished Renovation Work or as disclosed to Purchaser in the Due Diligence Items, all contractors, vendors and other persons performing work (including constructing improvements) upon the properties have been paid in full for all work actually performed and billed to Sellers not more than thirty five (35) days prior to the Closing Date and/or Seller has provided sufficient basis for the Title Company to insure Purchaser against any such liens being exceptions to Purchaser's Title Policy. All construction and other worked performed under or with regard to the Renovation Agreements has been performed in accordance with the construction budgets attached as Exhibit H, hereto and in accordance with the plans and specifications, shop drawings, schematics, attached as Exhibit I, hereto, subject to any modifications, if any, in accordance with Section 7.2(c).

(j) No Seller has granted any other person the right to acquire any Properties and, to Sellers' knowledge, no other person has been granted any right to acquire any interest in any of the Properties.

(k) Except as set forth in the Due Diligence Items, to the best of Sellers knowledge: (i) there are no taxes, other than the current year's ad-valorem and personal property taxes not yet due and payable, and (ii) there are no levies or assessments presently due with respect to any public improvements (including, without limitation, for rights of way or utilities) being constructed on or adjacent to the Properties.

(l) To the best of each Seller's knowledge, after due inquiry with its property manager or as set forth in the Due Diligence Items: (i) there are no adverse or other parties in possession of the Properties other than pursuant to the Leases or the Ground Leases, and (ii) other than pursuant to the Leases or the Ground Leases, no person or entity has been granted any license, lease or other right relating to the use, management or possession of the Properties or any part thereof.

(m) To the best of each Seller's knowledge, after due inquiry with its property manager or as set forth in the Due Diligence Items, no fact or condition exists which would result in the termination of current access from the Property to any presently existing highways and roads adjoining or abutting the Properties.

(n) To the best of each Seller's knowledge, after due inquiry with its property manager, the rent roll and all operating statements, and other financial statements, financial schedules, financial reports and financial information delivered and to be delivered to Purchaser are and will be true, correct, accurate and complete in all material respects.

(o) To the best of each Seller's knowledge, after due inquiry with its property manager: (i) the copies of the Leases and Ground Leases delivered or to be delivered to Purchaser (or made available in the Due Diligence Items) for all Properties are true, correct, accurate and complete reproductions of the actual Leases and Ground Leases, (ii) there are no Leases other than those reflected on the rent roll and included in the Due Diligence Items and (iii) there are no Ground Leases other than those included in the Due Diligence Items. Except as expressly provided in the Leases or reflected on a rent roll or in the Due Diligence Items, to the best of Sellers' knowledge after due inquiry with its property manager, no tenant under a Lease is due any free rent or other concession that is attributable or applicable to a period on or after the Closing Date.

(p) To the best of each Seller's knowledge, after due inquiry with its property manager: (i) the copies of the Service Contracts for all the Properties delivered or to be delivered to Purchaser (or made available in the Due Diligence Items) are true, correct, accurate and complete reproductions of the actual Service Contracts, and (ii) there are no Service Contracts other than those delivered to Purchaser. Sellers have not delivered any written notice of default and to Sellers' knowledge there is no existing default under any Service Contract.

(q) To the best of each Seller's knowledge, after due inquiry with its property manager, except as set forth in Exhibit J, during calendar year 2012, Sellers have not agreed to or received any prepaid rent or provided any rent free periods with regard to any of the Properties.

(r) Sellers (or, with respect to the Vehicle Property, affiliates of Sellers) own the Personal Property located at the Properties free and clear of any leases and liens as of the Closing.

(s) None of the Sellers has any employees. All employees at the Properties are employees of Self Storage Management, LLC.

Section 6.2: **Purchaser's Representations and Warranties**. Purchaser hereby represents and warrants to each Seller as follows:

(a) Purchaser is duly organized, validly existing and in good standing under the laws of the state of its organization, and is, or will be at Closing, duly authorized to transact business in each State.

(b) Purchaser has, without notice to or consent or joinder of any other person or entity, the full right, power and authority to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by Purchaser has been duly and validly authorized by all requisite action. This Agreement constitutes the legal, valid and binding agreement of Purchaser, enforceable in accordance with its terms.

(c) Purchaser's execution, delivery and performance of this Agreement, and of any other documents to be executed and delivered by Purchaser at Closing, do not and will not violate, conflict with, result in the breach of or constitute a default under any of Purchaser's organizational documents, any mortgage, indenture, document, instrument or agreement to which Purchaser is a party or by which Purchaser or any portion of its property is bound or any Legal Requirements.

(d) Purchaser has delivered to Seller true, correct and complete information contained in the Third Party Reports necessary to substantiate the Inspection Objections.

Section 6.3: OFAC Representations and Warranties.

(a) Sellers, Acadia and Purchaser each represents and warrants to the other that: (i) they are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation listed by the United States Treasury Department as a Specially Designated National and Blocked Person ("SDN List"), or for or on behalf of any person, group, entity or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism; and (ii) they are not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity or nation.

(b) Sellers, Acadia and Purchaser each represents and warrants to the other that they are not a person and/or entity with whom United States Persons are restricted from doing business under the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq.; the Trading with the Enemy Act, 50 U.S.C. App. §5; any executive orders promulgated thereunder; any implementing regulations promulgated thereunder by the U.S. Department of Treasury Office of Foreign Assets Control (including those persons and/or entities named on the SDN List); or any other applicable law of the United States.

(c) Sellers, Acadia and Purchaser each represents and warrants to the other that no person and/or entity who is named on the SDN List has any direct interest in Sellers, Acadia or Purchaser with the result that the direct investment in Sellers, Acadia or Purchaser is prohibited by any applicable law of the United States.

(d) Sellers, Acadia and Purchaser each represents and warrants to the other that none of the funds of Sellers, Acadia and Purchaser have been derived from any unlawful activity with the result that the direct investment in Sellers, Acadia and Purchaser is prohibited by applicable law of the United States.

(e) Sellers, Acadia and Purchaser each represents and warrants to the other that they are not in violation of the U.S. Federal Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56; its implementing regulations promulgated by the U.S. Department of Treasury Financial Crimes Enforcement Network (31 CFR Part 103); or any other anti-money laundering law of the United States.

(f) Sellers, Acadia and Purchaser each agree that in the event of a breach of this Section 6.3 or any applicable law relating to the subject of this Section 6.3, the non-breaching party may take such action as may be necessary in order to comply with this provision and/or the applicable law, including, but not limited to, terminating this Agreement.

Section 6.4: **Survival**. The warranties and representations contained in this Agreement shall survive the Closing for a period of six (6) months and inure to the benefit of and be binding upon Purchaser, Acadia and each Seller and their respective heirs, legal representatives, successors and assigns. Each of said warranties and representations contained in this Article 6 is true and correct in all material respects as of the date hereof and shall be true and correct as of the Closing Date in all material respects subject to Sellers' right to cure any such breach pursuant to Section 9.3, it being acknowledged and agreed that Sellers shall not be considered in breach of any representation or warranty hereunder solely as a result of the passage of time occurring from the Effective Date until the Closing Date, provided Sellers have either, in an update to the Due Diligence Items or in any written notice to Purchaser, disclosed any update or modification to such representation and/or warranty and unless, as a result of such update, there is a disclosure of facts or circumstances which would have an adverse impact upon any of the Properties or Purchaser or Sellers' ability to perform its obligations under this Agreement.

Section 6.5: **Acadia**. Acadia is executing this Agreement solely for the express purpose of backstopping the representations and warranties contained in Article 6. From and after the Closing Date, Acadia guarantees to Purchaser the due and punctual payment and performance of Sellers' obligations under Article 6, to the extent Purchaser is entitled to recovery thereunder from Sellers; if before the Closing, such obligations being limited to those described in and subject to Section 10.5 herein, or, if after the Closing, such obligations being limited to those described in and subject to Section 10.4 herein. The guaranty hereunder is of payment and performance and not of collection and Purchaser may proceed directly against Acadia as the primary obligor, and not as surety, without first proceeding against Sellers. Notwithstanding the foregoing or anything to the contrary contained herein, with respect to any such claim against Acadia in accordance with this Section 6.5, Purchaser's recourse against "Acadia" shall be solely limited to: (i) with respect to those Properties numbered on Exhibit C hereto from 1)-11) or their respective Sellers (collectively, the "Fund III Properties and Fund III Sellers"), to Acadia Strategic Opportunity Fund III LLC, which owns a substantial interest in the Fund III Properties and Fund III Sellers and (ii) with respect to those Properties numbered on Exhibit C hereto from 12)-14) or their respective Sellers (collectively, the "Fund II Properties and Fund II Sellers"), to Acadia Strategic Opportunity Fund II, LLC, which owns a substantial interest in the Fund II Properties and Fund II Sellers.

For the avoidance of doubt, Purchaser hereby acknowledges that any such recourse against "Acadia" shall be several to the respective Acadia entity owning a substantial interest in such respective Properties and Sellers, and Purchaser shall in no instance be entitled to bring a claim against "Acadia" naming both Acadia entities (i.e., recourse against each Acadia entity is not joint and several).

ARTICLE 7: SELLERS' AGREEMENTS AFFECTING THE PROPERTY

Section 7.1: Sellers' Agreements. From and after the Effective Date and until the Closing or earlier termination of this Agreement:

(e) Sellers shall not sell, contract to sell, option, assign, rent or lease, or dispose of all or any part of or estate or interest in any of the Properties (except Sellers shall have the right, in the normal course, to replace, as needed, any Personal Property with Personal Property of equal or greater value than the Personal Property being replaced), other than storage space Leases entered into after the date hereof in the ordinary course of business.

(f) Sellers shall advise Purchaser promptly of written notices it receives of any administrative hearing before any Governmental Authority, litigation or arbitration concerning or affecting the Property which is instituted or, to Sellers' knowledge, threatened in writing after the Effective Date.

(g) Sellers shall provide or make available to Purchaser during the term of this Agreement, updated monthly rent rolls and operating statements, as available to the Sellers or the property managers for the Properties.

(h) Sellers shall not solicit, encourage or accept any offers to purchase all or any part of the Properties (except for the disposition of Personal Property inventory in the normal course of business).

(i) Sellers will cause each Property to be maintained and operated in the usual and customary manner substantially as such Property is currently being operated and maintained and in compliance with all material Legal Requirements, and will keep each Property in substantially the same condition and repair as existed on the Effective Date, subject to reasonable wear and tear, the Renovation Work and repair and maintenance work conducted in the ordinary course of business excepted, including, without limitation, emergency repairs.

(j) Sellers shall maintain in full force and effect any Legal Requirements for occupancy or operation of the Properties as they are currently operated.

(k) Sellers shall maintain in full force and effect all existing insurance coverages for each Property or as required by Sellers' lenders.

Section 7.2: Service Contracts; Renovation Agreements.

(g) Without the prior written approval of Purchaser, which approval shall not be unreasonably withheld, conditioned or delayed, Sellers shall not enter into service contracts and other service, operation, management, maintenance-related or any other agreements ("New Contracts") for the operation of the business conducted at the Properties, provided that such contracts or agreements are terminable without penalty or cost upon not more than thirty (30) days' notice by Sellers and its assigns, and Sellers shall not terminate (absent a service provider default), amend or otherwise modify any of the Service Contracts or any other agreement that will be binding on Purchaser or the Properties after Closing (except for storage Leases in the ordinary course) which Purchaser has elected to assume in accordance hereunder.

(h) Purchaser has, on or prior to the date hereof, delivered to Sellers written notice ("Purchaser's Service Contract Notice") of which Service Contracts it will assume as of the Closing Date, including any New Contracts. At or prior to Closing (or effective not more than thirty (30) days after Closing, if such notices are delivered less than thirty (30) days prior to the Closing with respect to any Service Contracts only not being assumed by Purchaser), Sellers, at its sole cost and expense, will terminate, effective as of the Closing Date, the existing property management agreements and all Service Contracts not identified in Purchaser's Service Contracts Notice as being assumed by Purchaser.

(i) Sellers shall diligently pursue the construction of improvements upon the Repositioning Properties, in accordance with the Renovation Agreements, the construction budgets attached as Exhibit H, hereto and in accordance with the plans and specifications, shop drawings, schematics, attached as Exhibit I, hereto until the Closing (it being acknowledged that from and after the Closing, pursuant to an assignment of Renovation Agreements, Purchaser shall be solely responsible for completing the construction of improvements upon the Repositioning Properties pursuant to Section 9.10. Sellers shall not amend or modify the Renovation Agreements, the construction budgets attached as Exhibit H, hereto and in accordance with the plans and specifications, shop drawings, schematics, attached as Exhibit I, hereto, without the prior written consent of Purchaser, such consent not to be unreasonably withheld, conditioned or delayed. Sellers shall not deviate from the construction budgets attached as Exhibit H, hereto, the plans and specifications, shop drawings, schematics, attached as Exhibit I, hereto, or the Renovation Agreements, without the prior written consent of the Purchaser, such consent not to be unreasonably withheld, conditioned or delayed; it being understood that prior to the Closing, Sellers shall comply, in a commercially reasonable manner, with the Renovation Agreements.

Section 7.3: Ground Lease: Estoppels, Non-Disturbance; SNDA.

A. Estoppels.

(i) Seller shall use commercially reasonable efforts to obtain and to deliver to Purchaser estoppel certificates (individually, a "**Ground Lease Estoppel**" and, collectively, the "**Ground Lease Estoppels**") from each of the Ground Lease lessors thereto. Each Ground Lease Estoppel shall be in form and substance satisfactory to Purchaser. Sellers' failure to deliver the Ground Lease Estoppels under this Article 7.3 shall constitute a failure of a condition to Purchaser's obligations hereunder, and Purchaser shall not be entitled to specific performance of such obligation of Sellers to deliver such Confirming Estoppels and Purchaser's sole remedy shall be to waive such

failure or terminate this Agreement and receive a refund of the Deposit and Purchaser's costs and expenses in accordance with (and strictly subject to) Section 10.5 herein, but subject to Section 7.3(A)(ii) below.

(ii) Seller shall use commercially reasonable efforts to obtain and to deliver to Purchaser the Ground Lease Estoppels.

B. Pelham Manor--Subordination, Non-Disturbance and Attornment Agreement. Seller shall use commercially reasonable efforts to obtain and to deliver to Purchaser a subordination, non-disturbance and attornment agreement from Acadia Pelham Manor LLC's mortgage lender (i.e., Bank of America, N.A.) on the Pelham Ground Lease, in form and substance satisfactory to Purchaser (the "Pelham SNDA"). Sellers' failure to deliver the Pelham SNDA under this Article 7.3 shall not constitute a default hereunder and in the event that Seller shall fail to deliver the Pelham SNDA Purchaser shall have (i) the right to waive such failure or (ii) the right to elect the Pelham Termination Right and/or the Pelham Adjournment Right under Article 15 hereof.

C. Pelham Manor Non-Disturbance Agreement. Seller shall use commercially reasonable efforts to obtain and to deliver to Purchaser a Non-Disturbance Agreement from the lessor for the Pelham Ground Lease, in form and substance satisfactory to the Purchaser (the "Pelham Non-Disturbance"). Sellers' failure to deliver the Pelham Non-Disturbance under this Article 7.3 shall not constitute a default hereunder and in the event that Seller shall fail to deliver the Pelham Non-Disturbance Purchaser shall have (i) the right to waive such failure or (ii) the right to elect the Pelham Termination Right and/or the Pelham Adjournment Right under Article 15 hereof.

ARTICLE 8: BROKERAGE

Section 8.1: Commissions. Acadia, Sellers and Purchaser covenant and agree that no real estate commissions, finders' fees or brokers' fees have been or will be incurred in connection with this Agreement or the sale contemplated hereby. Sellers and Purchaser shall indemnify, defend and hold each other harmless from and against any claims, liabilities, obligations or damages for commissions, finders' or brokers' fees resulting from or arising out of Purchaser's purchase of the Properties hereunder asserted against either party by any broker or other person claiming by, through or under the indemnifying party or whose claim is based on the indemnifying party's acts or omissions.

ARTICLE 9: CLOSING

Section 9.1: Closing Date. The Closing shall occur on the Closing Date through a standard escrow, or at such other time or place as the parties may agree in writing. In addition, Purchaser shall have the right to extend the Closing Date no more than two times, provided it delivers written notice to Sellers thereof by no later than 5:00 P.M. New York time at least two (2) business days prior to exercising either such extension, and each such extension to consist of up to thirty (30) additional days, subject however to (i) Purchaser's deposit with the Title Agent of an additional $1,000,000 (each such additional deposit, "Additional Earnest Money") for each such extension, in accordance with the instructions set forth in Section 3.2 herein being delivered to the Title Agent no later than 5:00 P.M. New

York Time on such then scheduled Closing Date and (ii) Purchaser not being in default hereunder (provided that Sellers have delivered notice to Purchaser of any such default) at the time of such extension; as to each extended Closing Date, as applicable, such closing shall be Time of the Essence.

Section 9.2: Conditions to Sellers' Obligations to Sell the Properties. Sellers' obligations under this Agreement are subject to satisfaction of the following conditions precedent which may be waived in whole or in part by Sellers, provided such waiver is in writing and signed by Sellers on or before the Closing Date:

(a) Purchaser shall have paid or tendered payment of the Contract Price pursuant to the terms hereof;

(b) Purchaser shall have delivered to or for the benefit of Sellers, on or before the Closing Date, all of the documents and items required to be delivered by Purchaser pursuant to Article 9 hereof which have been tendered thereto by Sellers, and Purchaser shall have performed in all material respects all of its obligations hereunder to be performed on or before the Closing Date; and

(c) All of Purchaser's representations and warranties made in this Agreement shall be true and correct in all material respects as of the date made and true and correct in all material respects as of the Closing Date as if then made.

All of the foregoing conditions are created for the sole benefit of Sellers, and Sellers may, at their option, at any time before Closing, waive any of said conditions and consummate the purchase and sale of the Properties in the manner contemplated by this Agreement.

Section 9.3: Conditions to Purchaser's Obligations to Purchase the Properties. Purchaser's obligation to purchase the Properties on the Closing Date under this Agreement is subject to satisfaction of each of the following conditions on or before the Closing Date:

(a) The sale of any Properties shall not be restrained or prohibited by injunction, order or judgment.

(b) On the Closing Date, each Seller shall have performed each and every agreement to be performed by Sellers under this Agreement in all material respects and all deliveries to be made by Sellers pursuant to this Article 9 on or prior to Closing shall have been tendered, including, if applicable, any updates to the Due Diligence Items, and Sellers' representations and warranties set forth in this Agreement shall be true and correct as of the Closing Date in all material respects, as same may be updated or modified in accordance with Section 6.4 herein or cured pursuant to Section 9.3 herein.

(c) Subject to Article 11 herein and Section 6.4 herein, there shall not have occurred since the Effective Date an event or occurrence or any change in condition having a material adverse effect on the physical condition or value of the any Properties or the operation thereof. Sellers shall have continued to operate each of the Properties in the manner required in accordance with Section 7.1(e) hereof.

(d) Subject to Section 9.3, Sections 6.1 and 6.4 herein, there will be no litigation pending or threatened affecting any Seller or any Property that if adversely determined would have an adverse effect on title to or ownership or operation of any Property or any Seller's ability to perform its obligations under this Agreement within the time specified.

(e) On the Closing Date, none of the Sellers nor Acadia will have filed a petition under any section of the United States Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state, nor shall any Seller nor Acadia have been adjudged a bankrupt or insolvent, nor shall any rearrangement of its debts have been requested by any Seller nor Acadia; no Seller nor Acadia shall have had any receiver or trustee appointed for such Seller nor Acadia or for any of such Seller's nor Acadia's assets.

(f) The Title Agent shall be irrevocably and unconditionally committed to issue the Title Policy, subject only to the Permitted Encumbrances, subject to receipt of the premium thereto.

All of the foregoing conditions are created for the sole benefit of Purchaser, and Purchaser may, at its option, at any time before Closing, waive any of said conditions and consummate the purchase and sale of the Properties in the manner contemplated by this Agreement.

In the event that any one or more of the foregoing conditions shall not have been satisfied prior to Closing, then Purchaser shall execute and deliver to Sellers written notice of such material breach or failure, which notice shall set forth reasonably detailed information about the nature of the material breach or failure. Sellers shall have a period of ten (10) business days to cure such material breach or failure and the Closing Date shall be so extended. If such material breach or failure remains uncured beyond the ten (10) business-day period described above, Purchaser may, at its option, either (i) waive the unsatisfied condition and proceed to Closing, (ii) terminate this Agreement by written notice to Sellers and thereafter the Title Agent shall promptly return the Earnest Money to Purchaser, subject to Article 14 herein, whereupon neither Purchaser nor Sellers shall have any further right or obligation hereunder except to the extent any claim exists against Purchaser relating to its on-site activities at the Properties and for which Purchaser has received notice of or is otherwise aware or responsible for, or (iii) solely in the event Purchaser, notwithstanding such failure, is nonetheless ready, willing and able to close the sale contemplated herein and Purchaser has fulfilled the conditions precedent in Section 10.1 herein in order to avail itself of such remedies set forth herein, then Purchaser may sue for specific performance of Sellers' obligation to sell the Properties, in lieu of any other remedy herein; provided, should the failure of any of the foregoing conditions result from the failure of any of Sellers' representations and warranties to be materially true and correct either when made or as of the Closing Date, subject to Sellers' right to update same pursuant to Section 6.4 herein or Sellers' failure to perform any covenant or obligation to be performed by them hereunder (subject to Sellers' cure right pursuant to this paragraph), the same shall constitute a pre-closing default by Sellers hereunder, and Purchaser, in addition to the return of the Earnest Money, shall be entitled to reimbursement of its out-of-pocket third-party costs strictly in accordance with Section 10.5 herein but shall not be entitled to any other claim for damages or other relief, at law or in equity, whatsoever. In the event such material breach or failure is not capable of being cured by Sellers within such ten (10) business-day period, Sellers shall not be considered in breach hereunder so long as Sellers diligently pursue the cure of such material breach or failure, for a period

no greater than up to thirty (30) days by Sellers if it so elects, and which date (as extended by such thirty (30) days) may be further extended, at Seller's option, for up to sixty (60) additional days so long as Sellers are diligently pursuing such cure. For purposes hereof, a representation or warranty shall not be deemed to have been breached if the representation or warranty is not true and correct in all material respects as of the Closing Date by reason of changed facts or circumstances arising after the date hereof which pursuant to this Agreement are not prohibited to have occurred and did not arise by reason of a breach of any covenant made by Sellers under this Agreement.

Section 9.4: Sellers' Deliveries at Closing: At Closing, each Seller will deliver or cause to be delivered to Escrow Agent, in escrow, for delivery to Purchaser after receipt of the Contract Price, each of the following with respect to each Property, duly executed by each Seller as appropriate:

(a) a Bargain and Sale Deed With Covenants Against Grantor's Acts in the form of Exhibit K-1 attached hereto for those Properties located in the State of New York (the "New York Deeds"), or a Bargain and Sale Deed With Covenants Against Grantor's Acts in the form of Exhibit K-2 attached hereto for those Properties located in the State of New Jersey (the "New Jersey Deeds") or a Unit Deed in form and substance satisfactory to the Purchaser with respect to the Seller's interest in Unit 1 of the Pelham Condominium (the "Pelham Deed"; together with the New York Deeds and the New Jersey Deeds, collectively, the "Deeds"), provided Purchaser shall have the right to require separate deeds for those Properties in the State of New Jersey, duly executed and acknowledged by the applicable Seller, conveying the Land and Improvements to Purchaser free and clear of any liens or encumbrances except the Permitted Encumbrances;

(b) an Assignment and Assumption of Leases and Security Deposits in the form of Exhibit L attached hereto assigning, transferring, conveying and delivering to Purchaser the entire right, title and interest of lessor or landlord under the Leases, including all security deposits and prepaid rents ("Assignment of Leases");

(c) an Assignment and Assumption of Renovation Agreements and Service Contracts in the form of Exhibit M attached hereto assigning, transferring, conveying and delivering to Purchaser all of Sellers' right, title and interest in and to the Service Contracts that Purchaser has elected (or is required) to assume pursuant to the terms hereof ("Assignment of Contracts");

(d) an Assignment and Assumption of Ground Lease, in recordable form, in the form of Exhibit U attached hereto assigning, transferring, conveying and delivering to Purchaser the entire right, title and interest of lessee or tenant under the Ground Lease for the Ozone Park Property, including all security deposits and prepaid rents ("Assignment of Ground Lease");

(e) the Pelham Ground SubLease;

(f) terminations, effective as of the Closing Date (or as soon as is practical after the Closing Date), of the existing property management agreements and all Service Contracts not identified in Purchaser's Service Contracts Notice as being assumed by Purchaser;

(g) a Bill of Sale and Assignment in the form of Exhibit N attached hereto conveying to Purchaser: (i) in one instrument, all Personal Property, except for the Vehicle Property and (ii) in a separate instrument, all Personal Property solely consisting of the Vehicle Property which Sellers shall cause to be executed by an affiliate of Sellers then owning such Vehicle Property; provided however, that Sellers shall cause such affiliate of Seller to deliver a certificate of title for each vehicle and equipment comprising the Vehicle Property, solely to the extent the ownership of such vehicle or equipment is evidenced by a certificate of title and Sellers shall cause such affiliate of Sellers owning such property to duly execute (where appropriate) and deliver title and registration documentation related to all such vehicles necessary to transfer such title in such vehicles and/or equipment to Purchaser, or Purchaser's designee, as Purchaser elects and notifies Sellers in writing no less than two (2) business days prior to the Closing;

(h) copies (or executed originals, to the extent available) of all Leases to the extent in Sellers' or its property manager's possession or control;

(i) to the extent in Sellers' or its property manager's possession or control copies (or originals, if available) of all licenses, permits, certificates of occupancy, authorizations, variances and governmental certificates and approvals relating to the Properties, to the extent not already delivered in the Due Diligence Items;

(j) a written notification to tenants and licensees in the form of Exhibit O attached hereto advising of the change of ownership and informing tenants and licensees to make future rental payments as directed by Purchaser;

(k) letters to all utility companies advising of the change of ownership;

(l) such evidence as may be reasonably required by Purchaser or the Title Agent evidencing the status, good standing and capacity of each Seller and the authority of the persons executing the Deeds and other closing documents on behalf of Sellers necessary to convey title to Purchaser;

(m) such affidavits, gap indemnities, lien waivers and other documents as the Title Agent may require from any of the Sellers as a condition to issuing the Title Policy subject only to the Permitted Encumbrances, in accordance with Article 5;

(n) possession of the Property, together with all keys, security codes, passwords and combinations to the Properties;

(o) an affidavit in the form of Exhibit P attached hereto as to Sellers' non-foreign status as required by Section 1445(b)(2) of the Internal Revenue Code, as amended;

(p) a certificate in the form of Exhibit Q attached hereto executed by a duly authorized officer of each Seller certifying that Sellers' representations and warranties in Section 6.1 of this Agreement are true and correct in all material respects as of the Closing Date, subject to Section 6.4 herein, including any updates to same;

(q) Closing Statement;

(r) New Jersey transfer tax form referred to as Affidavit of Consideration for Use by Sellers ("Transferor Tax");

(s) New Jersey transfer tax form referred to as Affidavit of Consideration for Use by Purchaser ("Mansion Tax");

(t) Any transfer tax returns required under any tax laws applicable to the transactions contemplated herein for Properties located in New York State, including the City of New York and City of Yonkers (collectively, the "New York State Transfer Tax Returns");

(u) a General Assignment and Assumption Agreement in the form of Exhibit R attached hereto ("General Assignment");

(v) the Pelham SNDA (which may be delivered to the Purchaser prior to Closing);

(w) the Pelham Non-Disturbance (which may be delivered to the Purchaser prior to Closing);

(x) the Ozone Park Ground Lease Estoppel (which may be delivered to the Purchaser prior to Closing);

(y) such other documents as each Seller has in this Agreement agreed to deliver at the Closing or that are necessary and appropriate in the consummation of this transaction.

For the avoidance of doubt, in the event that Sellers' property manager has possession or control of any of Sellers' deliverables, since the parties acknowledge that Purchaser shall be retaining such property manager after the Closing, Sellers shall not be required to deliver such item to Purchaser.

The parties acknowledge that multiple versions of the forms referenced above may need to be executed, since there are several Sellers herein involved and fourteen (14) separate Properties. Each party shall cooperate in good faith to execute and deliver prior to the Closing such instruments necessary to consummate the transactions hereby contemplated, given such multiple sellers and parcels involved.

Section 9.5: Purchaser's Deliveries at Closing. At Closing, Purchaser shall deliver or cause to be delivered to Sellers each of the following:

(a) The Contract Price (reduced by the amount of the Earnest Money applied to the Contract Price delivered at Closing to Sellers by Title Agent) and further adjusted by prorations and any other adjustments provided herein;

(b) Evidence in form and substance satisfactory to Sellers that the transaction contemplated by this Agreement has been duly and validly authorized by all necessary action on Purchaser's part and that the person executing the closing documents on Purchaser's behalf has been authorized to do so;

(c) a certificate in the form of Exhibit Q attached hereto executed by a duly authorized officer of Purchaser certifying that Purchasers' representations and warranties in Section 6.2 of this Agreement are true and correct in all material respects as of the Closing Date;

(d) Closing Statement;

(e) Mansion Tax form;

(f) Transferor Tax form;

(g) New York State Transfer Tax Returns;

(h) Assignment of Contracts;

(i) Assignment of Ground Lease;

(j) the Pelham Ground SubLease;

(k) The Pelham Non-Disturbance;

(l) Assignment of Leases;

(m) General Assignment

(n) Pelham Ground Lease Estoppel/ Recognition in form and substance satisfactory to Purchaser;

(o) Estoppel from Board of Managers of the Condominium for identified on Schedule 3 hereto as Ridgewood; and

(p) Such other documents as Purchaser has in this Agreement agreed to deliver at Closing or that are necessary and appropriate in the consummation of this transaction.

The acceptance of the Deed by Purchaser shall be deemed to be full performance and discharge of any and all obligations on the part of Sellers to be performed pursuant to the provisions of this Agreement, except where such agreements and obligations are specifically stated to survive.

For the avoidance of doubt, for purposes of this Article 9, in the event that, at least two (2) business days prior to the Closing, Purchaser has elected the Pelham Termination Right and/or the Pelham Adjournment Right, on the one hand, or the Ozone Park Termination Right and/or the Ozone Park Adjournment Right, on the other hand, as applicable, under Article 15 hereof, then neither Seller or Purchaser shall have any obligation to deliver any of the aforementioned deliverables pertaining to the Pelham Property, on the one hand, or the Ozone Park Property, on the other hand, respectively, as the case may be; provided, however, that all of the other aforementioned deliverables for the remaining Properties shall be delivered at or prior to Closing of the other Properties, in accordance hereunder. To the extent, however, after the Closing of all the other Properties, that pursuant to Article 15, Purchaser subsequently elects to close on the sale of either the Ozone Park Property or

the Pelham Property, individually, or together, as applicable, then Seller and Purchaser shall each deliver such applicable closing documents, in accordance with Section 9.4 or 9.5 hereunder, as applicable, pertaining to the sale of either (or both) respective Property(ies) and such sale or sales shall otherwise be conducted in accordance with this Article 9 on a "one-off" basis, and the terms and provisions of this Agreement shall govern the parties obligations thereto. In the event such "one-off" Closing occurs for either the Pelham Property or the Ozone Park Property, or both, as the case may be, dates in this Agreement relating to the parties' post-closing obligations (i.e., true-up and survival period) shall be proportionately adjusted to reflect such differing closing dates.

Section 9.6: Closing Costs; Closing Statement.

(a) At Closing, Sellers shall pay (i) the fees and expenses of Sellers' attorneys; (ii) one-half of any escrow fees charged by the Title Agent; and (iii) any other costs and expenses incurred by Sellers or agreed to be paid by Sellers herein.

(b) At Closing, Purchaser shall pay (i) the fees and expenses for Purchaser's attorneys; (ii) all costs of all the Title Policies; (iii) the cost of all the Surveys; (iv) one-half of any escrow fees charged by the Title Agent; (v) any other costs and expenses incurred by Purchaser or agreed to be paid by Purchaser herein.

(c) Purchaser shall be responsible for paying any sales tax to the applicable Governmental Agency as a result of the transfer to Purchaser of the Vehicle Property, provided that at Closing Sellers shall credit Purchaser fifty percent (50%) of such tax in accordance with Section 9.9(g) hereof.

(d) At least one (1) Business Day prior to the Closing Date, Sellers and Purchaser shall deposit with the Title Agent an executed closing statement (the "Closing Statement") consistent with this Agreement in the form required by the Title Agent, which Closing Statement shall include, among other things, the prorations to be made by the Sellers and Purchaser pursuant to Section 9.9 hereof. Each of the Sellers and Purchaser agrees to act in good faith beginning no less than 3 business days prior to the Closing Date in preparing the Closing Statement and Sellers shall provide reasonably satisfactory backup for the items set forth on the Closing Statement, if requested by Purchaser.

(e) New Jersey Transfer Tax. Sellers and Purchaser shall join on the Closing Date in completing, executing, delivering and verifying the returns, affidavits and other documents required in connection with the taxes imposed pursuant to New Jersey law and any other tax payable by reason of delivery and/or recording of the documents to be delivered at the Closing (collectively, "Conveyance Taxes"). The Conveyance Taxes known as the Transferor Tax shall be paid by Sellers and the Conveyance Taxes known as the Mansion Tax shall be paid by Purchaser.

(i) Sellers or Purchaser, as appropriate, shall deliver to the Title Agent at the Closing certified check(s), payable to the order of the appropriate tax collecting agency or official, in the amount of all Conveyance Taxes. Instead of paying any of its portion of such Conveyance Taxes directly, Sellers may elect to offset the amount thereof against the Contract Price, in which event Purchaser shall pay same for the account of Sellers.

Section 9.7: New York Transfer and Recordation Taxes.

(a) At the Closing, Sellers shall pay 100% of the New York State Real Estate Transfer Tax (the "State Transfer Tax") in accordance with Article 31 of the Tax Law of the State of New York, and the New York City Real Property Transfer Tax (the "City Transfer Tax") imposed by Chapter 21, Title 11 of the Administrative Code of the City of New York, in connection with the conveyance of any Property located in the City of New York to the Title Agent on behalf of Purchaser and 100% of the City of Yonkers tax in accordance with Chapter 15 Taxes, Article V, General Ordinance 8-1973, as amended, in connection with the conveyance of any property located in the City of Yonkers on behalf of Purchaser.

(b) Sellers and Purchaser shall each execute and/or swear to the returns or statements required in connection with the State Transfer Tax and the City Transfer Tax, and any other taxes referred to in this Section or otherwise applicable to the transactions contemplated by this Agreement, and shall deliver same, together with the payment thereof which is required of Sellers, to the Title Agent on the Closing Date. All such tax payments shall be made by certified or bank check payable directly to the order of the appropriate governmental officer, or in such other manner as the Title Agent shall reasonably require and accept.

(c) The Properties are currently encumbered by mortgages in favor of Bank of America, N.A. or PNC Bank, N.A. (collectively, the "Existing Mortgage"). Sellers shall reasonably cooperate and assist Purchaser in arranging for an assignment of the Existing Mortgage to Purchaser's designee, without representation, warranty or recourse by or to Sellers, provided, that (i) such cooperation by Sellers shall be without charge or cost to Sellers, (ii) all costs related to the assignment of the Existing Mortgage, in lieu of a satisfaction of such Existing Mortgage (including, without limitation, all legal fees incurred by the holder of the Existing Mortgage), as distinguished from the amount required to pay the principal, interest, and any prepayment charges due to the holder of such Existing Mortgage in connection with such assignment, shall be Purchaser's obligation to pay, (iii) such assignment shall not delay the Closing Date, and (iv) any net benefit to Purchaser in mortgage recording tax savings will be split at Closing equally between Purchaser and Sellers. In connection therewith, upon the assignment of the Existing Mortgage to Purchaser's designee at Closing, Sellers shall receive a credit from Purchaser for fifty percent (50%) of such mortgage recording tax savings amount at Closing, after deduction of all third party costs incurred by Purchaser related to such assignment (including, without limitation, all legal fees incurred by the holder of the Existing Mortgage the "Sellers Mortgage Recording Tax Credit") except for Borrower's legal fees). Sellers shall not be responsible, in any manner whatsoever, for any failure of any holder of the Existing Mortgage to deliver an assignment of the Existing Mortgage. Purchaser acknowledges that Sellers make no representation of its ability to deliver an assignment from the holder of the Existing Mortgage encumbering the Property. If the holder of the Existing Mortgage does not assign the Existing Mortgage to Purchaser's designee at Closing, then Sellers shall be obligated, notwithstanding anything herein to the contrary, to obtain a satisfaction of the Existing Mortgage at the Closing (and Sellers may use or instruct the Title Agent to use any cash portion of the Contract Price for the Property to satisfy the Existing Mortgage). If the holder of the Existing Mortgage does assign the Existing Mortgage to Purchaser's designee at Closing, Sellers shall use or instruct the Title Agent to use a portion of the Contract Price to pay the holder of the Existing Mortgage the

principal, interest, and any prepayment charges due to such holder in connection with such assignment. Notwithstanding the foregoing (or anything herein to the contrary), in no event shall the Closing be contingent upon the assignment of the Existing Mortgage or any financing of the purchase of the Property by Purchaser.

Section 9.8: Intentionally Omitted.

Section 9.9: Prorations.

(a) Sellers and Purchaser shall prorate between them on the Closing Date as of 11:59 P.M. on the Proration Date, on a calendar year basis, all income and expense related to the normal operation, maintenance and repair of the Properties, subject to the clarifications and exceptions described below. For purposes of calculating prorations, Purchaser shall be deemed to be in title to the Properties, and therefore entitled to the income and responsible for all expenses on and after the Closing Date, as follows:

(i) Real property and personal property taxes upon the Properties for the current calendar or fiscal year; Sellers' pro rata portion of such taxes shall be based upon taxes actually assessed for the current calendar or fiscal year. If, for any reason, such taxes for the current calendar year have not been assessed on the Property, such proration shall be estimated based upon such taxes for the immediately preceding calendar or fiscal year, and thereafter adjusted when actual amounts become available;

(ii) Amounts paid or payable under the Service Agreements and similar agreements affecting the Property which are assumed by Purchaser, including the Renovation Agreements;

(iii) Rents, not in arrears, and any prepaid rent under all Leases existing at Closing, subject to Section 9.9(g) below; and

(iv) Any and all other customary expense and income items relative to the Property.

(b) Purchaser shall be credited at Closing with an amount equal to the security deposits, if any, actually received by Sellers in connection with the Leases, or Sellers shall turn such security deposits over to Purchaser at Closing.

(c) All charges for electric and gas service supplied to the Property prior to the Closing Date shall be the obligation of Sellers, and Sellers agree to pay the invoices rendered in connection with such services promptly upon receipt thereof, whether such receipt is before or after the Closing.

(d) Real estate tax refunds and credits received after the Closing Date pursuant to Pending Tax Appeals which are attributable to the fiscal year during which the Closing occurs shall be apportioned between Sellers and Purchaser, after deducting reasonable expenses of collection thereof.

(e) Any errors or omissions in computing apportionments at the Closing shall be corrected as soon after discovery as possible. The provisions of this Section 9.9 shall survive the Closing for a period of three (3) months, except such period shall be extended, as necessary, to the extent any

Pending Tax Appeals have not then been resolved for the year in which the Closing occurs, until thirty (30) days after such tax appeals have been so resolved (the "True-Up Period") and thereafter Sellers shall have no liability to Purchaser on account thereof. Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Sellers Liability Cap (hereinafter defined) apply to errors or omissions to be corrected pursuant to the express terms and conditions of this Section 9.9 during the True-Up Period.

(f) Notwithstanding anything to the contrary contained herein with respect to any unpaid and delinquent rents (i.e, not prorated pursuant to subparagraph (iii) above), Sellers shall receive a credit at Closing for 100% of all delinquent receivables for rents owed within 30 days of Closing. No credit shall be given to Sellers for any rents owed over 30 days for any Property which amounts shall entirely belong to purchaser. For the avoidance of doubt, in order to illustrate how Sellers and Purchaser intend the provisions of this Section 9.9(f) and Section 9.9(a)(iii) to function, attached as Schedule 9.9(f) are three (3) examples of such prorations.

(g) Purchaser shall be credited at Closing with an amount equal to fifty percent (50%) of all sales tax owed from the transfer to Purchaser of the Vehicle Property; the entire amount of such sales tax, however, shall be payable by Purchaser directly to the appropriate Governmental Agency consistent with Section 9.6(c) hereof.

(h) Seller shall be credited at Closing with an amount equal to fifty percent (50%) of the value of all the Vehicle Property as calculated in Schedule 3.1 herein.

Section 9.10: Holdback for Repositioning Properties. At Closing, Purchaser shall withhold from the Contract Price a sum (as calculated by Purchaser and subject to Sellers' reasonable approval) equal to 110% of the costs to complete the construction of improvements at the Repositioning Properties after the Closing (the "Construction Holdback"), in accordance with the Renovation Agreements, the construction budgets attached as Exhibit H hereto, and the plans and specifications attached as Exhibit I hereto. Following closing, Purchaser shall diligently and in good faith continue to pursue the Construction of Improvements on the Repositioning Properties, in accordance with the Renovation Agreements, the construction budgets attached as Exhibit H hereto, and the plans and specifications attached as Exhibit I hereto. No later than the earlier to occur of (i) three (3) months after the Closing Date or (ii) thirty (30) days following completion of such construction at all Repositioning Properties by Purchaser, Purchaser shall make a cash payment to Sellers equal to the excess, if any, of the Construction Holdback over the amounts expended by Purchaser with regard to such construction, together with such detail, as reasonably requested by Sellers, justifying such refund calculation. Following Closing, Purchaser shall not deviate, in any material respect, from the construction budgets, attached as Exhibit H hereto, the plans and specifications, shop drawings, schematics, attached as Exhibit I hereto, or the Renovation Agreements, without the prior written consent of the Sellers. Purchaser releases Sellers from and against all claims, costs and expenses relating to the Renovation Agreement or accruing from and after the Closing Date and shall indemnify Sellers with respect to any such claims, costs and expenses.

Section 9.11: New Jersey Bulk Sale Law.

(a) Filings. Purchaser shall have the right to comply with N.J.S.A. 54:32B:22(c) and N.J.S.A. 54:50-38 and Sellers shall cooperate in connection with such compliance. In furtherance thereof: (i) Sellers shall prepare and deliver to Purchaser the Asset Transfer Tax Declaration (the "TTD") in the form prescribed by the Director of the New Jersey Division of Taxation (the "Director"), so that such form is received by Purchaser not fewer than twenty (20) days prior to the Closing; and (ii) Purchaser may deliver a Notification of Sale, Transfer or Assignment in Bulk (Form C-9600), together with the completed TTD and a fully executed copy of this Agreement (the "Tax Notification") to the Director by registered or certified mail or overnight delivery, so that such Tax Notification is received by the Director not fewer than fifteen (15) days prior to the Closing. Sellers shall provide all information reasonably requested by Purchaser to enable Purchaser to complete the Tax Notification as soon as practicable.

(b) Escrow. If, at any time prior to Closing, the Director informs Purchaser that a possible claim ("Tax Claim") exists for taxes imposed or to be imposed on Sellers, including any interest or penalties thereon, any cost or fees imposed or to be imposed by the Director relating thereto, and any tax on the gain from the sale of the Properties (collectively, "Taxes") and the amount thereof (the "Deficiency"), then at Closing a portion of the Contract Price in the amount of the Deficiency shall be placed in an account (the "Tax Escrow") with the Title Agent, to be held by the Title Agent in accordance with the terms of this Section 9.11. Notwithstanding anything to the contrary herein, Sellers shall have the right to negotiate with the Director regarding the Tax Claim and the Deficiency; provided, however, that: (a) Purchaser shall be entitled to comply with all of the instructions of the Director in establishing and funding the Tax Escrow at Closing; (b) Closing shall not be delayed as a result hereof; and (c) Purchaser shall not be liable for any amount in excess of the Tax Escrow.

(c) Disposition. If, after Closing, the Director or Sellers request that the Title Agent pay all or any portion of the Deficiency on behalf of Sellers, then Purchaser shall direct the Title Agent to, and the Title Agent shall, promptly pay to the Director the amount so specified. Upon the Director's issuance of a letter of clearance with respect to Sellers, the Title Agent shall disburse to Sellers any balance remaining in the Tax Escrow. Sellers shall retain the right of contest so long as Purchaser is not made secondarily liable for such tax.

(d) Indemnity. Notwithstanding anything to the contrary contained herein, Purchaser shall not be liable for any Taxes (including, but not limited to, Taxes owed in connection with the use and operation of the Properties prior to Closing, or any Taxes on any gain realized upon the sale, transfer or assignment of the Properties pursuant to this Section 9.11 only) and Sellers shall indemnify and hold Purchaser harmless from any liability or cost incurred in connection with any Claim for any such Taxes, including any interest and penalties thereon and costs and fees imposed by the Director relating thereto. The indemnification provision in this clause (d) shall survive the termination of this Agreement and/or Closing under this Agreement.

Section 9.12: 1031 Exchange. Sellers or Purchaser, or both of them, may close this transaction as part of a like-kind exchange of properties under Section 1031 of the Internal Revenue Code of 1986, as amended, and applicable rules and regulations, provided that the applicable party gives notice of its intent to exercise such right at least fifteen (15) days

prior to the Closing Date. The exchanging party shall bear all costs of the exchange, including the non-exchanging parties legal fees related thereto. The other party shall cooperate with the exchanging party and do all things reasonably required and requested by the exchanging party (provided that such actions do not increase the other party's obligations or liabilities under this Agreement) to effect and facilitate such an exchange. The exchanging party shall and does hereby indemnify, defend and hold the other party harmless for, from and against all liabilities arising as a result of the exchange that would not have arisen had the exchanging party not closed this transaction as part of a like-kind exchange. Anything in this section to the contrary notwithstanding: (i) no party makes any representation or warranty to the other as to the effectiveness or tax impact of any proposed exchange; (ii) in no event shall any party be required to take title to any exchange or replacement property; (iii) any party requesting cooperation from another party to an exchange shall provide the other party copies of all documents that are to be executed by such party no less than five (5) business days prior to the Closing Date; (iv) in no event shall completion of any such exchange be a cause or excuse for any delay in the Closing Date; (v) no party shall be required to incur any costs or expenses or incur any additional liabilities or obligations in order to accommodate any exchange requested by the other party or any exchange facilitator; and (vi) the party requesting the exchange agrees to use a qualified intermediary to conduct the exchange.

Section 9.13: Tax Certiorari Proceedings.

(a) If any tax reduction proceedings in respect of the Properties relating to any fiscal year ending prior to or in the fiscal year in which the Closing occurs are pending at the time of the Closing, Sellers reserve and shall have the right to continue to prosecute and/or settle the same, provided, however, that Sellers shall not settle any such proceeding in the fiscal year in which the Closing occurs without Purchaser's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, and Purchaser shall be entitled to that portion of any refund relating to the period from and after the Closing in accordance with Section 9.9(d). Purchaser shall reasonably cooperate with Sellers in connection with the prosecution of any such tax reduction proceedings. Purchaser shall have the sole right to prosecute any tax proceedings in respect of the Properties relating to any fiscal year ending after the fiscal year in which the Closing occurs. Sellers shall reasonably cooperate with Purchaser in connection with the prosecution of any such tax proceedings.

(b) Any refunds or savings in the payment of taxes resulting from such tax reduction proceedings applicable to the period prior to the Closing shall belong to and be the property of Sellers, and any refunds or savings in the payment of taxes applicable to the period from and after the Closing shall belong to and be the property of Purchaser. All reasonable attorneys' fees and other expenses incurred in obtaining such refunds or savings shall be apportioned between Sellers and Purchaser in proportion to the gross amount of such refunds or savings payable to Sellers and Purchaser, respectively.

(c) The provisions of this Section 9.13 shall survive the Closing.

ARTICLE 10: DEFAULT AND REMEDIES

Section 10.1: Specific Performance. In lieu of Purchaser's right to terminate this Agreement in accordance with Section 9.3 above and to receive the Earnest Money from Sellers, in the event, despite any such material breach or failure by Sellers described in Section 9.3 herein which is not timely cured by Sellers in accordance thereunder, Sellers are not ready, willing and able to close the sale contemplated hereunder, so long as Purchaser is ready, willing and able to purchase the Properties from Sellers, and Purchaser is not itself in default of this Agreement, Purchaser shall have the right, to be exercised by written notice of same to be delivered to Sellers not later than ten (10) business days after the then scheduled Closing Date, and after expiry of all time periods accorded Sellers to cure such default in accordance hereunder, time being of the essence, to pursue specific performance on account of Sellers' failure to sell the Properties to Purchaser pursuant to this Agreement; provided, however, any action or proceeding seeking specific performance must be duly commenced within ninety (90) days after the Closing Date, as such Closing Date may have been extended in accordance with the provisions of this Agreement. Purchaser agrees that in no event shall Purchaser be entitled to, seek or obtain any other damages of any kind, including, without limitation, consequential, indirect or punitive damages; provided, however, if the Sellers have made the remedy of specific performance unavailable as a result of Sellers' voluntary encumbrance of the Property or conveyance of the Property to a third party on or prior to the scheduled Closing Date, and Purchaser is not in default and is otherwise prepared to perform its obligations under this Agreement, Purchaser shall have such additional remedies available at law or in equity.

Section 10.2: Purchaser's Default; Damages.

(g) Purchaser's Default. In the event that sale of the Properties hereunder are not consummated by reason of Purchaser's material breach or other material failure to perform all obligations and conditions to be performed by Purchaser under this Agreement, Sellers shall have the right to retain the Earnest Money as liquidated damages for the material breach of this Agreement as Sellers' sole and exclusive remedy, such sum to be retained by Sellers being a reasonable estimate of the amount of damages that both Sellers and Purchaser agree that Sellers would sustain by reason of any default by Purchaser, as the amount of actual damages sustained by Sellers would be difficult or impractical to determine.

(h) No Contesting Liquidated Damages. As material consideration to each party's agreement to the liquidated damages provisions stated above, each party hereby agrees to waive any and all rights whatsoever to contest the validity of the liquidated damage provisions for any reason whatsoever, including, but not limited to, that such provision was unreasonable under circumstances existing at the time this Agreement was made.

Section 10.3: Post-Closing Remedies.

(z) If after the Closing Purchaser fails to perform its obligations which expressly survive the Closing pursuant to this Agreement, then Sellers may exercise any remedies available to it at law or in equity, in any order it deems appropriate in its sole and absolute discretion, including but not limited to seeking specific performance or damages. In such event, the liquidated damages provisions contained in Section 9.1 shall not limit Sellers' damages.

(aa) If after the Closing Sellers fail to perform their obligations with respect to delivering any monies owed Purchaser pursuant to the true-up provisions contained in Section 9.9(f) and Section 9.13, then Purchaser may seek to obtain such monetary damages equal to the amount claimed owed to Purchaser and no other remedy shall be afforded Purchaser.

Section 10.4: Limitation on Sellers' Liability. Prior to Closing, Purchaser agrees that its sole and exclusive remedies against Sellers and the Sellers Related Parties under this Agreement, the Deeds, the Bills of Sale, the Assignments of Leases and Contracts or other agreements delivered by Sellers pursuant to this Agreement (collectively, the "Agreements") are limited to either (a) the return of the Earnest Money, or (b) specific performance, as more fully set forth in this Article 10. Following Closing, Purchaser agrees that Sellers' total liability for damages hereunder or under any of the Closing Documents shall not exceed the aggregate sum of $5,000,000 (the "Sellers Liability Cap"); provided, however, that under no circumstances shall Sellers have any liability to Purchaser with respect thereto unless and until the damages suffered by Purchaser shall exceed the aggregate sum of $50,000. Notwithstanding the foregoing, if Purchaser has elected the Pelham Termination Right and/or the Pelham Adjournment Right, on the one hand, or the Ozone Park Termination Right and/or the Ozone Park Adjournment Right, on the other hand, as applicable, under Article 15 hereof, then the Sellers Liability Cap shall be proportionately reduced (i.e., in relation to the percentage each such Property bears to the entire Purchase Price) until such time, as applicable, if the Closing of such Property actually occurs, when it would be proportionately increased. Further, Purchaser agrees that in no event shall Purchaser (i) be entitled to, seek or obtain any other damages of any kind, including, without limitation, consequential, indirect or punitive damages or (ii) seek or obtain any recovery or judgment against any of Sellers' other assets (if any) or against any of the Sellers Related Parties. In addition to the foregoing, Purchaser agrees that it shall not be permitted to file any claim or pursue any cause of action arising from any express obligations of Sellers under this Agreement or the Closing Documents unless such claim or cause of action is filed not later than six (6) months after the Closing Date. The terms and conditions of this Section 10.4 shall survive the Closing. "Sellers Related Parties" shall mean Acadia and any affiliate of Acadia.

Section 10.5: Sellers' Pre-Closing Default. In the event that sale of the Properties hereunder is not consummated by reason of a material breach by any Seller of any representation or warranty contained in this Agreement or any material breach or other material failure by any Seller to perform all obligations and conditions to be performed by the Sellers under this Agreement, subject to Sections 6.4 herein and Sellers' cure rights in Section 9.3, Purchaser may, at its option, either (i) waive Sellers' default and proceed to Closing; or (ii) terminate this Agreement by written notice to Sellers and recover its actual, out-of-pocket third-party costs and expenses, including legal fees and expenses, incurred in connection with execution and delivery of and performance under this Agreement and preparation for Closing up to an aggregate amount of no greater than $500,000 (such amount, the "Pre-Closing Expenses Cap") or (iii) enforce specific performance of this Agreement so long as the requirements for specific performance are met pursuant to Section 10.1. If this Agreement is terminated by Purchaser pursuant to any right of termination given to Purchaser herein, the Earnest Money shall promptly be refunded to Purchaser.

Notwithstanding the foregoing, if Purchaser has elected the Pelham Adjournment Right, on the one hand, and/or the Ozone Park Adjournment Right, on the other hand, as applicable, under Article 15 hereof, then the Pre-Closing Expenses Cap shall be proportionately reduced (i.e., in relation to the percentage each such Property's Allocated Contract Price bears to the Pre-Closing Expenses Cap). In the event that the Purchaser, however, elects, as applicable, the Pelham Termination Right and/or the Ozone Park Termination Right after the Closing of the Properties other than the Pelham Property and/or the Ozone Park Property, as applicable, then the Purchaser's Pre-Closing Expenses Cap for such Property, at such time, shall equal the percentage each such Property's Allocated Contract Price bears to the Pre-Closing Expenses Cap.

Section 10.6: Environmental Matters. Purchaser acknowledges that it has had an opportunity to conduct its own investigation of the Properties with regard to Hazardous Materials and compliance of the Properties with Environmental Laws. Purchaser is aware (or has had sufficient opportunity to become aware) of the environmental, biological and pathogenic conditions of, affecting or related to the Properties and Purchaser agrees to take the Properties subject to such conditions. Purchaser hereby releases Sellers, their principals and affiliates, and their respective officers, directors, members, managers, partners, agents, employees, successors and assigns, from and against any and all claims, counterclaims and causes of action which Purchaser may now or in the future have against any of the foregoing parties arising out of the existence of Hazardous Materials affecting the Properties, except to the extent set forth in any representation contained in Section 6.1(f). The provisions of this Section shall survive the Closing.

ARTICLE 11: CONDEMNATION AND CASUALTY

Section 11.1: Condemnation.

(i) If prior to the Closing, all or any material portion of any Property is condemned or conveyed in anticipation or lieu of such condemnation or is taken under the right of eminent domain, or condemnation or eminent domain proceedings are threatened or commenced against any Property or any part of any Property, then Sellers shall give prompt written notice thereof to Purchaser, and Purchaser may, at its option, by delivering written notice to each Seller within fifteen (15) days after Purchaser's receipt of the condemnation notice from Sellers, either (i) terminate this Agreement as to the affected Properties, and the Contract Price will be reduced by an amount equal to the Allocated Contract Price of the affected Properties or (ii) terminate this Agreement in its entirety, whereupon the Earnest Money shall be promptly returned by the Title Agent to Purchaser, and neither Purchaser nor any Seller shall have any further rights or obligations hereunder. For purposes of this provision, a "material portion" of any Property shall mean (i) more than five percent (5%) of the Land is (or will be) taken or condemned; (ii) the Improvements must be materially reconfigured as a result of such taking; (iii) the taking or condemnation materially interferes with the present use and operation of any of the Improvements or the operation of the business at the applicable Property; (iv) the taking causes a material reduction in the size of any of the Improvements; (v) the elimination of the sole or any required or material means of legal ingress and/or egress from the applicable Property to public roads, with no comparable, convenient legal substitute ingress and/or egress

being available; or (vi) a portion of the available parking area for the Property is (or will be) permanently reduced or restricted by the taking or condemnation so as to materially impair the utility of such property or so as to constitute a violation of the applicable zoning ordinance.

(j) Failure of Purchaser to deliver written notice of termination, either as to the affected Properties or as to all Properties, within the fifteen (15) day period set forth in clause (a) above shall be conclusively deemed to constitute a waiver of such election to terminate this Agreement, in whole or in part. In the event that Purchaser elects or is deemed to have elected to waive its termination right under this Section 11.1, then the parties shall proceed to Closing without reduction in the Contract Price, and Sellers shall assign to Purchaser (or pay to Purchaser if such proceeds have been collected) any and all claims and awards arising out of such taking or condemnation.

Section 11.2: Casualty.

(bb) Risk of loss or damage to the Properties by fire or other casualty through the Closing Date shall be with Sellers. If, prior to Closing, any Property shall be damaged by fire or other casualty (collectively, "Casualty"), Sellers shall promptly deliver to Purchaser written notice ("Casualty Loss Notice") of such Casualty.

(cc) For the purposes of this Section 11.2, "Material Damage" shall mean damage to a Property of such nature that the cost of restoring the same to its condition prior to the Casualty will exceed the greater of $500,000 or the percentage set forth on Schedule 11.2 attached hereto relating to each Property, whether or not such damage is covered by insurance. If a Property has sustained Material Damage by a Casualty, Purchaser may, at its option, by delivering written notice to each Seller within fifteen (15) days after (1) delivery of the Casualty Loss Notice or (2) determination that Material Damage has occurred, whichever is later, (i) terminate this Agreement as to the affected Properties, and the Contract Price will be reduced by an amount equal to the Allocated Contract Price of the affected Properties or (ii) terminate this Agreement in its entirety, whereupon the Earnest Money shall be returned to Purchaser, and neither Purchaser nor Sellers shall have any further rights or obligations hereunder. Unless the Casualty Loss Notice states that a Casualty constitutes Material Damage, the determination whether Material Damage has occurred shall be made pursuant to Section 11.2 (d) below. Failure of Purchaser to deliver written notice of termination, either as to the affected Properties or as to all Properties, within said fifteen (15) day period shall be conclusively deemed to constitute waiver of such election to terminate this Agreement, in whole or in part.

(dd) In the event a Property has sustained a Casualty which is not Material Damage, or notwithstanding such Material Damage, Purchaser has elected not to terminate this Agreement in whole or in part, the rights and obligations of the parties shall not be affected thereby. In that event, Sellers shall pay to Purchaser at Closing the amount of insurance proceeds or damages received by Sellers in respect of such Casualty plus an amount equal to any deductible under Sellers' casualty insurance policies and an amount equal to any uninsured losses, and Sellers shall assign to Purchaser all rights to insurance proceeds and claims in respect thereof.

(ee) In the event of a Casualty, the parties shall attempt, on or before the expiration of ten (10) days after the date of delivery of the Casualty Loss Notice, to agree on the estimated cost of restoration for all purposes of this Section 11.2, and as to the existence of any other condition or circumstance

which would affect the determination whether Material Damage has occurred. If the parties are unable to agree on or before the expiration of such ten (10) day period, then, Purchaser shall appoint a third party contractor or other expert to determine such matters, in which case, the determination of such third party contractor or expert shall be binding upon both parties.

ARTICLE 12: MISCELLANEOUS PROVISIONS

Section 12.1: Applicable Law. Except as otherwise expressly provided below or in any document or instrument executed and delivered under or pursuant to this Agreement, this Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or related to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in connection with this Agreement or as an inducement to enter into this Agreement) shall be governed by the internal laws of the State of New York, without giving effect to New York principles of conflicts of laws. The provisions of any document or instrument constituting the conveyance of any real property or an interest in any real property, or pertaining to the effectiveness or validity thereof, shall be governed by and construed in accordance with the laws of the State in which such real property is located.

Section 12.2: Exhibits. Each exhibit referred to in this Agreement is attached to and incorporated by reference in this Agreement.

Section 12.3: Entire Agreement; Modification. This Agreement contains the sole and entire understanding between Sellers and Purchaser with respect to the Properties. All promises, inducements, offers, letter of intent, solicitations, agreements, commitments, representations and warranties made between such parties prior to this Agreement are superseded by this Agreement. This Agreement shall not be modified or amended in any respect except by a written instrument executed by or on behalf of each of the parties to this Agreement.

Section 12.4: Assignment; Binding Effect. The Purchaser may assign its rights and delegate its duties under this Agreement one or more times by notice to Sellers delivered within no more than one (1) business day prior to the Closing to any subsidiary or affiliate of Purchaser, controlled by or under common control with Purchaser, with evidence reasonably satisfactory to Sellers of same, provided, however, that Purchaser shall not be released by virtue of such assignment from the obligations and duties of the Purchaser under this Agreement, and Assignee shall be bound by all approval, waivers, actual or deemed, by Purchaser prior to the assignment. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective heirs, successors and assigns.

Section 12.5: Severability. If any provision of the Agreement or the application of any provision to any person or circumstance is or becomes invalid or unenforceable to any extent, then the remainder of this Agreement and the application of such provisions to any other person or circumstances shall not be affected by such invalidity or unenforceability and shall be enforced to the greatest extent permitted by law.

Section 12.6: **Time of Essence**. Time is of the essence of this Agreement; provided that, if the time period by which any right, option, notice or election provided under this Agreement must be exercised, or by which any act required under this Agreement must be performed, or by which the Closing must be held, expires on a day that is not a Business Day, then such time period shall be automatically extended through the close of business on the next Business Day.

Section 12.7: **Notices**. Any notice, requests or other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered by e-mail, hand or courier (including Federal Express or other similar services) or mailed by United States registered or certified mail, return receipt requested, postage prepaid and addressed to each party at its address above or by facsimile transmission confirmed on the next day by overnight courier service. Any notice delivered by e-mail shall subsequently be promptly delivered by hand or courier in accordance with this Section 12.7. Any such notice, request or other communication shall be considered given on the date of such hand or courier delivery or facsimile transmission (if confirmed as herein above required) or deposit in the United States mail, and shall be considered received on the date of hand or courier delivery or facsimile transmission (if confirmed as herein above required) or on the third (3rd) day following deposit in the United States mail. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, request or other communication. By giving at least five (5) days' prior written notice, any party may from time to time change its mailing address under this Agreement. The respective attorneys for the parties are hereby authorized to give notices on behalf of their clients and to agree to adjournments of the Closing, provided such agreement to adjourn is in writing.

Section 12.8: **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. To facilitate execution of this Agreement, the parties may execute and exchange by facsimile, PDF or other electronic imaging technology counterparts of the signature pages.

Section 12.9: **Rights Cumulative; Waiver**. Except as expressly limited by the terms of this Agreement, all rights, powers and privileges conferred under this Agreement shall be cumulative and not restrictive of those given by law. Any condition precedent or right of termination, cancellation or rescission granted by this Agreement to Purchaser may be waived by Purchaser, in its sole discretion.

Section 12.10: **Recording Prohibited**. This Agreement shall not be recorded.

Section 12.11: **Attorneys' Fees**. In the event that it becomes necessary for either party to initiate legal action to enforce this Agreement or any provision contained herein, the party prevailing in such action shall be entitled to receive, in addition to all other remedies provided herein, reasonable attorneys' fees and expenses.

Section 12.12: **Confidentiality**.

(a) Prior to Closing and subject to the requirements of law and this paragraph, including the requirements of any governmental agency having jurisdiction over either Purchaser or Sellers or any legal process, the parties hereby agree that neither Acadia, Purchaser nor Sellers nor any of their respective affiliates, agents, employees, advisors or representatives shall issue any press release, public announcement, statement, publicity (oral or written), advertising promotion relating to the transaction described herein or otherwise announce or disclose or cause or permit to be announced or disclosed any details related to the transaction described herein; provided, however, that each of Purchaser and Sellers may make disclosure of this transaction to their investors, attorneys, accountants, lenders, creditors, officers, employees and agents as necessary to perform their obligations hereunder and to others to the extent required by law, including disclosure requirements of Acadia, or to enforce the terms of this Agreement. Notwithstanding anything herein contained, the parties specifically agree that either party may issue one or more press releases related to the transaction with notice to the other party provided such press releases do not specifically identify the details of this transaction and of this Agreement or identify the other party and provided further that such press releases do not portray the other party, or its principals, affiliates or employees in a negative light. Notwithstanding the preceding sentence, any press release issued by Purchaser or Sellers may contain the location of the Properties and/or the Contract Price.

(b) Until the Closing, Purchaser and its partners, members, attorneys, agents, employees, consultants and advisors will treat the information disclosed to it by Sellers, or otherwise gained through Purchaser's access to the Properties and Sellers' books and records, as confidential, giving it the same care as Purchaser's own confidential information, and make no use of any such disclosed information not independently known to Purchaser except in connection with the transactions contemplated hereby. Notwithstanding the foregoing, Purchaser may make presentations to prospective investors in Purchaser's interest in the Property, provided that Purchaser advises such prospective investors of Purchaser's confidentiality obligations hereunder and such investors agree to be bound thereby. In the event of a termination of this Agreement, Purchaser shall promptly return all such confidential information to Sellers, other than (i) information retained by Purchaser pursuant to Purchaser's internal document retention policy, and (ii) any Third Party Report, except that Sellers shall be permitted to retain such Third Party Report portions previously delivered to Sellers to substantiate the Inspection Objections, pursuant to Section 4.2(b) herein.

(c) The provisions of (b) above shall survive the termination of this Agreement and the provisions of (a) above shall survive the termination hereof or the Closing.

ARTICLE 13: NO RECORDING OR NOTICE OF PENDENCY The parties hereto agree that neither this Agreement nor any memorandum hereof shall be recorded. Supplementing the other liabilities and indemnities of Purchaser to Sellers under this Agreement, and notwithstanding any other provision of this Agreement (including, without limitation, any provision purporting to create a sole and exclusive remedy for the benefit of Sellers), Purchaser agrees to indemnify and hold Sellers harmless from and against any and all losses, costs, damages, liens, claims, counterclaims, liabilities or expenses (including, but not limited to, reasonable attorneys' fees, court costs and disbursements) incurred by Sellers arising from or by reason of the

recording of this Agreement, any memorandum hereof, or any notice of pendency (unless Purchaser prevails in a final unappealable order against Sellers in the action underlying such notice of pendency) or any other instrument against the Properties in any case, by Purchaser. The provisions of this Article 13 shall survive the Closing or any early termination of this Agreement.

ARTICLE 14: ESCROW PROVISIONS

Section 14.1: **Investment and Use of Funds**. The Title Agent shall (i) hold the Earnest Money in an account as selected and approved by Purchaser pursuant to Section 3.2 hereof, (ii) not commingle the Earnest Money with any funds of the Title Agent or others, and (iii) promptly provide Purchaser and Sellers with confirmation of the investments made, if any. Sellers and Purchaser designate the Title Agent as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the United States Internal Revenue Code 1986, as amended.

Section 14.2: **Interpleader**. Sellers and Purchaser each mutually agree that in the event of any controversy regarding the Earnest Money, unless mutual written instructions are received by the Title Agent directing the Earnest Money's disposition, the Title Agent shall not take any action, but instead shall await the disposition of any proceeding relating to the Earnest Money or, at the Title Agent's option, the Title Agent may interplead all parties and deposit the Earnest Money with a court of competent jurisdiction in which event the Title Agent may recover all of its court costs and reasonable attorneys' fees. Sellers or Purchaser, whichever loses in any such interpleader action, shall be solely obligated to pay such costs and fees of the Title Agent, as well as the reasonable attorneys' fees of the prevailing party in accordance with the other provisions of this Agreement.

Section 14.3: **Claim for Earnest Money**. Notwithstanding anything to the contrary contained herein, if for any reason the Closing does not occur, the Title Agent shall deliver the Earnest Money to Sellers or Purchaser only upon receipt of a written demand therefore from such party, subject to the following provisions of this paragraph. If for any reason the Closing does not occur and either party makes a written demand upon the Title Agent for payment of the Earnest Money, the Title Agent shall give written notice to the other party of such demand. If the Title Agent does not receive a written objection from the other party to the proposed payment within ten (10) business days after the giving of such notice, the Title Agent is hereby authorized to make such payment. If the Title Agent does receive such written objection within such ten (10) business day period, the Title Agent shall continue to hold the Earnest Money until otherwise directed by written instructions signed by Sellers and Purchaser or a final, non-appealable judgment of a court.

Section 14.4: **Liability of Title Agent as Earnest Money Holder**. The parties acknowledge that the Title Agent is acting solely as a stakeholder at their request and for their convenience, that the Title Agent shall not be deemed to be the agent of either of the parties, and that the Title Agent shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Sellers

or Purchaser resulting from the Title Agent's mistake of law respecting the Title Agent's scope or nature of its duties. Sellers and Purchaser shall jointly and severally indemnify and hold the Title Agent harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Title Agent's duties hereunder, except with respect to actions or omissions taken or made by the Title Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Title Agent.

Section 14.5: Resignation of Title Agent as Escrow Agent. The Title Agent may resign as escrow agent hereunder at any time upon giving the parties hereto thirty (30) days' prior written notice. In such event, Sellers and Purchaser shall mutually select a firm, person or other entity to act as the successor escrow agent hereunder. The Title Agent's resignation as escrow agent shall not be effective until a successor escrow agent agrees to act hereunder; provided, however, if no successor escrow agent is appointed and acting hereunder within thirty (30) days after such notice is given, the Title Agent may pay and deliver the proceeds then held in escrow into a court of competent jurisdiction.

Section 14.6: Escrow Fee. The escrow fee, if any, charged by the Title Agent for holding the Earnest Money shall be shared equally by Sellers and Purchaser.

ARTICLE 15: PELHAM PROPERTY AND OZONE PARK PROPERTY PROVISIONS

Section 15.1: Notwithstanding anything contained in this Agreement to the contrary, Purchaser shall have the right to elect, in its sole determination, to an adjournment of the Closing solely with respect to either (or both of) (i) the Pelham Property (the "Pelham Adjournment Right") or (ii) the Ozone Park Property (the "Ozone Park Adjournment Right") to, in each instance, a date no later than sixty (60) days following the Closing Date (the "Pelham Extended Closing Date" or the "Ozone Park Extended Closing Date", as the case may be), by giving to Seller written notice of such election within two (2) business days prior to the Closing Date.

Section 15.2: Notwithstanding anything contained in this Agreement to the contrary, Purchaser shall have the right to elect, in its sole determination, to terminate this Agreement solely with respect to either (or both of) (i) the Pelham Property (the "Pelham Termination Right") or (ii) the Ozone Park Property (the "Ozone Park Termination Right"), by giving to Seller written notice of such election within two (2) business days prior to the Closing Date or, in the event the Purchaser has elected the Pelham Adjournment Right or the Ozone Park Adjournment Right, or both, pursuant to Section 15.1, prior to the Pelham Extended Closing Date or the Ozone Park Extended Closing Date, respectively, as applicable.

Section 15.3: In the event the Purchaser shall have elected either the Pelham Adjournment Right or the Ozone Park Adjournment Right, as the case may be, the Purchaser and Seller each agree, upon completion of the other conditions to the Closing set forth in this Agreement and unrelated to the Pelham Property and/or the Ozone Park Property, as the case may be, the parties shall proceed to the applicable Closing on the Closing Date.

Section 15.4: In the event that, within no later than sixty (60) days after the Closing of all other Properties except for either or both of the Pelham Property and the Ozone Park Property, as the case may be, Purchaser elects to purchase such Properties, then it shall be permitted to do so in accordance with this Agreement, and the Contract Price for such Property shall be the respective Allocated Contract Price. Purchaser's failure, however, to elect to close on either or both of such properties by such date shall cause this Agreement, and Purchaser's rights to purchase either such Property, without further act of either party, to immediately terminate with respect to such Property that has not been purchased, and only such provisions that are expressly stated to survive termination, including with regard to post-closing for any Properties that have been purchased.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

PURCHASER:

SP HOLDINGS I LLC,
a Delaware limited liability company

By: SP MG I, LLC, a Delaware limited
Liability company, is managing member

By: SP BCR I, LLC a Delaware limited liability company,
its sole member

By: /s/ Bruce C. Roch
Name: Bruce C. Roch
Title: Sole Member

Date of Execution: 12-14-12

SELLERS:

ACADIA STORAGE COMPANY LLC,
a Delaware limited liability company

ACADIA STORAGE POST PORTFOLIO COMPANY LLC,
a Delaware limited liability company

ACADIA SUFFERN LLC,
a Delaware limited liability company

ACADIA ATLANTIC AVENUE LLC,
a Delaware limited liability company

ACADIA PELHAM MANOR LLC,
a Delaware limited liability company

ACADIA LIBERTY LLC,
a Delaware limited liability company

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

Date of Execution: 12-14-12

The undersigned, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby duly executes with proper authority and joins in the execution of this Agreement, and agrees that it is jointly and severally liable, as a principal and not as a surety, for the Seller's obligations under Article 6 of the Agreement and the documents executed in connection therewith, but solely with respect to the Fund III Properties and Fund III Sellers.

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

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

Date of Execution: 12-14-12

The undersigned, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby duly executes with proper authority and joins in the execution of this Agreement, and agrees that it is jointly and severally liable, as a principal and not as a surety, for the Seller's obligations under Article 6 of the Agreement and the documents executed in connection therewith, but solely with respect to the Fund II Properties and Fund II Sellers.

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

By: /s/ Robert Masters
Name: Robert Masters
Title: Senior Vice President

Date of Execution: 12-14-12

Receipt of a fully executed copy of this Agreement is hereby acknowledged on the ___ day of November, 2012 (the "Effective Date").

AGREED TO AS TO ARTICLE 14 AND
ALL OTHER PROVISIONS RELATING TO
THE TITLE AGENT'S OBLIGATIONS WITH
RESPECT TO THE EARNEST MONEY:

TITLE AGENT:

NEAR NORTH NATIONAL TITLE LLC
By: /s/ Cindy M. O'Donohue
Name: Cindy M. O'Donohue
Title: President

SCHEDULE OF EXHIBITS AND SCHEDULES

Exhibit A - List of Properties
Exhibit B - Legal Description of Land
Exhibit C - Allocated Contract Price of each Property
Exhibit D - Intentionally Omitted
Exhibit E - Intentionally Omitted
Exhibit F - Schedule of Work
Exhibit G - Repositioning Properties
Exhibit H - Repositioning Properties Construction Budgets
Exhibit I - Repositioning Properties Construction Plans and Specifications
Exhibit J - Rent Rolls from Properties
Exhibit K-1 - Form of New York Deed
Exhibit K-2 - Form of New Jersey Deed
Exhibit L - Form of Assignment and Assumption of Leases and Security Deposits
Exhibit M - Form of Assignment and Assumption of Service Contracts
Exhibit N - Form of Bill of Sale
Exhibit O - Form of Notice to Tenants
Exhibit P - Form of FIRPTA Certificate
Exhibit Q - Certificate of Sellers
Exhibit R - General Assignment
Exhibit T - Intentionally Omitted
Exhibit U - Assignment of Ground Lease
Schedule 2.1(a) Ground Leases
Schedule 3.1 - Owned Trucks
Schedule 4.2 - Inspection Objections
Schedule 6.1(G) - Litigation
Schedule 9.9(f)- Prorations Examples
Schedule 11.2 - Material Damage Per Property
Schedule 5.2 Seller's Response to Purchaser's Title Objections

EXHIBIT A
LIST OF PROPERTIES

Jersey City
203 Broadway
Jersey City, NJ 07306

Long Island City
3028 Starr Avenue
Long Island City, NY 11101

Bruckner
112 Bruckner Boulevard
Bronx, NY 10454

New Rochelle
363 Huguenot Street
New Rochelle, NY 10801

Ridgewood
4821 Metropolitan Avenue
Ridgewood, NY 11385

Webster Avenue
4077 Park Avenue
Bronx, NY 10457

Fordham
301-305 West Fordham Road
Bronx, NY 10460

Yonkers
131 Saw Mill River Road
Yonkers, NY 10701

Lawrence
640 Rockaway Turnpike
Lawrence, NY 11559

Suffern
2 Dunnigan Drive
Suffern, NY 10901

Linden
401 South Park Avenue
Linden, NJ 07036

Atlantic Avenue

3319-3335 Atlantic Avenue
Brooklyn, NY

Pelham
798-858 Pelham Parkway
Pelham, NY

Ozone Park
103-71 97th Street
Ozone Park, NY

EXHIBIT B
LEGAL DESCRIPTION OF LAND

EXHIBIT C
ALLOCATED CONTRACT PRICE OF EACH PROPERTY

	Property	Amount
1.	Fordham	$23,160,847
2.	Ridgewood	$23,912,133
3.	Long Island City	$38,301,568
4.	Suffern	$16,808,040
5.	Linden	$17,373,897
6.	Webster	$9,733,979
7.	Jersey City	$17,975,924
8.	Lawrence	$29,251,569
9.	New Rochelle	$11,430,634
10.	Yonkers	$23,790,384
11.	Bruckner	$24,120,881
12.	Atlantic	$25,695,450
13.	Pelham	$11,888,250
14.	Ozone Park	$20,459,444
	TOTAL:	**$293,903,000**

EXHIBIT D

INTENTIONALLY OMITTED

EXHIBIT E

INTENTIONALLY OMITTED

EXHIBIT F

SCHEDULE OF WORK COMMENCED

Need to list the work that has commenced and the status of such work

EXHIBIT G

REPOSITIONING PROPERTIES

1. Atlantic
2. Bruckner
3. Fordham
4. Jersey City
5. Lawrence
6. Linden
7. Long Island City
8. New Rochelle
9. Pelham
10. Ridgewood
11. Suffern
12. Webster
13. Yonkers

EXHIBIT H

REPOSITIONING PROPERTIES CONSTRUCTION BUDGETS

EXHIBIT I

REPOSITIONING PROPERTIES CONSTRUCTION PLANS AND SPECIFICATIONS

EXHIBIT J

RENT ROLLS FROM PROPERTIES

EXHIBIT K-1

FORM OF NEW YORK BARGAIN AND SALE DEED WITH COVENANT AGAINST GRANTOR'S ACTS

BARGAIN AND SALE DEED

THIS INDENTURE, made as of the __ day of _____ 20__.

BETWEEN [_____], a [_____], having an address c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605 ("Grantor"), and [_____], a [_____], having an address at [_____] ("Grantee").

WITNESSETH, that the Grantor, in consideration of Ten and 00/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby grant and release unto the Grantee, the heirs or successors and assigns of Grantee forever:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in [_____], and more particularly described in Exhibit "A" attached hereto and incorporated herein for all purposes, together with all right, title and interest, if any, of the Grantor in and to any streets and roads abutting the above described premises to the center lines thereof; together with the appurtenances and all the estate and rights of the Grantor in and to said premises;

TO HAVE AND TO HOLD the premises herein granted unto Grantee, the heirs or successors and assigns of the Grantee forever;

AND the Grantor covenants that the Grantor has not done or suffered anything whereby the said premises have been encumbered in any way whatever except as aforesaid;

AND the Grantor, in compliance with Section 13 of the Lien Law, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

IN WITNESS WHEREOF, the Grantor has duly executed this Deed the day and year first above written.

GRANTOR:

[_____]

By: _____

STATE OF)
) ss.:
COUNTY OF)

On the ___ day of _____ in the year 20__, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

My Commission Expires

EXHIBIT A

EXHIBIT K-2

FORM OF NEW JERSEY BARGAIN AND SALE DEED WITH COVENANT AGAINST GRANTOR'S ACTS

BARGAIN AND SALE DEED WITH COVENANTS AGAINST GRANTOR'S ACTS

RECORD AND RETURN TO: Prepared By:_____

THIS DEED, made as of [__] day of [_____], 20[__]

BETWEEN [_____], a [_____], with offices c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605, party of the first part, and [_____], a [_____], with offices at [_____], party of the second part,

WITNESSETH, that the party of the first part, in consideration of [_____] and [__]/100 DOLLARS ($[_____]) and other valuable consideration paid by the party of the second part, does hereby give, grant, bargain, sell, alien, release, enfeoff, convey and confirm unto the party of the second part, the heirs or successors and assigns of the party of the second party forever the Property (as defined below).

TAX MAP REFERENCE. (N.J.S.A. 46:15-2.1) Municipality: _____ of _____, County of _____ ; Block _____, Lot _____.

PROPERTY. The property (the "Property") consists of all that certain lot, tract or parcel of land and premises situate, lying and being in the _____ of _____, County of _____ and State of New Jersey, bounded and described as more particularly set forth on Exhibit A, attached hereto.

BEING the same lands and premises granted and conveyed unto Grantor by Deed from _____, dated _____ and recorded in the _____ County Clerk's Office on _____ in Deed Book _____, page _____, as Instrument #_____.

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises;

SUBJECT TO all rights, easements, restrictions, reservations and other matters (including, without limitation, title to the improvements located on the premises) contained in or referred to in said deed or in any other instrument relating to such parcel, whether or not of record, it being the intention of the party of the first part to convey to the party of the second part only such rights in the above-described parcel as it owns as of the date hereof.

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

PROMISES BY GRANTOR. The Grantor promises that the Grantor has done no act to encumber the property except as aforesaid. This promise is called a "covenant as to grantor's acts" (N.J.S.A.

46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor) except as aforesaid.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

[_____],
a [_____]

Attest: _____
Name:
Title:

By: _____
Name:
Title:

STATE OF)
: ss
COUNTY OF)

On _____, 20__, before me, the undersigned Notary Public, an individual by the name of _____, personally appeared and stated to my satisfaction that ___ (a) was the maker of the foregoing Deed; (b) was authorized to and did execute this Deed as _____of _____; (c) made this Deed for $_____as the full and actual consideration paid for the transfer of title (as such consideration is defined in N.J.S.A. 46:15-5); and (d) executed this Deed as the voluntary act and deed of said Grantor.
[Commission & Seal]

_____
Notary Public

My Commission Expires: _____

AMECURRENT 704087455.2 05-Dec-12 16:19
LEGAL_US_E # 101661756.3

Exhibit A
Legal Description

AMECURRENT 704087455.2 05-Dec-12 16:19
LEGAL_US_E # 101661756.3

EXHIBIT L

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS

ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS

ASSIGNMENT AND ASSUMPTION OF LEASES (this "Assignment") made as of the ____ day of _____, 20__ by and between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor and Assignee entered into that certain Purchase and Sale Agreement, dated _____, 20__ (the "Contract") covering the Premises (as hereinafter defined); and

WHEREAS, Assignor has simultaneously herewith conveyed to the Assignee all of Assignor's right, title and interest in and to the premises commonly known as [_____] (the "Premises"), and in connection therewith, Assignor has agreed to assign to Assignee all of Assignor's right, title and interest in and to all Leases (as defined in the Contract), including, without limitation, all Leases described on the schedule attached as Exhibit "A" hereto, together with all prepaid rents, security deposits, letters of credit and other deposits made by the tenants under the Leases and all guarantees relating to or made in connection with the Leases, if any (collectively, the "Leases").

NOW, THEREFORE, in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby assigns unto Assignee, all of the right, title and interest of Assignor in and to the Leases;

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns from and after the date hereof, subject to the terms, covenants and conditions of the Leases.

2. Assignee assumes the performance of all of the obligations of Assignor arising or accruing under the Leases from and after the date hereof.

3. Assignor agrees to and hereby does defend, indemnify and hold Assignee harmless from and against any and all losses, claims, demands, suits, expenses (including, without limitation, reasonable attorney's fees and disbursements (whether or not incident to litigation) and court costs, damages, obligations and liabilities (including, without limitation, claims for personal injury, wrongful death or property damage), direct, contingent or consequential, of any kind or nature, incurred by Assignee, caused by Assignor and arising or accruing with respect to the Leases and the security deposits under the Leases during the period prior to the date hereof, except as shall arise from the willful misconduct or gross negligence of Assignee, its agents or employees.

4. Assignee agrees that, from and after the date hereof, Assignee shall and hereby does defend, indemnify and hold Assignor harmless from and against any and all losses, claims, demands, suits, expenses (including, without limitation, reasonable attorney's fees and disbursements (whether or not incident to litigation) and court costs, damages, obligations and liabilities (including, without limitation, claims for personal injury, wrongful death or property damage), direct, contingent or

consequential, of any kind or nature, incurred by Assignor, caused by Assignee and arising or accruing with respect to the Leases and the security deposits under the Leases during the period from and after the date hereof, except as shall arise from the willful misconduct or gross negligence of Assignor, its agents or employees.

5. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns and legal representatives.

6. This Assignment may be executed in separate counterparts, which, together, shall constitute one and the same fully executed Assignment. The entities comprising Assignor shall be jointly and severally liable for the obligations and liabilities of Assignor hereunder.

7. This Assignment shall be governed by the internal laws of the State of New York, without giving effect to New York principles of conflicts of laws.

IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first above written.

ASSIGNOR:

[_____]

By: _____
Name:
Its:

ASSIGNEE:

[_____]

By: _____
Name:
Its:

Exhibit A
Leases

EXHIBIT M

FORM OF ASSIGNMENT AND ASSUMPTION OF RENOVATION AGREEMENTS AND SERVICE CONTRACTS

ASSIGNMENT AND ASSUMPTION OF RENOVATION AGREEMENTS AND SERVICE CONTRACTS

ASSIGNMENT AND ASSUMPTION OF RENOVATION AGREEMENTS AND SERVICE CONTRACTS (this "Assignment") made as of the ____ day of _____, 20__ by and between [_____], a [_____] ("Assignor"), and [_____], a Delaware limited liability company ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor and Assignee entered into that certain Purchase and Sale Agreement, dated _____, 20__ (the "Contract") covering the Premises (as hereinafter defined); and

WHEREAS, Assignor has simultaneously herewith conveyed to the Assignee all of Assignor's right, title and interest in and to the premises located as set forth on Exhibit "A" attached hereto (the "Premises"), and in connection therewith, Assignor has agreed to assign, transfer, convey and deliver to Assignee all of Assignor's right, title and interest in and to the Service Contracts (as defined in the Contract) and Renovation Agreements (as defined in the Contract), including, without limitation, all of the instruments, contracts, agreements and understandings listed on Exhibit "B" annexed hereto (the "Contracts").

NOW, THEREFORE, in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby assigns unto Assignee, all of the right, title and interest, if any, of Assignor in and to the Contracts;

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns from and after the date hereof.

2. Assignee assumes the performance of all of the obligations of Assignor arising or accruing under the Contracts from and after the date hereof.

3. Assignor shall remain liable for the performance of all of the obligations of Assignor arising or accruing under the Contracts prior to the date hereof.

4. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors, assigns and legal representatives.

5. This Assignment may be executed in separate counterparts, which, together, shall constitute one and the same fully executed Assignment.

6. This Assignment shall be governed by the internal laws of the State of New York, without giving effect to New York principles of conflicts of laws.

IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first above written.

ASSIGNOR:

[_____]

By: _____
Name:
Its:

ASSIGNEE:

[_____]

By: _____
Name:
Its:

Exhibit A
The Premises

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Exhibit B
Contracts

AMECURRENT 704087455.2 05-Dec-12 16:19
LEGAL_US_E # 101661756.3

EXHIBIT N

FORM OF BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, [_____], a [_____] ("Seller"), does hereby sell, transfer and convey to [_____], a Delaware limited liability company ("Purchaser"), all machinery, equipment, furnishings, furniture, signage and other tangible personal property of every kind and character, if any (the "Personal Property"), owned by Seller and used in connection with the operation of that certain real property more particularly described in Exhibit "A" attached hereto.

PURCHASER ACKNOWLEDGES THAT SELLER IS SELLING AND PURCHASER IS PURCHASING SUCH PERSONAL PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT PURCHASER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER, ITS AGENTS, OR BROKERS AS TO ANY MATTERS CONCERNING SUCH PERSONAL PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES AS TO TITLE OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE EXCEPT AS EXPRESSLY SET FORTH IN THAT CERTAIN PURCHASE AND SALE AGREEMENT, DATED AS OF [_____], 20__, BY AND BETWEEN SELLER AND PURCHASER.

Dated: _____, 20__

[_____]
By: _____
Name:
Title:

Exhibit A
Legal Description

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LEGAL_US_E # 101661756.3

EXHIBIT O

FORM OF NOTICE TO TENANTS

_____ ___, 2012

[Name]
[Company]
[Mailing Address]
[City, State, Zip]

Re: Lease dated [_____] (as amended, modified and supplemented from time to time, the "Lease") by and between [_____] ("Landlord") and [_____] ("Tenant") concerning the Demised Premises known as [_____] located in [_____] (the "Property").

Dear [_____]:

Please be advised that, as of the date set forth above, the Property and Landlord's interest in the Lease were purchased by [_____], Federal Tax I.D. [_____] ("New Owner"). A W-9 Form is attached for your reference. All security deposits, to the extent held by Landlord, were transferred to New Owner. Landlord hereby irrevocably instructs and authorizes you to hereafter make all payments, Rent and otherwise, payable to [_____] and deliver such payments to:

[_____]
[_____]

For property management issues, please contact [_____] at (___) ___ ____.
For billing and collection issues, please contact [_____] at (___) ___ ____.
For all other purposes under the Lease, the address for [_____] is [_____] with a telephone number of (___) ___ ____.

The instructions set forth herein are irrevocable and are not subject to modification in any manner except that any successor landlord or lender, so identified by New Owner, may by written notice to you rescind the instructions contained herein.

Very truly yours,

[_____]

By:_____
Name:
Title:

EXHIBIT P

FORM OF FIRPTA CERTIFICATE

FIRPTA AFFIDAVIT

Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform [_____] (the "Transferee") that withholding of tax is not required upon the disposition of a U.S. real property interest by [_____] (the "Company"), which owns 100% of the limited liability company membership interests in [_____], the Company hereby certifies to Transferee, as follows:

1. The Company is not a foreign person, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and Treasury Regulations promulgated thereunder);

2. The EIN number of the Company is [_____];

3. The Company's address is c/o [_____];

4. The Company is not a disregarded entity as defined in §1.1445-2(b)(2)(iii); and

5. The Company understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

6. The Company understands that the Transferee intends to rely on the foregoing representations in connection with the United States Foreign Investment Act (94 Stat. 2682 as amended).

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of the Company.

Dated: _____, 20___

[_____]

By: _____
Name:
Title:

EXHIBIT Q

FORM OF CERTIFICATE OF SELLER/PURCHASER

CLOSING CERTIFICATE

[_____], 20[__]

Reference is hereby made to that certain Purchase and Sale Agreement, dated as of [_____], 2012 (the "**PSA**"), 2012, by and among Acadia Storage Company LLC, Acadia Storage Post Portfolio Company LLC, and Acadia Suffern LLC, each a Delaware limited liability company (collectively, "Seller"), and [_____], a [_____] ("Purchaser").

Pursuant to Section 9.[__] of the PSA, [Seller/Purchaser] hereby confirms to [Purchaser/Seller] that all of [Seller's/Purchaser's] representations and warranties made in Section 6.[__] of the PSA are true and correct in all material respects as of the date hereof, other than those representations and warranties made as of a specific date or with reference to previously dated materials, which are true and correct as of the date thereof or as of the date of such materials, as applicable.

[Signature Pages Follow]

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LEGAL_US_E # 101661756.3

[**SELLER/PURCHASER]**:

[_____],
a [_____]

By:_____
Name:
Title:

EXHIBIT R

FORM OF GENERAL ASSIGNMENT AND ASSUMPTION

GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), is made and entered into this ____ day of _____, 20___ between [_____], having an office c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605, ("Assignor"), and [_____], having an office at [_____] ("Assignee").

W I T N E S S E T H:

Assignor for Ten Dollars ($10.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby assigns to Assignee all of Assignor's right, title and interest in, to and under (i) all transferable licenses, approvals, certificates of occupancy and other approvals including without limitation sewer rights and permits, presently issued in connection with the operation of all or any part of the real property located at [_____] (the "Premises"), or necessary to operate the Premises, to the extent applicable, available and transferable, (ii) all warranties, if any, issued by any manufacturers and contractors in connection with construction or installation of equipment included as part of the Premises, to the extent applicable, available and transferable, (iii) all development rights related to the Premises, (iv) all architectural, mechanical, electrical and structural plans, studies, drawings, specifications, surveys, renderings and other technical descriptions that relate to the Premises, to the extent applicable, available and transferable, and (v) all other items of intangible personal property owned by Assignor and exclusively relating to the occupancy, use or operation of the Premises (the items set forth in clauses (i) through (v) above are hereinafter referred to collectively as the "Property");

TO HAVE AND TO HOLD unto Assignee and its successors and assigns to its and their own use and benefit forever.

Assignee hereby expressly assumes the obligations of Assignor in respect of the Property accruing from and after the date hereof.

Assignee hereby acknowledges and agrees that the Property is being conveyed "AS IS, WHERE IS, WITH ALL FAULTS", except for those representations and warranties set forth in that certain Purchase and Sale Agreement dated [_____], 20[__] between Assignor, Assignee and [_____] with respect thereto, the provisions of which are incorporated herein by this reference.

This Agreement is made by Assignor without recourse and without any expressed or implied representation or warranty whatsoever.

This Agreement inures to the benefit of the parties hereto and their respective successors and assigns.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the date first above written.

ASSIGNOR:

[_____]

By: _____
Name:
Title:

ASSIGNEE:

[_____]

By: _____
Name:
Title:

AMECURRENT 704087455.2 05-Dec-12 16:19
LEGAL_US_E # 101661756.3

Exhibit T

Intentionally Omitted

AMECURRENT 704087455.2 05-Dec-12 16:19
LEGAL_US_E # 101661756.3

Exhibit U

Assignment of Ground Lease

LEGAL_US_E # 101661756.3

Schedule 2.1(a)

Ground Leases

Pelham – Acadia Pelham Manor LLC (Delaware)

Ground Lease, dated October 1, 2004, by and between Rusciano & Son Corp. and Secor Lane Corp., collectively as landlord ("Landlord"), and P/A-Acadia Pelham Manor, LLC, predecessor-in-interest to Acadia Pelham Manor LLC, as tenant ("Tenant"), as evidenced by that certain Memorandum of Lease, dated October 1, 2004, recorded February 23, 2005 in Control No. 443010050, as amended by that certain First Amendment to Ground Lease, dated June 28, 2006, by and between Landlord and Tenant, as evidenced by that certain Memorandum of First Amendment to Ground Lease, dated as of May 20, 2008, recorded July 7, 2008 in Control No. 481760121, and as further amended by that certain Second Amendment to Ground Lease, dated December 6, 2007, by and between Landlord and Tenant, recorded July 7, 2008 in Control No. 481760129.

Ozone Park – Acadia-P/A Liberty LLC (Delaware)

Lease, dated February 6, 1998, by and between Liberty Associates, LLC, as landlord ("Landlord"), and Mayfair Super Markets, Inc., as tenant ("Tenant"), as evidenced by that certain Memorandum of Lease, dated February 6, 1998, and recorded February 26, 1998, in Reel 4808 Page 1921, as amended by that certain Amendment to Memorandum of Lease, dated December 20, 2005, by Landlord and The Stop & Shop Supermarket Company, LLC, successor by merger to Tenant ("Successor Tenant"), recorded January 19, 2006, in CRFN 2006000033067, as assigned pursuant to that certain Assignment and Assumption of Ground Lease, dated December 20, 2005, and recorded February 29, 2006, in CRFN 2006000033068, made by Successor Tenant, as assignor, to Acadia-P/A Liberty LLC, as assignee.

SCHEDULE 3.1

OWNED TRUCKS

Type of Truck	TRUCK VIN #	PLATE #	Model
Box	1GDHG31R5X1040197	XR-104V	1999 GMC
Box	1GDHG31R7X1041948	XR-103V	1999 GMC
Box	1FDWE35L12HB32989	XR-105V	2002 FORD
Box	1FDWE35l31HA91053	XS-6398	2001 FORD E-350
Van	1FTNE24W67DA49532	XR-508H	2007 FORD E-250 Van
Van	1FTNE24W07DA49526	XR-510H	2007 FORD E-250 Van
Van	1FTNE24W97DA41389	XR512H	2007 FORD E-250 Van
Van	1FTNE24W77DA44985	XR-511H	2007 FORD E-250 Van
Van	1FTNE24W17DA44982	XR-509H	2007 FORD E-250 Van
Van	2A4RR5D10AR286639		2010 CHRYSLER T&C Van
Box	1FDWE37F1XHA03780	33213JZ	1999 FORD 3MC
Van	2B7LB31Z8WK123882	88574JV	1999 DODGE V-35
Van	2B7KB31ZXRK130364	33214JZ	1994 DODGE B-35
Box	1FDWE37F1XHA03780	33213JZ	1999 FORD 3MC

SCHEDULE 4.2

INSPECTION OBJECTIONS

- **Environmental**
  - **Atlantic Avenue –** NFA status has been applied for, but not yet received. In the event the NFA is not received, the site will need to have further monitoring and removal of free product until NFA status is achieved.
  - **Jersey City –** waiting for closure by the NJDEP related to a remedial action work plan that was submitted in early October 2012.
  - **Ozone Park –** Phase I recently received. Construction of the property is being reviewed by CNS, Heitman and Storage Post to determine if proper physical protections such as a vapor barrier and vapor venting system were put in place. Heitman and Storage Post are also confirming with Seller that the responsible party is financially viable and able to complete their remediation of the existing conditions.
- **Ozone Park Final Certificate of Occupancy documentation**

SCHEDULE 6.1(G)

LITIGATION

[SELLER TO COMPLETE]

Exhibit 9-10

SCHEDULE 9.9(f)

PRORATIONS EXAMPLES

LEGAL_US_E # 101661756.3

Schedule 11.2

Material Damage Per Property

	Property	Amount
1.	Fordham	$2,319,085
2.	Ridgewood	$2,393,213
3.	Long Island City	$3,862,157
4.	Suffern	$1,680,804
5.	Linden	$1,744,590
6.	Webster	$973,398
7.	Jersey City	$1,797,592
8.	Lawrence	$2,965,157
9.	New Rochelle	$1,143,063
10.	Yonkers	$2,401,138
11.	Bruckner	$2,412,088
12.	Atlantic	$2,572,945
13.	Pelham	$1,188,825
14.	Ozone Park	$2,045,944

Schedule 5.2

Seller’s Response to Purchaser’s Title Objections

LIST OF AFFILIATES OF
ACADIA REALTY TRUST

Acadia Realty Trust
Acadia Realty Limited Partnership

152-154 Spring Street Lender LLC
210 Bowery Owners LLC
239 Greenwich Associates Limited Partnership
640 Broadway Member LLC
640 Broadway Owners LLC
ABR Amboy Road LLC
Acadia 1520 Milwaukee Avenue LLC
Acadia 161ST Street LLC
Acadia 181 Main Street LLC
Acadia 216TH Street LLC
Acadia 239 Greenwich Avenue, LLC
Acadia 28 Jericho Turnpike LLC
Acadia 2914 Third Avenue LLC
Acadia 3104 M Street Lender LLC
Acadia 3104 M Street LLC
Acadia 330 River Street LLC
Acadia 3319 Atlantic Avenue LLC
Acadia 3780-3858 Nostrand Avenue LLC
Acadia 4401 White Plains Road LLC
Acadia 56 East Walton LLC
Acadia 5-7 East 17th Street LLC
Acadia 639 West Diversey LLC
Acadia 654 Broadway LLC
Acadia 654 Broadway Member LLC
Acadia 750 West Sunrise Highway LLC
Acadia 83 Spring Street LLC
Acadia Absecon LLC
Acadia Albee LLC
Acadia Albertsons Investors LLC
Acadia Atlantic Avenue LLC
Acadia Bartow Avenue, LLC
Acadia Berlin LLC
Acadia Bloomfield NJ LLC
Acadia Boonton LLC
Acadia Brandywine Condominium, LLC
Acadia Brandywine Holdings, LLC
Acadia Brandywine Lender LLC
Acadia Brandywine Subsidiary, LLC
Acadia Brandywine Town Center, LLC
Acadia Brentwood LLC
Acadia Cambridge LLC

Acadia Canarsie LLC
Acadia Chestnut LLC
Acadia Chicago LLC
Acadia Clark-Diversey LLC
Acadia Connecticut Avenue LLC
Acadia Cortlandt Crossing LLC
Acadia Cortlandt LLC
Acadia Crescent Plaza LLC
Acadia Crossroads, LLC
Acadia Cub Foods Investors LLC
Acadia D.R. Management LLC
Acadia East Fordham Acquisitions LLC
Acadia Elmwood Park LLC
Acadia Gold Coast LLC
Acadia Hawk LLC
Acadia Heathcote LLC
Acadia Hendon Hitchcock Plaza, LLC
Acadia Heritage Shops LLC
Acadia Hobson LLC
Acadia K-H, LLC
Acadia L.U.F. LLC
Acadia Liberty LLC
Acadia Lincoln Park Centre LLC
Acadia Lincoln Road II LLC
Acadia Lincoln Road LLC
Acadia Mad River Property LLC
Acadia Marcus Avenue II LLC
Acadia Marcus Avenue LLC
Acadia Mark Plaza LLC
Acadia Market Square, LLC
Acadia MCB Holding Company II LLC
Acadia MCB Holding Company LLC
Acadia Mercer Street LLC
Acadia Merrillville Realty, Inc.
Acadia Merrillville Realty, L.P.
Acadia Mervyn I, LLC
Acadia Mervyn II, LLC
Acadia Mervyn Investors I, LLC
Acadia Mervyn Investors II, LLC
Acadia Miami Beach Lincoln Member LLC
Acadia Miami Beach Lincoln Special Member LLC
Acadia Naamans Road LLC
Acadia New Loudon, LLC
Acadia North Michigan Avenue LLC
Acadia Nostrand Avenue LLC
Acadia Pacesetter LLC
Acadia Pelham Manor LLC
Acadia Pelham Manor Storage LLC
Acadia Property Holdings, LLC

Acadia Realty Acquisition I, LLC
Acadia Realty Acquisition II, LLC
Acadia Realty Acquisition III LLC
Acadia Realty Acquisition IV LLC
Acadia Republic Farmingdale LLC
Acadia Rex LLC
Acadia Rush Walton LLC
Acadia Second City 1521 West Belmont LLC
Acadia Second City 2206-08 North Halsted LLC
Acadia Second City 2633 North Halsted LLC
Acadia Second City 843-45 West Armitage LLC
Acadia Second City Biggs Mansion LLC
Acadia Second City LLC
Acadia Self Storage LLC
Acadia Self Storage Management Company LLC
Acadia Self Storage Management Investment Company LLC
Acadia Sheepshead Bay LLC
Acadia Sherman Avenue LLC
Acadia Shopko Investors LLC
Acadia SP Investor LLC
Acadia SPE Boonton LLC
[Acadia Storage Company LLC]
Acadia Storage Investor LLC
Acadia Storage Post LLC
[Acadia Storage Post Portfolio Company LLC]
Acadia Strategic Opportunity Fund II, LLC
Acadia Strategic Opportunity Fund III LLC
Acadia Strategic Opportunity Fund III Special Member LLC
Acadia Strategic Opportunity Fund IV LLC
Acadia Strategic Opportunity Fund IV Promote Member LLC
Acadia Strategic Opportunity Fund IV Special Member LLC
Acadia Strategic Opportunity Fund, LP
Acadia Suffern LLC
Acadia Town Line, LLC
Acadia Urban Development LLC
Acadia Urban Management Services LLC
Acadia Walnut Hill LLC
Acadia West 54th Street LLC
Acadia West Diversey LLC
Acadia West Shore Expressway LLC
Acadia-Washington Square Albee LLC
Acadia-Washington Square Tower 2 LLC
ACRS II LLC
ACRS, Inc.
A-K JV I LLC
Albee Development LLC
Albee Phase 3 Development LLC
Albee Retail Development LLC
Albee Tower I Member LLC

AmCap Acadia Agent, LLC
AmCap Acadia Benton, LLC
AmCap Acadia Indianapolis, LLC
AmCap Acadia K-H Holding, LLC
AmCap Acadia K-H, LLC
AmCap Acadia Tulsa, LLC
A-MCB Arundel Funding LLC
A-MCB Arundel LLC
AMCB BB Woodlawn LLC
AMCB Bloomfield LLC
AMCB Perring LLC
ARA IV Class A Member LLC
Aspen Cove Apartments, LLC
Brandywine Town Center Maintenance Company LLC
BTS Boonton, L.L.C.
[Canarsie Plaza LLC]
City Point Century 21 Development LLC
City Point Retail Development LLC
Crossroads II
Crossroads II, LLC
Crossroads Joint Venture
Crossroads Joint Venture, LLC
Fordham Place Office LLC
GDC Beechwood, LLC
GDC SMG, LLC
Heathcote Associates, L.P.
Lincoln Road III LLC
Mark Plaza Fifty L.P.
Mark Twelve Associates, L.P.
Miami Beach Lincoln, LLC
MCB Bloomfield LLC
Pacesetter/Ramapo Associates
RD Abington Associates Limited Partnership
RD Absecon Associates, L.P.
RD Bloomfield Associates Limited Partnership
RD Branch Associates L.P.
RD Elmwood Associates, L.P.
RD Hobson Associates, L.P.
RD Methuen Associates Limited Partnership
RD Smithtown, LLC
RD Woonsocket Associates Limited Partnership
Self Storage Management LLC
SMG Celebration, LLC
Storage Post Holdings LLC
White City East Partners LLC
White City Partners Holding Company LLC
White City Partners LLC

Consent of Independent Registered Public Accounting Firm

Acadia Realty Trust
White Plains, New York

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-157886, 333-31630, 333-139950, 333-114785 and 333-126712) and Form S-8 (No. 33-95966, 333-106758) of Acadia Realty Trust of our reports dated February 27, 2013, relating to the consolidated financial statements and financial statement schedule, and the effectiveness of Acadia Realty Trust's internal control over financial reporting, which appear in this Form 10-K.

/s/ BDO USA, LLP
New York, NY

February 27, 2013

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a - 14(a) (SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Kenneth F. Bernstein, certify that:

1. I have reviewed this annual report on Form 10-K of Acadia Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kenneth F. Bernstein
Kenneth F. Bernstein
President and Chief Executive Officer
February 27, 2013

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a - 14(a) (SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Jonathan W. Grisham, certify that:

1. I have reviewed this annual report on Form 10-K of Acadia Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jonathan W. Grisham
Jonathan W. Grisham
Senior Vice President and
Chief Financial Officer
February 27, 2013

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Annual Report of Acadia Realty Trust (the "Company") on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth F. Bernstein, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Kenneth F. Bernstein
Kenneth F. Bernstein
President and Chief Executive Officer
February 27, 2013

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Annual Report of Acadia Realty Trust (the "Company") on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan W. Grisham, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Jonathan W. Grisham
Jonathan W. Grisham
Senior Vice President and
Chief Financial Officer
February 27, 2013