

United States Securities and Exchange Commission
Washington, DC 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, 2001

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.)

20 Soundview Marketplace
Port Washington, NY 11050 (516) 767-8830
(Address of principal executive offices) (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 whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark 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.

The aggregate market value of the voting common equity stock held by non-affiliates of the Registrant was approximately \$172.9 million based on the closing price on the New York Stock Exchange for such stock on March 26, 2002 (the Company has no non-voting common equity).

The number of shares of the Registrant's Common Shares of Beneficial Interest outstanding was 24,700,328 on March 26, 2002.

DOCUMENTS INCORPORATED BY REFERENCE

Part III - Definitive proxy statement for the Annual Meeting of Shareholders presently scheduled to be held May 16, 2002, to be filed pursuant to Regulation 14A.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, affect demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and the availability of financing; adverse changes in the Company's real estate markets, including, among other things, competition with other companies; risks of real estate development and acquisition; governmental actions and initiatives; and environmental/safety requirements.

PART I

ITEM 1. BUSINESS

GENERAL

Acadia Realty Trust (the Company), formerly Mark Centers Trust, was formed on March 4, 1993 as a Maryland Real Estate Investment Trust (REIT). The Company is a fully integrated, self-managed and self-administered equity REIT focused primarily on the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers. The Company currently operates 52 properties, which it owns or has an ownership interest in, consisting of 47 neighborhood and community shopping centers, one enclosed mall, one mixed-use property (retail/residential) and three multi-family properties, all of which are located in the Eastern and Midwestern regions of the United States and, in total, comprise approximately 9.5 million square feet.

All of the Company's assets are held by, and all of its operations are conducted through, Acadia Realty Limited Partnership, a Delaware limited partnership (the Operating Partnership) and its majority-owned subsidiaries. As of December 31, 2001, the Company controlled 85% of the Operating Partnership as the sole general partner. As the general partner, the Company 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 represent entities or individuals who contributed their interests in certain properties or partnerships to the Operating Partnership in exchange for common or preferred units of limited partnership interest (Common or Preferred OP Units). Limited partners holding Common OP Units are generally entitled to exchange their units on a one-for-one basis for common shares of beneficial interest of the Company (Common Shares). This structure is commonly referred to as an umbrella partnership REIT or "UPREIT".

The Series A Preferred OP Units were issued November 16, 1999 in connection with the acquisition of all the partnership interests of the limited partnership, which owns the Pacesetter Park Shopping Center. They have a stated value of \$1,000 each and are entitled to a quarterly preferred distribution of the greater of (i) \$22.50 (9% annually) per Preferred OP Unit or (ii) the quarterly distribution attributable to a Preferred OP Unit if such unit were converted into a Common OP Unit. The Preferred OP Units are currently convertible into Common OP Units based on the stated value divided by \$7.50. After the seventh anniversary following their issuance, either the Company or the holders can call for the conversion of the Preferred OP Units at the lesser of \$7.50 or the market price of the Common Shares as of the conversion date.

On August 12, 1998, the Company completed a major reorganization (RDC Transaction) in which it acquired 12 shopping centers, five multi-family properties and a 49% interest in one shopping center along with certain third party management contracts and promissory notes from real estate investment partnerships (RDC Funds) managed by affiliates of RD Capital, Inc. In exchange for these and a cash investment of \$100 million, the Company issued 11.1 million Common OP Units and 15.3 million Common Shares to the RDC Funds. These Common Shares were distributed to the respective limited partners of the RDC Funds during 2000. After giving effect to the conversion of the Common OP Units the RDC Funds beneficially owned 72% of the Common Shares as of the closing of the RDC Transaction. The Company is also obligated to issue OP Units valued at \$2.8 million upon the commencement of rental payments from a designated tenant at one of the acquired properties. Concurrent with the RDC Transaction, the Company appointed former RD Capital, Inc. executives Ross Dworman as Chairman and Chief Executive Officer, and Kenneth F. Bernstein as President. In January 2001, the Board of Trustees appointed Mr. Bernstein as Chief Executive Officer with Mr. Dworman remaining as Chairman.

RECENT DEVELOPMENTS

Based in part on the fact that its Common Shares were continuing to trade at a discount to its estimate of net asset value, the Company engaged Credit Suisse First Boston (CSFB) during 2001 to undertake a review of a broad range of strategic alternatives available to the Company in light of the market conditions facing the Company and the REIT industry. This review included a search for merger candidates, acquisition targets and potential buyers of the Company's core assets. While the Company did not identify any acceptable merger or acquisition opportunities, it did receive numerous initial inquiries for information on its core portfolio. This process ultimately led to a final bid which the Company and CSFB determined was inadequate based on various factors including: i) the effective per share bid price was in the lower range of the Company's estimate of net asset value, (ii) the bid was not for all of the Company's core assets which would leave the Company with a small but diverse portfolio to manage and (iii) this transaction was the largest the bidder had ever attempted and there were concerns as to the bidder's ability to obtain the necessary debt and equity financing to complete the transaction. In general, the Company concluded that market conditions at that time favored buyers of real estate over sellers and, as such, that it was not an opportune time to sell its assets.

During this review, the Company determined there was strong interest from some of its institutional shareholders for creating a joint venture vehicle, in part, to capitalize on what was perceived as a "buyer's market" for real estate. As such, in September 2001, the Company and four of its institutional shareholders formed a joint venture, the Acadia Strategic Opportunity Fund, LP, whereby the investors committed \$70 million for the purpose of acquiring additional community and neighborhood shopping centers. The Company committed an additional \$20 million to the venture and will be entitled to receive standard management, construction and leasing fees with respect to properties acquired by the joint venture. In addition, the Company is entitled to an asset management fee equal to 1.5% of the capital committed as well as an incentive payment of 20% after the return of all investor capital with a 9% preferred return.

While some of the Company's larger institutional shareholders participated in the joint venture, others expressed a desire for liquidity. As part of the Company's decision to pursue the joint venture, it determined that it was in the best interest of the Company to provide an opportunity for those shareholders wishing to sell their Common Shares to be able to do so in a manner that would not negatively impact its already discounted share price. Furthermore, the Company believed that while providing this liquidity to some shareholders, it would be at an attractive price that would benefit its remaining shareholders. Therefore, on December 20, 2001, the Company commenced a "modified Dutch Auction" tender offer (the Tender Offer) to repurchase up to 4,784,615, or 14% of its outstanding Common Shares and Common OP Units (collectively, Shares). Under the terms of the Tender Offer, the Company invited shareholders to tender their Shares at a minimum price of \$6.05 and a maximum of \$6.50. Upon receiving all tendered Shares, the Company would select the lowest price (the Purchase Price) that would permit it to purchase the 4,784,615 Shares. All Shares purchased by the Company would be at a single price, even if tendered below the Purchase Price. Separate from the Tender Offer, the Company also agreed to purchase 600,000 Shares from Mr. Dworman at the Purchase Price determined through the Tender Offer. This agreement was subsequently cancelled and Mr. Dworman participated in the Tender Offer, which was expanded by 600,000 Shares. Upon completion of the Tender Offer in February 2002, the Company purchased 5,523,974 Shares, comprised of 4,136,321 Common Shares and 1,387,653 Common OP Units, at a Purchase Price of \$6.05. This included 139,359 Shares purchased pursuant to its right to purchase up to an additional 2% of its Common Shares outstanding. The aggregate purchase price paid for the 5,523,974 Shares was \$33.4 million.

BUSINESS OBJECTIVES AND OPERATING STRATEGY

The Company's primary business objective is to acquire and manage commercial retail properties that will provide cash for distributions to shareholders while also creating potential for capital appreciation to enhance investor returns. Currently, the primary conduit for the Company's acquisition program is through the newly capitalized joint venture as discussed above. The Company's acquisition program focuses on acquiring sub-performing neighborhood and community shopping centers that are well-located in markets with high barriers to entry and creating significant value through retenanting, timely capital improvements and property redevelopment. In considering acquisitions, the Company focuses on quality shopping centers located in the Northeast, Mid-Atlantic and Midwest regions. The Company considers both single assets and portfolios in its acquisition program. In conjunction with evaluating potential portfolio acquisitions, the Company also regularly engages in discussions with public and private entities regarding business combinations as well. Furthermore, as demonstrated during 2001, the Company may consider engaging in joint ventures related to property acquisition and development. The requirements that acquisitions be accretive on a long-term basis based on the Company's cost of capital, as well as increase the overall portfolio quality and value, are core to the Company's acquisition program. As such, the Company constantly evaluates the blended cost of equity and debt and adjusts the amount of acquisition activity to align the level of investment activity with capital flows.

Operating functions such as leasing, property management, construction, finance and legal (collectively, the Operating Departments) are provided by Company personnel, providing for fully integrated property management and development. The Operating Departments' involvement in acquisitions is an essential component to the acquisition program. By incorporating the Operating Departments in the acquisition process, acquisitions are appropriately priced giving effect to each asset's specific risks and returns. Also, because of the Operating Departments' involvement with, and corresponding understanding of, the acquisition process, transition time is minimized and management can immediately execute on an asset's strategic plan.

The Company typically holds its properties for long-term investment. As such, it continuously reviews the existing portfolio and implements programs to renovate and modernize targeted centers to enhance the property's 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 value. The Company also periodically identifies certain properties for disposition and redeploys the capital to existing centers or acquisitions with greater potential for capital appreciation. The Company's core portfolio consists primarily of neighborhood and community shopping centers, which are generally dominant centers in high barrier-to-entry markets. The anchors at these centers typically pay market or below-market rents and have low rent-to-sales ratios, which are, on average, approximately 4%. Furthermore, supermarkets anchor approximately two-thirds of the core portfolio. These attributes enable the properties to better withstand a weakening economy while also creating opportunities to increase rental income.

DISPOSITION OF PROPERTIES

A significant component of the Company's business plan during 2001 was the disposition of non-core real estate assets. The Company began this initiative during fiscal 2000 as part of its strategy to reduce the discount reflected in its Common Share price compared with the Company's estimate of net asset value. Non-core assets were identified based on factors including property type and location, tenant mix and potential income growth as well as whether a property complemented other assets within the Company's portfolio. Since announcing this initiative, the Company has sold six non-core assets. Five of these assets were sold during 2001 and early 2002 as follows (dollar amounts in millions):

Property	Type	Sales Price	Net Proceeds
Marley Run Apartments	Apartment complex - 336 Units	\$27.4	\$12.8
Glen Oaks Apartments	Apartment complex - 463 Units	\$35.1	\$15.2
Wesmark Plaza	Shopping Center - 207,000 square feet	\$5.7	\$5.5
Tioga West	Shopping Center - 122,000 square feet	\$3.2	\$3.1
Union Plaza (Sold in 2002)	Shopping Center - 218,000 square feet	\$4.8	\$4.2(1)

(1) \$3.6 million of this represents a note from the buyer

Additionally, in November 2001, the Company entered into a contract to sell the remaining portion of its non-core portfolio to a single buyer. The portfolio consists of 17 retail properties that in the aggregate contain approximately 2.3 million square feet; ten are located in Pennsylvania and seven in various southeastern states ranging from Virginia to Florida. The portfolio is being sold subject to a fixed-rate, cross-collateralized and securitized loan, and the contract is conditioned upon obtaining the lender's consent permitting the buyer to assume the loan as well as other customary conditions to closing and, as such, the completion of this transaction cannot be assured.

PROPERTY REDEVELOPMENT

The Company's redevelopment program focuses on selecting well-located neighborhood and community shopping centers and creating significant value through retreating and property redevelopment. At the onset of 2001, the Company had four properties under redevelopment. Two of these projects were completed during 2001 as follows:

Abington Towne Center - The Company completed the redevelopment of this previously enclosed multi-level mall located in the Philadelphia suburb of Abington, Pennsylvania. In December 2000, the Company sold approximately 160,000 square feet representing the top two floors and the rear portion of the ground level and the related parking area to the Target Corporation (Target) for \$11.5 million. During 2001, Target completed the construction of its store and opened for business in September 2001. The Company has de-malled the balance of the center consisting of approximately 46,000 square feet of the main building and 14,000 square feet of store space in outparcel buildings, which it continues to own and operate. An existing anchor, T.J. Maxx, was relocated to a 27,000 square foot space in the Company's portion of the main building and reopened for business during 2000. Costs for this project totaled approximately \$3.5 million, net of amounts reimbursed by Target.

Methuen Shopping Center - This center, located in Methuen, Massachusetts (part of the Boston metropolitan statistical area) was formerly anchored by a Caldor department store. The Company acquired this lease out of bankruptcy and reanchored the center with an 89,000 square foot Wal*Mart which opened its store in October 2001. Costs incurred for this project were approximately \$800,000.

The Company currently has two redevelopment projects currently in progress as follows:

Elmwood Park Shopping Center - During 2001, the Company continued with the sitework on the redevelopment of this center located in Elmwood Park, New Jersey, approximately ten miles west of New York City. The redevelopment consists of reanchoring, renovating and expanding the existing 125,000 square foot shopping center by 30,000 square feet. The new anchor, a 49,000 square foot free-standing Pathmark supermarket, will replace the former undersized (28,000 square feet) in-line Grand Union supermarket when completed. The project also includes the expansion of an existing Walgreens drug store. As of December 31, 2001, costs incurred on this project totaled \$4.1 million. The Company expects remaining redevelopment costs of approximately \$3.3 million, net of reimbursements from tenants, to complete this project in 2002. In addition, the Company is obligated, in connection with the RDC Transaction, to issue Common OP Units equal to up to \$2.8 million upon the supermarket rent commencement at this project.

Gateway Shopping Center - The redevelopment of the Gateway Shopping Center, a partially enclosed mall located in South Burlington, Vermont, includes the demolition of 90% of the property and the construction of a new anchor supermarket. Following the bankruptcy of Grand Union, the lease was assigned to and assumed by Shaw's Supermarkets. During October 2001, the Company executed a new lease with Shaw's Supermarkets for the construction of a new 72,000 square foot supermarket. This will replace the 32,000 square foot store formerly occupied by Grand Union. Total costs to date for this project, including the original acquisition costs, are \$8.2 million. The Company estimates \$9.2 million of remaining costs to complete this redevelopment.

REANCHORING AND LEASING ACTIVITY

During 2001, the Company replaced several weak, or formerly vacated, anchor tenants with stronger retailers at various centers in connection with management's goal of repositioning and reanchoring of the portfolio. Anchor replacements included the following:

- Giant Food Stores (an Ahold subsidiary) opened a 62,000 square foot supermarket in April 2001, replacing a former BiLo supermarket at the Greenridge Shopping Center in Scranton, Pennsylvania.
- Marshall's (a division of TJX Companies) opened a 28,000 square foot store in September 2001 at the Bloomfield Town Square in Bloomfield Hills, Michigan.
- Price Rite (a division of Wakefern Food Corporation) opened a 34,000 square foot supermarket, replacing an Acme supermarket with an expiring lease at the Mountainville Shopping Center in Allentown, Pennsylvania.
- The Company executed a lease in October 2001 with Shaw's Supermarkets for a 72,000 square foot supermarket to be constructed at the Gateway Shopping Center in South Burlington, Vermont.
- The Company executed a lease in December 2001 with Pathmark Stores for a 49,000 square foot supermarket to be constructed at the Elmwood Shopping Center in Elmwood Park, New Jersey

Additionally, the Company executed 99 small store leases for a total of 590,000 square feet throughout the portfolio.

PROPERTY ACQUISITIONS

As previously discussed, the Company and four of its institutional shareholders formed a joint venture during 2001 whereby the investors committed \$70 million and the Company committed \$20 million for the purpose of acquiring up to approximately \$300 million in additional real estate assets on a leveraged basis. The Company plans on using this as its primary vehicle for future acquisitions of assets. The Company's primary strategy for acquisitions is to identify well-located assets with high inherent opportunity for the creation of additional value through redevelopment and leasing. Specifically, the Company focuses on targeting assets for acquisition that have superior in-fill locations, restricted competition due to high barriers of entry and in-place below-market anchor leases.

FINANCING STRATEGY

The Company intends 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, pricing and other commercial and financial terms. The sources of capital may include cash on hand, bank and other institutional borrowing, the sale of properties and issuance of equity securities. The Company manages its interest rate risk primarily through the use of variable and fixed rate debt. It also utilizes LIBOR caps and interest rate swap agreements in managing its exposure to interest rate fluctuations. See Item 7A for a discussion on the Company's market risk exposure related to its mortgage debt.

FINANCIAL INFORMATION ABOUT MARKET SEGMENTS

The Company has two reportable segments: retail properties and multi-family properties. The accounting policies of the segments are the same as those described in the notes to the consolidated financial statements appearing in Item 8 of this Annual Report on Form 10-K. The Company evaluates property performance primarily based on net operating income before depreciation, amortization and certain non-recurring items. The reportable segments are managed separately due to the differing nature of the leases and property operations associated with retail versus residential tenants. The Company does not have any foreign operations. See the consolidated financial statements and notes thereto included in Item 8 of this Annual Report on Form 10-K for certain information on industry segments as required by Item 1.

CORPORATE HEADQUARTERS AND EMPLOYEES

The Company's executive offices are located at 20 Soundview Marketplace, Port Washington, New York 11050, and its telephone number is (516) 767-8830. The Company has an internet Web address at www.acadiarealty.com. The Company has 114 employees, of which 50 are located at the executive offices, four at the New York City corporate office, 11 at the Pennsylvania regional office and the remaining property management personnel are located on-site at the Company's properties.

COMPETITION

There are numerous shopping facilities that compete with the Company's properties in attracting retailers to lease space. In addition, there are numerous commercial developers and real estate companies that compete with the Company in seeking land for development, properties for acquisition and tenants for their properties. Also, retailers at the Company's properties face increasing competition from outlet malls, discount shopping clubs, internet commerce, direct mail and telemarketing.

COMPLIANCE WITH GOVERNMENTAL REGULATIONS - ENVIRONMENTAL MATTERS

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 I assessment so recommended, a Phase II assessment was 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 they believe would have a material adverse impact on the Company's financial position or results of operations. Management is unaware of any instances in which it 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.

RETAIL ENVIRONMENT

Seasonality

The retail environment is seasonal in nature, particularly in the fourth calendar quarter when retail sales are typically at their highest levels. As such, contingent rents based on tenants achieving certain sales targets are generally higher in the fourth quarter when such targets are typically met.

Tenant Bankruptcies

Since January of 2001, certain of the Company's tenants experienced financial difficulties and several have filed for bankruptcy protection under Chapter 11 of the United States bankruptcy laws (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 claims for lost rent equal to the greater of either one year's rent (including expense pass-throughs) 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. Following are the significant bankruptcies to have occurred within the Company's portfolio during 2001 and thereafter:

On March 22, 2001, Pergament filed for protection under Chapter 11 Bankruptcy. This tenant operated at two locations in the Company's wholly-owned portfolio comprising approximately 33,000 square feet. Rental revenues from this tenant were \$66,000 and \$624,000 for the years ended December 31, 2001 and 2000, respectively. This tenant also operated in a location occupying 25,000 square feet at a property in which the Company holds a 49% ownership interest. Rental revenues from the tenant at this location were \$161,000 and \$355,000 for the years ended December 31, 2001 and 2000, respectively. The tenant rejected its leases at all of these locations.

On August 20, 2001, Ames Department Stores, Inc. (Ames) filed for protection under Chapter 11 Bankruptcy. Excluding properties sold by the Company during 2001 and 2002, this tenant operated in nine locations in the Company's portfolio totalling approximately 668,000 square feet. Rental revenues from this tenant totalled \$2.5 million and \$2.6 million for the years ended December 31, 2001 and 2000, respectively. The tenant has rejected its lease at one of these locations representing 97,000 square feet and rents of \$182,000 and \$293,000 for the years ended December 31, 2001 and 2000, respectively (included in the above total amounts). The tenant has neither accepted nor rejected its leases at the remaining locations.

On September 24, 2001, Phar-Mor filed for protection under Chapter 11 Bankruptcy. This tenant operated in two locations in the Company's portfolio totalling approximately 90,000 square feet. Rental revenues from this tenant totalled \$888,000 and \$1.0 million for the years ended December 31, 2001 and 2000, respectively. The tenant has rejected its lease at one of these locations representing 47,000 square feet and rents of \$644,000 and \$613,000 for the years ended December 31, 2001 and 2000, respectively (included in the above total amounts). The tenant has neither accepted nor rejected its leases at the remaining location.

On January 22, 2002 Kmart Corporation (Kmart) filed for protection under Chapter 11 Bankruptcy. This tenant operates in nine locations in the Company's wholly-owned portfolio totalling approximately 924,000 square feet. Rental revenues from this tenant totalled \$4.4 million and \$4.3 million for the years ended December 31, 2001 and 2000, respectively. This tenant also operated in a location occupying 101,000 square feet at a property in which the Company holds a 49% ownership interest. Rental revenues from the tenant at this location were \$1.1 million and \$1.0 million for the years ended December 31, 2001 and 2000, respectively. The tenant has neither accepted nor rejected its leases at any of these locations.

Of the above locations, three of the Kmart stores, totaling 292,000 square feet, and four of the Ames stores, totaling 245,000 square feet, are located at properties included in a 17 property portfolio currently under contract for sale to a single buyer. The portfolio is being sold subject to a fixed-rate, cross-collateralized and securitized loan, and the contract is conditioned upon obtaining the lender's consent permitting the buyer to assume the loan as well as other customary conditions to closing and, as such, the completion of this transaction cannot be assured.

TAX STATUS - QUALIFICATION AS REAL ESTATE INVESTMENT TRUST

The Company has and currently transacts its affairs so as to qualify as, and has elected to be treated as, a REIT under sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code). Under the Code, a real estate investment trust that meets applicable requirements is not subject to Federal income tax to the extent that it distributes at least 90% of its REIT taxable income to its shareholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to Federal income tax on its taxable income.

ITEM 2. PROPERTIES

SHOPPING CENTER PROPERTIES

As of December 31, 2001, the Company owned and operated 53 shopping centers, which included a mixed-use property (retail and residential), two properties under redevelopment and a shopping center in which the Company owns a 49% interest. The Company's shopping centers, which total approximately 8.3 million square feet of gross leasable area (GLA), are located in 16 states and are generally well established, anchored community and neighborhood shopping centers. The properties are diverse in size, ranging from approximately 31,000 to 515,000 square feet with an average size of 156,000 square feet. The Company's portfolio was approximately 90% occupied at December 31, 2001. The Company's shopping centers are typically anchored by a national or regional discount department store and/or a supermarket or drugstore.

The Company sold one of the above shopping centers subsequent to December 31, 2001. Also, as of December 31, 2001, 17 of the above retail properties were under contract for sale to a single buyer. Ten of these properties are located in Pennsylvania and seven in various southeastern states ranging from Virginia to Florida, and in the aggregate contain approximately 2.3 million square feet. This portfolio is being sold subject to a fixed-rate, cross-collateralized and securitized loan, and the contract is conditioned upon obtaining the lender's consent permitting the buyer to assume the loan as well as other customary conditions to closing and, as such, the completion of this transaction cannot be assured.

The Company had 713 leases (including the joint venture property) as of December 31, 2001 of which a majority of the rental revenues received thereunder were from national or regional tenants. A majority of the income from the properties consists of rent received under long-term leases. Most of these leases provide for the payment of fixed minimum rent monthly in advance and for the payment by tenants of a pro-rata share of the real estate taxes, insurance, utilities and common area maintenance of the shopping centers. Minimum rents and expense reimbursements accounted for approximately 95% of the Company's total revenues for the year ended December 31, 2001.

As of December 31, 2001, approximately 50% of the Company's existing leases also provided for the payment of percentage rents either in addition to or in place of minimum rents. These arrangements generally provide for payment to the Company of a certain percentage of a tenant's gross sales in excess of a stipulated annual amount. Percentage rents accounted for approximately 3% of the total 2001 revenues of the Company.

Six of the Company's shopping center properties are subject to long-term ground leases in which a third party owns and has leased the underlying land to the Company. The Company pays rent for the use of the land and is responsible for all costs and expenses associated with the building and improvements.

No individual property contributed in excess of 10% of the Company's total revenues for the years ended December 31, 2001, 2000 and 1999.

The following sets forth more specific information with respect to each of the Company's shopping centers, mixed-use and joint venture properties at December 31, 2001:

Shopping Center Property	Location	Year		Ownership Interest	GLA	Occupancy (1) % 12/31/01	Anchor Tenants (2)	
		Constructed(C) Acquired(A)					Current Lease Expiration	Lease Option Expiration
NEW ENGLAND REGION								
Connecticut								
239 Greenwich Avenue	Greenwich	1998 (A)		Fee	16,834 (3)	100%	Restoration Hardware Chico's Fashion	2015/2025 2010/2020
Town Line Plaza	Rocky Hill	1998 (A)		Fee	205,858 (4)	100%	A&P Superfresh Wal*Mart	2017/2052
Massachusetts								
Methuen Shopping Center	Methuen	1998 (A)		LI/Fee	130,238	100%	Wal*Mart DeMoulas Market	2011/2051 2005/2015
Crescent Plaza	Brockton	1984 (A)		Fee	216,095	99%	Home Depot Shaw's	2009/2027 (5) 2012/2042
Rhode Island								
Walnut Hill Plaza	Woonsocket	1998 (A)		Fee	297,370	92%	Sears Shaw's	2003/2033 2013/2043
Vermont								
The Gateway Shopping Center	Burlington	1999 (A)		Fee	45,871 (6)	40%	Shaw's	2005/2010

Shopping Center Property	Location	Year Constructed(C) Acquired(A)	Ownership Interest	GLA	Occupancy (1) % 12/31/01	Anchor Tenants (2) Current Lease Expiration Lease Option Expiration
NEW YORK REGION						
New Jersey						
Berlin Shopping Center	Berlin	1994 (A)	Fee	187,178	81%	Kmart 2004/2029 (7) Acme 2005/2015
Elmwood Park Shopping Center	Elmwood Park	1998 (A)	Fee	106,671 (8)	64%	--
Ledgewood Mall	Ledgewood	1983 (A)	Fee	515,073	90%	The Sports' Authority2007/2037 Macy's 2005/2025 Wal*Mart 2019/2049 Circuit City 2020/2040 Marshall's 2007/2027
Manahawkin Village Shopping Center	Manahawkin	1993 (A)	Fee	175,228	100%	Kmart 2019/2059 (7) Hoyt's Cinema 2018/2038
Marketplace of Absecon	Absecon	1998 (A)	Fee	104,906	86%	Eckerd Drug 2020/2040 Acme 2015/2055
New York						
Branch Shopping Plaza	Smithtown	1998 (A)	LI (9)	125,951	88%	Pathmark 2013/2028
New Loudon Center	Latham	1982 (A)	Fee	253,111	100%	Price Chopper 2015/2035 Marshalls 2004/2009 Ames 2020/2035 (7) Club Pro 2006/2011
Troy Plaza	Troy	1982 (A)	Fee	128,479 (10)	100%	Ames 2006/2011 (7) Price Chopper 2004/2014
Village Commons Shopping Center	Smithtown	1998 (A)	Fee	87,155	98%	Daffy's 2008/2028 Walgreens 2021/none
Soundview Marketplace	Port Washington	1998 (A)	LI/Fee (9)	180,620	89%	King Kullen 2007/2022 Clearview Cinema 2010/2030
Pacesetter Park Shopping Center	Pomona	1999 (A)	Fee	95,559	82%	Stop & Shop 2020/2040
MID-ATLANTIC REGION						
Pennsylvania						
25th Street Shopping Center	Easton	1993 (A)	Fee	131,477 (10)	86%	CVS 2005/2010 Petco 2009/2019
Ames Plaza	Shamokin	1966 (C)	Fee	96,154 (10)	92%	Ames 2003/2013 (7) Buy-Rite Liquidators 2010/2015
Abington Towne Center	Abington	1998 (A)	Fee	216,226 (11)	98%	TJ Maxx 2010/2020 Target
Birney Shopping Center	Moosic	1968 (C)	Fee	193,899 (10)	88%	Kmart 2004/2049 (7) Big Lots 2003/2008
Blackman Plaza	Wilkes-Barre	1968 (C)	Fee	121,206	92%	Kmart 2004/2049 (7)
Bradford Towne Centre	Towanda	1993 (C)	Fee	256,719	88%	Kmart 2019/2069 (7) P&C Foods 2014/2024
Circle Plaza	Shamokin Dam	1978 (C)	Fee	92,171 (10)	100%	Kmart 2004/2049 (7)
Dunmore Plaza	Dunmore	1975 (A)	Fee (12)	45,380 (10)	100%	Price Chopper 2005/2020 Eckerd Drug 2004/2019
East End Centre	Wilkes-Barre	1986 (C)	Fee	308,427	96%	Ames 2007/2037 (7) Phar-Mor 2003/2018 (7) Price Chopper 2008/2028
Greenridge Plaza	Scranton	1986 (C)	Fee	198,302	93%	Ames 2007/2037 (7) Giant Food 2021/2051
Kingston Plaza	Kingston	1982 (C)	Fee	64,824 (10)	97%	Price Chopper 2006/2026 Dollar General 2001/2007
Luzerne Street Shopping Center	Scranton	1983 (A)	Fee	57,715	95%	Price Chopper 2004/2024 (13) Eckerd Drug 2004/2019
Mark Plaza	Edwardsville	1968 (C)	LI/Fee (9)	214,021	97%	Kmart 2004/2054 (7) Redner's Markets 2018/2028
Monroe Plaza	Stroudsburg	1964 (C)	Fee	130,569 (10)	100%	Ames 2009/2024 (7) Shop-Rite 2005/2023 Eckerd Drug 2002/2012

Shopping Center Property	Location	Year Constructed(C) Acquired(A)	Ownership Interest	GLA	Occupancy (1) % 12/31/01	Anchor Tenants (2) Current Lease Expiration Lease Option Expiration
Mountainville Shopping Center	Allentown	1983 (A)	Fee	118,847 (10)	96%	Price Rite 2011/2031 Eckerd Drug 2004/2019
Pittston Plaza	Pittston	1994 (C)	Fee	79,568	100%	Redner's Markets 2018/2028 Eckerd Drug 2006/2016
Plaza 15	Lewisburg	1995 (A)	Fee	113,530 (10)	98%	Weis Markets 2006/2021 Ames 2006/2021 (7)
Plaza 422	Lebanon	1972 (C)	Fee	154,791	87%	Ames 2006/2021 (7) Giant Food 2004/2029 (14)
Route 6 Mall	Honesdale	1994 (C)	Fee	175,482	99%	Kmart 2020/2070 (7)
Shillington Plaza	Reading	1994 (A)	Fee	150,742 (10)	100%	Kmart 2004/2049 (7) Weis Markets 2004/2019
Union Plaza	New Castle	1996 (C)	Fee	217,992 (16)	100%	Sears 2011/2031 Ames 2017/2027 (7) Pebbles 2017/2026
Valmont Plaza	West Hazleton	1985 (A)	Fee	200,164	28%	--
Virginia						
Kings Fairgrounds	Danville	1992 (A)	LI (9)	118,535 (10)	95%	Schewel Furniture 2006/2011 Tractor Supply Co. 2008/2023 CVS 2002/2012 (13)
SOUTHEAST REGION						
Alabama						
Midway Plaza	Opelika	1984 (A)	Fee	207,538 (10)	63%	Office Depot 2007/2022 Beall's Outlet 2004/none
Northside Mall	Dothan	1986 (A)	LI/Fee (9)	382,299 (10)	64%	Wal*Mart 2004/2034
Florida						
New Smyrna Beach Shopping Center	New Smyrna Beach	1983 (A)	Fee	101,321 (10)	82%	Beacon Theater 2005/2025
Georgia						
Cloud Springs Plaza	Fort Oglethorpe	1985 (A)	Fee	113,367 (10)	95%	Food Lion 2011/2031 Consolidated Stores 2005/none Badcock Furniture 2005/2010
South Carolina						
Martintown Plaza	North Augusta	1985 (A)	LI (9)	133,892 (10)	85%	Belk's Store 2004/2024 Office Depot 2008/2018
MIDWEST REGION						
Illinois						
Hobson West Plaza	Naperville	1998 (A)	Fee	99,950	97%	Eagle Foods 2007/2032
Indiana						
Merrillville Plaza	Hobart	1998 (A)	Fee	235,420	99%	JC Penney 2008/2018 Office Max 2008/2028 TJ Maxx 2004/2014
Michigan						
Bloomfield Town Square	Bloomfield Hills	1998 (A)	Fee	222,719	84%	TJ Maxx 2003/2013 Marshalls 2011/2026 Home Goods 2010/2025
Ohio						
Mad River Station	Dayton	1999 (A)	Fee	156,637 (17)	87%	Office Depot 2005/2010 Babies `R' Us 2005/2020
PROPERTY HELD IN JOINT VENTURE (15)						
New York						
Crossroads Shopping Center	White Plains	1998	JV	310,919	97%	Kmart 2012/2037 (7) Waldbaum's 2007/2032 B. Dalton 2012/2022 Modell's 2009/2019
				-----	----	
			Total	8,293,000	90%	
				=====	=====	

Notes:

- (1) Does not include space leased but not yet occupied by the tenant.
- (2) Generally, anchors represent those tenants whose leases comprise at least 10% of the GLA of the center.
- (3) In addition to the 16,834 square feet of retail GLA, this property also has 21 apartments comprising 14,434 square feet
- (4) Includes a 92,500 square foot Wal*Mart which is not owned by the Company.
- (5) Home Depot acquired this lease from Bradlees, which declared Chapter 11 bankruptcy on November 17, 2000. Although Home Depot has not yet opened its store at this location, it is currently paying rent pursuant to the lease.
- (6) This is one of the Company's two current redevelopment properties. Shaw's Supermarkets acquired this lease from the former anchor, Grand Union, and is currently operating in this space and paying rent. In November of 2001, Shaw's signed a lease for a new 72,000 square foot supermarket to be constructed at this location in connection with the redevelopment of the property. Upon completion, the property will total approximately 101,000 square feet of GLA.
- (7) This tenant is currently operating under Chapter 11 Bankruptcy and has neither rejected nor affirmed this lease to date.
- (8) This is one of the Company's two current redevelopment properties. In December of 2001, the Company executed a lease with Pathmark Stores for a 49,000 square foot supermarket to be constructed at this location in connection with the redevelopment of the property. Upon completion, the property will total approximately 155,000 square feet of GLA.
- (9) The Company is a ground lessee under a long-term ground lease.
- (10) This property is currently under contract for sale as part of a 17 property portfolio that is being sold subject to a fixed-rate, cross-collateralized and securitized loan. The contract is conditioned upon obtaining the lender's consent permitting the buyer to assume the loan as well as other customary conditions to closing and, as such, the completion of this transaction cannot be assured.
- (11) Includes a 157,616 square foot Target Store that is not owned by the Company.
- (12) The Company holds a fee interest in a portion of the Dunmore Plaza and an equitable interest in the land on the remaining portion. An industrial development authority holds the fee for this remaining portion and the equitable interest in the building on such remaining portion is held by an unrelated entity. The Company receives and accounts for most of its income from this property as percentage rent.
- (13) This tenant has ceased operating in their space but continues to pay rent pursuant to the lease.
- (14) This space is currently being sub-leased to a non-grocery store tenant.
- (15) The Company has a 49% investment in this property.
- (16) As of December 31, 2001, this property was under contract for sale. The Company completed this sale subsequent to year-end.
- (17) The GLA for this property includes 27,702 square feet of office space.

MAJOR TENANTS

No individual retail tenant accounted for more than 6.7% of minimum rents for the year ended December 31, 2001 or 11.6% of total leased GLA as of December 31, 2001. The following table sets forth certain information for the 25 largest retail tenants based upon minimum rents in place as of December 31, 2001. It includes tenants located at properties included in a 17 property portfolio currently under contract for sale to a single buyer. The table does not include leases related to the Company's joint venture property (GLA and rent in thousands):

Retail Tenant	Number of Stores in Portfolio	Total GLA	Annualized Base Rent (1)	Percentage of Total Represented by Retail Tenant	
				Total Portfolio GLA (2)	Annualized Base Rent (2)
Kmart (3)	9	924	\$ 3,432	11.6%	6.7%
Ames (4)	8	666	2,014	8.3%	3.9%
T.J. Maxx	8	238	1,789	3.0%	3.5%
Walmart	3	322	1,743	4.0%	3.4%
Price Chopper (5)	6	269	1,597	3.4%	3.1%
Eckerd Drug (6)	12	145	1,325	1.8%	2.6%
Shaw's(7)	3	134	1,141	1.7%	2.2%
Acme (Albertson's)	2	77	919	1.0%	1.8%
Pathmark (8)	1	63	837	0.8%	1.6%
Redner's Supermarket	2	112	837	1.4%	1.6%
Restoration Hardware	1	12	830	0.2%	1.6%
A&P (Waldbaum's)	1	65	730	0.8%	1.4%
Fashion Bug (9)	8	90	669	1.1%	1.3%
Macy's	1	73	611	0.9%	1.2%

CVS	5	50	597	0.6%	1.2%
Clearview Cinemas (10)	1	25	596	0.3%	1.2%
Kay Bee Toys	5	41	559	0.5%	1.1%
JC Penney	2	73	547	0.9%	1.1%
Payless Shoe Source	11	38	525	0.5%	1.1%
Office Depot	3	84	500	1.1%	1.0%
McDonald's (11)	8	-	477	0.0%	0.9%
Blockbuster Video	4	22	444	0.3%	0.9%
Circuit City	1	33	449	0.4%	0.9%
King Kullen	1	41	414	0.5%	0.8%
Penn Traffic Co. (P&C Foods)	1	52	413	0.6%	0.8%
	----	-----	-----	-----	-----
Total	107	3,649	\$23,995	45.7%	46.9%
	=====	=====	=====	=====	=====

Notes:

- (1) Base rents do not include percentage rents (except where noted), additional rents for property expense reimbursements, and contractual rent escalations due after December 31, 2001.
- (2) Based upon total GLA and annualized base rent for the Company's retail properties excluding mixed-use and joint venture properties.
- (3) The tenant is currently operating under Chapter 11 Bankruptcy and, as of December 31, 2001, has neither affirmed nor rejected its leases at any of these locations.
- (4) The tenant is currently operating under Chapter 11 Bankruptcy and, as of December 31, 2001, had rejected the lease at the Valmont Shopping Center (rents and GLA for this lease are not included above). Ames has neither affirmed nor rejected its leases at the remaining locations. The above total includes the location at the Union Plaza, which was sold in January 2002. This location represents 94,000 square feet and rent of \$494.
- (5) The tenant is currently not operating the store at the Luzerne Street Shopping Center. They are obligated, and continue, to pay annual minimum rent of \$178 until the lease expires in April 30, 2004.
- (6) Subsidiary of JC Penney. The stores at the Route 6 Mall and Berlin Shopping Center have ceased operating, but continue to pay annual minimum rent of \$107 and \$29, respectively, through January 31, 2011 and November 30, 2002, respectively, pursuant to the leases.
- (7) As of December 31, 2001, Shaw's Supermarkets has signed an agreement for a new store at the center in connection with the redevelopment of the center. The current space of 31,600 square feet, for which the tenant is currently paying annual minimum rent of \$126 (which is reflected above) will be replaced by a 72,000 square foot new store with an annual minimum rent of \$1,296.
- (8) The Company has signed a lease with Pathmark Stores (not reflected above as the tenant has not yet taken occupancy) for 49,000 square feet at the Elmwood Park Shopping Center in connection with the redevelopment of that property.
- (9) This tenant pays percentage rent only (no minimum rent) at five of its locations. Included in the above rent is \$394 of percentage rent paid for calendar 2001.
- (10) Subsidiary of Cablevision.
- (11) These are ground leases for shopping centers outparcel lots.

LEASE EXPIRATIONS

The following table shows scheduled lease expirations for retail tenants in place as of December 31, 2001, assuming that none of the tenants exercise renewal options. It includes tenants located at properties included in a 17 property portfolio currently under contract for sale to a single buyer. The table does not include leases related to the Company's joint venture property or non-owned anchor square footage (GLA and rent in thousands):

December 31,	Number of Leases Expiring	GLA of Expiring Leases	Annualized Base Rent(1)	Percentage of Total Represented by Expiring Leases	
				Leased GLA	Annualized Base Rent
2002	106	393	\$ 3,422	6%	6%
2003	92	532	4,308	8%	8%
2004	99	1,347	6,539	20%	13%
2005	83	734	5,999	11%	12%
2006	70	628	3,858	9%	7%
2007	27	505	3,707	7%	7%
2008	27	421	3,199	6%	6%
2009	26	232	2,047	3%	4%
2010	23	281	2,858	4%	6%
2011	25	376	2,856	5%	6%
Thereafter	29	1,428	12,317	21%	25%
Total	607	6,877	\$51,110	100%	100%
	===	=====	=====	=====	=====

Note:

- (1) Base rents do not include percentage rents, additional rents for property expense reimbursements, nor contractual rent escalations due after December 31, 2001.

GEOGRAPHIC CONCENTRATIONS

The following table summarizes the Company's retail properties (including joint venture property) by region as of December 31, 2001. It includes tenants located at properties included in a 17 property portfolio currently under contract for sale to a single buyer. (GLA and rent in thousands):

Region	GLA	Occupied %	Annualized Base Rent(1)	Annualized Base Rent per Leased Square Foot	Percentage of Total Represented by Region	
					GLA	Annualized Base Rent
New England	866	97%	\$ 6,545	\$ 8.79	10%	12%
New York Region	1,853	92%	17,478	10.27	22%	31%
Mid-Atlantic	3,457	91%	15,633	5.23	42%	28%
Southeast	938	73%	3,052	4.48	11%	5%
Midwest	715	91%	6,801	10.42	9%	12%
	-----	-----	-----	-----	-----	-----
	7,829	90%	49,509	7.32	94%	88%
Redevelopment Properties (2)	153	73%	1,601	14.39	2%	3%
Joint Venture Property (3)	311	97%	5,059	16.71	4%	9%
	-----	-----	-----	-----	-----	-----
Total	8,293	90%	\$ 56,169	\$ 7.82	100%	100%
	=====	=====	=====	=====	=====	=====

Notes:

- (1) Base rents do not include percentage rents, additional rents for property expense reimbursements, nor contractual rent escalations due after December 31, 2001.
- (2) The Company currently has two ongoing redevelopment projects.
- (3) The Company has a 49% investment in this property.

MULTI-FAMILY PROPERTIES

The Company owns three multi-family properties located in the Mid-Atlantic and Midwest regions. The properties average 491 units and as of December 31, 2001, had an average occupancy rate of 89%. The following sets forth more specific information with respect to each of the Company's multi-family properties at December 31, 2001:

Multi-family Property	Location	Year Acquired	Ownership Interest	Units	% Occupied
Missouri					
Gate House, Holiday House, Tiger Village Colony Apartments	Columbia	1998	Fee	592	94%
	Columbia	1998	Fee	282	94%
North Carolina					
Village Apartments	Winston Salem	1998	Fee	600	82%
		Totals		-----	---
				1,474	89%
				=====	===

ITEM 3. LEGAL PROCEEDINGS

On July 30, 2001, the Company filed a lawsuit in Superior Court of New Jersey Law Division: Bergen County against The Great Atlantic & Pacific Tea Company (A&P). The complaint alleges A&P defaulted under its lease at the Elmwood Park Shopping Center by failing to accept delivery of its site at the center. During 2001, the Company completed all required sitework and also complied with all other requirements of the lease in delivering the pad site to A&P. The Company believed A&P wrongfully refused acceptance of the site and sought to have the Court declare the lease in default, terminate the lease and accelerate the rent that totaled approximately \$24.4 million over the 20 year lease term. The case was settled during 2002, the terms of which are subject to a confidentiality agreement. The payment received by the Company will be reflected in the financial statements for the quarter ended March 31, 2002.

On December 31, 1998, the Company and Jack Wertheimer, a former President of the Company, settled certain litigation filed by Mr. Wertheimer in connection with his termination of employment and entered into an agreement whereby the Company paid Mr. Wertheimer \$1.0 million on December 31, 1998 and \$900,000 on April 1, 1999, and agreed to pay him five annual payments of \$200,000 commencing January 10, 2000, the first of which was paid on such date. In March 2002, the Company paid Mr. Wertheimer \$388,000 in satisfaction of all remaining payments owed.

The Company is involved in other 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 or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the fourth quarter of 2001.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

(a) Market Information

The following table shows, for the period indicated, the high and low sales price for the Common Shares as reported on the New York Stock Exchange, and cash dividends paid during the two years ended December 31, 2001 and 2000.

Quarter Ended	High	Low	Dividend Per Share
2001			
March 31, 2001	6.86	5.75	\$ 0.12
June 30, 2001	7.00	6.05	0.12
September 30, 2001	7.05	5.91	0.12
December 31, 2001	6.55	6.11	0.12
2000			
March 31, 2000	5.4375	4.8125	\$ 0.12
June 30, 2000	6.00	5.1875	0.12
September 30, 2000	6.1875	5.75	0.12
December 31, 2000	6.125	5.625	0.12

At March 26, 2002, there were 249 holders of record of the Company's Common Shares.

(b) Dividends

The Company has determined that 79% and 21% of the total dividends distributed to shareholders in 2001 represented ordinary income and long-term capital gain, respectively. The Company's cash flow is affected by a number of factors, including the revenues received from rental properties, the operating expenses of the Company, the interest expense on its borrowings, the ability of lessees to meet their obligations to the Company and unanticipated capital expenditures. Future dividends paid by the Company will be at the discretion of the Trustees and will depend on the actual cash flows of the Company, its financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Trustees deem relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth, on a historical basis, selected financial data for the Company. This information should be read in conjunction with the audited consolidated financial statements of the Company and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this Annual Report on Form 10-K.

	Years ended December 31,				
	2001	2000	1999	1998(1)	1997
OPERATING DATA:					
Revenues	\$ 85,460	\$ 96,758	\$ 92,709	\$ 59,771	\$ 44,498
Operating expenses	37,163	39,723	38,483	28,485	17,055
Interest expense	18,589	25,163	23,314	18,302	15,444
Depreciation and amortization	19,478	20,460	19,887	15,795	13,768
Non-recurring charges (2)	-	-	-	2,249	-
Impairment of real estate	15,886	-	-	11,560	-
Equity in earnings of unconsolidated partnerships	504	645	584	256	-
(Loss) income before minority interest, gain (loss) on sale, extraordinary item and cumulative effect of change in accounting principle	(5,152)	12,057	11,609	(16,364)	(1,769)
Minority interest	(2,491)	(5,892)	(3,130)	3,348	217
Gain (loss) on sale of properties	17,734	13,742	(1,284)	(175)	(12)
Extraordinary item - loss on early extinguishment of debt	(140)	-	-	(707)	-
Cumulative effect of change in accounting principle	(149)	-	-	-	-
Net income (loss)	\$ 9,802	\$ 19,907	\$ 7,195	\$ (13,898)	\$ (1,564)

Income (loss) per Common Share before extraordinary items and cumulative effect of change in accounting principle - basic and diluted	\$ 0.37	\$ 0.75	\$ 0.28	\$ (0.86)	\$ (0.18)
Net income (loss) per Common Share - basic and diluted	\$ 0.35	\$ 0.75	\$ 0.28	\$ (0.91)	\$ (0.18)
Weighted average number of Common Shares outstanding					
- basic	28,313,070	26,437,265	25,708,787	15,205,962	8,551,930
- diluted (3)	28,313,070	26,437,265	25,708,787	15,205,962	8,551,930
BALANCE SHEET DATA:					
Real estate before accumulated depreciation	\$ 414,813	\$ 514,139	\$ 569,521	\$ 551,249	\$ 311,688
Total assets	493,939	523,611	570,803	528,512	254,500
Total mortgage indebtedness	261,607	277,112	326,651	277,561	183,943
Minority interest - Operating Partnership	37,387	48,959	74,462	79,344	9,244
Total equity	179,098	179,317	152,487	154,591	48,800
OTHER:					
Funds from Operations (4)	\$ 29,513	\$ 31,789	\$ 31,160	\$ 10,352	\$ 11,224
Cash flows provided by (used in):					
Operating activities	31,038	32,573	25,886	7,459	8,934
Investing activities	21,407	8,249	(19,930)	(24,822)	(10,475)
Financing activities	(40,474)	(53,995)	14,201	31,259	(1,084)

Notes:

- (1) Activity for the year ended December 31, 1998 includes the operations of the properties acquired in the RDC Transaction from August 12, 1998 through December 31, 1998.
- (2) Non-recurring charges represent expenses incurred in 1998 related to the RDC Transaction, including payments made to certain officers and key employees pursuant to change in control provisions of employment contracts, severance paid to the former CEO, retention bonuses for certain employees and transaction-related consulting and professional fees.
- (3) For 2001 through 1997, the weighted average number of shares outstanding on a diluted basis is not presented as the inclusion of additional shares is anti-dilutive.
- (4) The Company considers funds from operations (FFO) as defined by the National Association of Real Estate Investment Trusts (NAREIT) to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors in analyzing the performance of the Company. However, the Company's method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by accounting principles generally accepted in the United States (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. NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Effective January 1, 2000, NAREIT clarified the definition of FFO to include non-recurring events except those that are defined as extraordinary items under GAAP. FFO for the years ended December 31, 1998 and 1997 have been restated above to conform to this clarification. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Funds from Operations for the reconciliation of net income to FFO.

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

The following discussion should be read in conjunction with the consolidated financial statements of the Company (including the related notes thereto) appearing elsewhere in this Annual Report on Form 10K. Certain statements contained in this report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, affect demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and the availability of financing; adverse changes in the Company's real estate markets, including, among other things, competition with other companies; risks of real estate development and acquisition; governmental actions and initiatives; and environmental/safety requirements.

RESULTS OF OPERATIONS

Comparison of the year ended December 31, 2001 (2001) to the year ended December 31, 2000 (2000)

Total revenues decreased \$11.3 million, or 12%, to \$85.5 million for 2001 compared to \$96.8 million for 2000.

Minimum rents decreased \$7.1 million, or 10%, to \$67.0 million for 2001 compared to \$74.1 million for 2000. Of this decrease, \$8.0 million was due to the loss of rents following the sale of the Northwood Centre (December 2000), Marley Run Apartments (May 2001), Wesmark Plaza (August 2001), Tioga West (October 2001) and Glen Oaks Apartments (December 2001) (collectively, Property Dispositions). Partially offsetting these decreases was an increase in rents from retenanting activities and rent step-ups for existing tenants throughout the balance of the portfolio during 2000 and 2001.

Percentage rents decreased \$718,000, or 24%, to \$2.3 million for 2001 compared to \$3.0 million for 2000. This decrease was primarily attributable to Property Dispositions and certain tenants paying percentage rent in lieu of minimum rent in 2000 pursuant to anchor co-tenancy lease provisions. These tenants have reverted to paying full minimum rent in 2001. Additionally, certain tenant bankruptcies contributed to lower percentage rent income in 2001.

In total, expense reimbursements decreased \$462,000, or 3%, from \$14.2 million for 2000 to \$13.8 million for 2001. Common area maintenance (CAM) expense reimbursements decreased \$687,000, or 11%, from \$6.0 million in 2000 to \$5.3 million in 2001. This resulted primarily from a decrease in reimbursements following the planned termination of certain leases and the sale of 160,000 square feet of the main building at the Abington Towne Center in connection with its redevelopment commencing in 2000, and from Property Dispositions. Real estate tax reimbursements increased \$225,000, which was primarily the result of general increases in real estate taxes experienced throughout the portfolio in 2001.

Other income decreased \$3.0 million, or 56%, from \$5.3 million in 2000 to \$2.3 million in 2001. This was primarily the result of a decrease of \$2.2 million in lease termination income (primarily at the Abington Towne Center), a \$174,000 decrease in third-party management fees earned in 2001 following the cancellation of one management contract in November 2000 and Property Dispositions.

Total operating expenses increased \$12.3 million, or 21%, to \$72.5 million for 2001, from \$60.2 million for 2000. Excluding charges of \$15.9 million for the impairment of real estate, total operating expenses decreased \$3.6 million, or 6% for 2001.

Property operating expenses decreased \$2.8 million, or 12%, to \$20.4 million for 2001 compared to \$23.2 million for 2000. This decrease resulted primarily from Property Dispositions, a decrease in non-recurring repairs and maintenance expense experienced throughout the portfolio and a reduction in estimated property liability claims related to prior year policies. These decreases were partially offset by higher payroll costs and an increase in bad debt expense in 2001.

Real estate taxes decreased \$259,000, or 2%, from \$11.5 million in 2000 to \$11.2 million in 2001. This net decrease was the result of a decrease in taxes following Property Dispositions and the partial sale at the Abington Towne Center as discussed above, offset by higher real estate taxes experienced generally throughout the portfolio in 2001.

General and administrative expense increased \$499,000, or 10%, from \$5.1 million for 2000 to \$5.6 million for 2001, which was primarily attributable to an increase in third-party professional fees in 2001.

Depreciation and amortization decreased \$982,000, or 5%, from \$20.5 million for 2000 to \$19.5 million for 2001. Depreciation expense decreased \$907,000. This was a result of a \$1.5 million decrease related to Property Dispositions, offset against additional depreciation expense related to capitalized tenant installation costs incurred during 2000 and 2001. Amortization expense decreased \$75,000, which was primarily the result of a decrease in amortization of loan costs following certain loan payoffs during 2000 and 2001.

Impairment of real estate of \$15.9 million in 2001 was due to the write-down of two properties that were held for sale as of December 31, 2001 to net realizable value as the anticipated sales proceeds (net of selling costs) were expected to be insufficient to recover the associated carrying value of the property. One of these properties, for which the Company recorded a \$14.8 million impairment loss, was sold subsequent to December 31, 2001.

Interest expense of \$18.6 million for 2001 decreased \$6.6 million, or 26%, from \$25.2 million for 2000. Of the decrease, \$3.6 million was due to a lower average interest rate on the portfolio mortgage debt and \$3.1 million was attributable to lower average outstanding borrowings following certain loan payoffs, primarily as a result of Property Dispositions, during 2000 and 2001.

The \$149,000 cumulative effect of change in accounting principle was a result of the adoption of SFAS No. 133, whereby the Company recorded a transition adjustment related to the January 1, 2001 valuation of two LIBOR caps.

The \$140,000 extraordinary loss in 2001 was a result of the write-off of deferred financing fees as a result of the early repayment of the related debt.

Comparison of the year ended December 31, 2000 (2000) to the year ended December 31, 1999 (1999)

Total revenues increased \$4.1 million, or 4%, to \$96.8 million for 2000 compared to \$92.7 million for 1999.

Minimum rents increased \$1.2 million, or 2%, to \$74.2 million for 2000 compared to \$73.0 million for 1999. Of this increase, \$2.0 million was attributable to the redevelopment of 239 Greenwich Avenue and re-anchoring of the Ledgewood Mall (the 1999 Redevelopments). Additionally, the full year effect in 2000 of the acquisition of the Mad River Shopping Center in February 1999, the Gateway Shopping Center in May 1999 and the Pacesetter Park Shopping Center in November 1999 (the 1999 Acquisitions) resulted in an increase of \$1.3 million. These increases were partially offset by \$1.4 million of non-recurring income received in 1999 related to two settlements with former tenants and a \$1.0 million decrease in rents resulting from the planned termination of various tenant leases at the Abington Towne Center as part of the redevelopment and partial sale of the center.

Expense reimbursements increased \$444,000, or 3%, from \$13.8 million for 1999 to \$14.2 million for 2000. An increase in real estate tax reimbursements of \$601,000 was primarily the result of the 1999 Acquisitions and 1999 Redevelopments. This was partially offset by a \$157,000 decrease in common area maintenance (CAM) expense reimbursements. This net decrease in CAM reimbursements was primarily a result of a \$379,000 decrease in reimbursements following the termination of tenant leases in connection with the redevelopment of the Abington Towne Center, partially offset against an increase in reimbursements related to the 1999 Acquisitions.

Other income increased \$2.4 million, or 83%, from \$2.9 million in 1999 to \$5.3 million in 2000. \$2.0 million of this increase was attributable to lease termination income received from former tenants at the Abington Towne Center.

Total operating expenses increased \$1.8 million, or 3%, to \$60.2 million for 2000, from \$58.4 million for 1999.

Property operating expenses increased \$1.6 million, or 7%, to \$23.2 million for 2000 compared to \$21.6 million for 1999. This increase was primarily attributable to higher payroll costs and CAM expenses throughout the portfolio as well as a \$557,000 increase due to the 1999 Acquisitions. These increases were partially offset against a decrease in bad debt expense in 2000.

Real estate taxes increased \$928,000, or 9%, from \$10.5 million for 1999 to \$11.4 million for 2000. Of this increase, \$759,000 was a result of a higher assessment at the Ledgewood Mall following the re-anchoring of Wal*Mart and Circuit City and the 1999 Acquisitions. The balance of this increase was experienced throughout the portfolio.

Depreciation and amortization increased \$573,000, or 3%, from \$19.9 million for 1999 to \$20.5 million for 2000. This increase was attributable to a \$633,000 increase in depreciation expense, which was primarily related to the redevelopment of 239 Greenwich Avenue and the 1999 Acquisitions.

General and administrative expense decreased \$1.3 million, or 21%, from \$6.3 million for 1999 to \$5.0 million for 2000. This variance was primarily the result of a \$766,000 decrease in third party professional fees in 2000 and a \$189,000 decrease in office rent expense following the relocation of the Pennsylvania regional office.

Interest expense of \$25.2 million for 2000 increased \$1.9 million, or 8%, from \$23.3 million for 1999. Of the increase, \$532,000 was a result of higher average outstanding borrowings related to property redevelopments, \$418,000 was due to a higher weighted average interest rate on the portfolio and \$899,000 was attributable to less capitalized interest in 2000.

Funds from Operations

The Company considers funds from operations (FFO) as defined by the National Association of Real Estate Investment Trusts (NAREIT) to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors in analyzing the performance of the Company. However, the Company's method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by accounting principles generally accepted in the United States (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.

NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Effective January 1, 2000, NAREIT clarified the definition of FFO to include non-recurring events except those that are defined as extraordinary items under GAAP. The reconciliation of net income to FFO for the years ended December 31, 2001, 2000, 1999, 1998 and 1997 is as follows:

Reconciliation of Net Income (Loss) to Funds from Operations

	2001	For the Years Ended		December 31,	
		2000	1999	1998(a)	1997(a)
	-----	-----	-----	-----	-----
Net income (loss)	\$ 9,802	\$19,907	\$ 7,195	\$(13,898)	\$(1,564)
Depreciation of real estate and amortization of leasing costs:					
Wholly owned and consolidated partnerships	18,422	19,325	18,949	14,925	12,993
Unconsolidated partnerships	627	625	626	231	--
Income (loss) attributable to minority interest (b)	2,221	5,674	3,106	(3,348)	(217)
(Gain)loss on sale of properties	(17,734)	(13,742)	1,284	175	12
Impairment of real estate	15,886	--	--	11,560	--
Extraordinary item - loss on extinguishment of debt	140	--	--	707	--
Cumulative effect of change in accounting Principle	149	--	--	--	--
	-----	-----	-----	-----	-----
Funds from operations	=====\$29,513	=====\$31,789	=====\$31,160	=====\$10,352	=====\$11,224
	=====	=====	=====	=====	=====

Notes:

(a) Effective January 1, 2000, NAREIT clarified the definition of FFO to include non-recurring events except those that are defined as extraordinary items under GAAP. FFO for the years ended December 31, 1998 and 1997 have been restated above to conform to this clarification.

(b) Does not include distributions paid to Preferred OP Unitholders.

LIQUIDITY AND CAPITAL RESOURCES

Uses of Liquidity

The Company's principal uses of its liquidity are expected to be for distributions to its shareholders and OP unitholders, debt service and loan repayments, and property investment which includes funding of its joint venture commitments, acquisition, redevelopment, expansion and retenting activities. In order to qualify as a REIT for Federal income tax purposes, the Company must currently distribute at least 90% of its taxable income to its shareholders. On December 14, 2001, the Board of Trustees of the Company approved and declared a cash quarterly dividend for the quarter ended December 31, 2001 of \$0.12 per Common Share and Common OP Unit. The dividend was paid on January 15, 2002 to the shareholders of record as of December 31, 2001. The Board of Trustees also approved a distribution of \$22.50 per Preferred OP Unit, which was paid on January 15, 2001.

Acadia Strategic Opportunity Fund, LP

As discussed in Item 1, Business - Recent Developments, the Company has committed \$20 million to a new joint venture formed with four of its institutional shareholder for the purpose of acquiring additional community and neighborhood shopping centers.

Property Redevelopment and Expansion

The Company's redevelopment program focuses on selecting well-located neighborhood and community shopping centers and creating significant value through retenting and property redevelopment. At the onset of 2001, the Company had four properties under redevelopment. Two of these projects were completed during 2001 as follows:

Abington Towne Center - The Company completed the redevelopment of this previously enclosed multi-level mall located in the Philadelphia suburb of Abington, Pennsylvania. In December 2000, the Company sold approximately 160,000 square feet representing the top two floors and the rear portion of the ground level and the related parking area to the Target Corporation (Target) for \$11.5 million. Target completed the construction of its store and opened for business in September 2001. The Company has de-malled the balance of the center consisting of approximately 46,000 square feet of the main building and 14,000 square feet of store space in outparcel buildings, which it continues to own and operate. An existing anchor, T.J. Maxx, was relocated to a 27,000 square foot space in the Company's portion of the main building and reopened for business during 2000. Costs for this project totaled approximately \$3.5 million, net of amounts reimbursed by Target.

Methuen Shopping Center - This center, located in Methuen, Massachusetts (part of the Boston metropolitan statistical area) was formerly anchored by a Caldor department store. The Company acquired this lease out of bankruptcy and reanchored the center with an 89,000 square foot Wal*Mart which opened its store in October 2001. Costs incurred for this project were approximately \$800,000.

The Company currently has two redevelopment projects currently in progress as follows:

Elmwood Park Shopping Center - During 2001, the Company continued with the redevelopment of this center located in Elmwood Park, New Jersey, approximately ten miles west of New York City. The redevelopment consists of reanchoring, renovating and expanding the existing 125,000 square foot shopping center by 30,000 square feet. The new anchor, a 49,000 square foot free-standing Pathmark supermarket, will replace the former undersized (28,000 square feet) in-line Grand Union supermarket when completed. The project also includes the expansion of an existing Walgreens drug store. As of December 31, 2001, costs incurred on this project totaled \$4.1 million. The Company expects remaining redevelopment costs of approximately \$3.3 million, net of reimbursements from tenants, to complete this project in 2002. In addition, the Company is obligated, in connection with the RDC Transaction, to issue Common OP Units equal to up to \$2.8 million upon the supermarket rent commencement at this project.

Gateway Shopping Center - The redevelopment of the Gateway Shopping Center, a partially enclosed mall located in South Burlington, Vermont, includes the demolition of 90% of the property and the construction of a new anchor supermarket. Following the bankruptcy of Grand Union, the lease was assigned to and assumed by Shaw's Supermarkets. During October 2001, the Company executed a new lease with Shaw's Supermarkets for the construction of a new 72,000 square foot supermarket. This will replace the 32,000 square foot store formerly occupied by Grand Union. Total costs to date for this project, including the original acquisition costs, are \$8.2 million. The Company estimates \$9.2 million of remaining costs to complete this redevelopment.

Additionally, the Company currently estimates that capital outlays of approximately \$3.0 to \$5.0 million will be required for tenant improvements, related renovations and other property improvements related to executed leases.

Share Repurchase Plan

The Company's repurchase of its Common Shares is an additional use of liquidity. In January 2001, the Board of Trustees of the Company approved a continuation and expansion of the Company's existing stock repurchase program. Management is authorized, at its discretion, to repurchase up to an additional \$10.0 million of the Company's outstanding Common Shares. Through March 22, 2002, the Company had repurchased 1,928,432 (net of 123,173 shares reissued) at a total cost of \$11.6 million under the expanded share repurchase program which allows for the repurchase of up to \$20.0 million of the Company's outstanding Common Shares. The program may be discontinued or extended at any time and there is no assurance that the Company will purchase the full amount authorized. As previously discussed in Item 1, Business - Recent Developments, in February 2002, the Company also conducted a Tender Offer whereby it purchased 4,136,321 Common Shares and 1,387,653 Common OP Units for a total of \$33.4 million.

Sources of Liquidity

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The Company intends on using its newly formed joint venture as the primary vehicle for future acquisitions. Sources of capital for funding the Company's joint venture commitment, other property acquisitions, redevelopment, expansion and retenanting, as well as future repurchase of Common Shares are expected to be obtained primarily from cash on hand, additional debt financings and sales of existing properties. As of December 31, 2001, the Company had cash on hand of \$34.1 million as well as a \$34.8 million note receivable which was collected in full during January 2002. In February 2002, \$33.4 million of the Company's working capital was utilized to fund the Tender Offer. As of December 31, 2001, the Company had a total of approximately \$28.0 million of additional capacity with four lenders, of which the Company is required to draw \$7.7 million by June 2002 and an additional \$9.4 million by December 2002, or forego the ability to draw these funds at any time during the remaining term of the loans. Of the remaining capacity, approximately \$4.0 million is subject to additional leasing requirements at the collateral properties and certain lender requirements. The Company also has seven properties that are currently unencumbered and therefore available as potential collateral for future borrowings. The Company anticipates that cash flow from operating activities will continue to provide adequate capital for all debt service payments, recurring capital expenditures and REIT distribution requirements.

Financing and Debt

At December 31, 2001, mortgage notes payable aggregated \$261.6 million and were collateralized by 45 properties and related tenant leases. Interest on the Company's mortgage indebtedness ranged from 3.5% to 9.9% with maturities that ranged from March 2002 to November 2021. Of the total outstanding debt, \$105.6 million, or 40%, was carried at fixed interest rates with a weighted average of 8.5%, and \$156.0 million, or 60%, was carried at variable rates with a weighted average of 3.9%. Taking into effect \$50.0 million of notional principal under variable to fixed-rate swap agreements, \$155.6 million of the portfolio, or 59% was fixed at a 7.8% weighted average interest rate. Of the total outstanding debt, \$70.3 million will become due by 2003, with scheduled maturities of \$46.7 million at a weighted average interest rate of 5.0% in 2002, and \$23.6 million with a weighted average interest rate of 4.1% in 2003. As the Company does not anticipate having sufficient cash on hand to repay such indebtedness, it will need to refinance this indebtedness or select other alternatives based on market conditions at that time. See the notes to the consolidated financial statements for additional detail related to the Company's mortgage debt.

The Company owns a 49% interest in each of the Crossroads Joint Venture and Crossroads II Joint Venture (collectively, Crossroads), which collectively own a 311,000 square foot shopping center. The Company accounts for its investment in Crossroads using the equity method of accounting as it has a non-controlling investment in Crossroads, but exercises significant influence. As such, the Company's financial statements reflect its share of income from, but not the assets and liabilities of Crossroads. The Company's effective pro-rata share of Crossroads mortgage debt as of December 31, 2001 was \$16.7 million. Interest on the debt, which matures in October 2007, has been effectively fixed at 7.2% through variable to fixed-rate swap agreements. The Company's effective pro-rata share of debt from Acadia Strategic Opportunity Fund, LP, which has not yet acquired any property and as such currently has no debt, will be approximately 22% of any future outstanding debt.

The Company currently has one outstanding letter of credit for \$2.0 million, from which no amounts have been drawn against, related to the completion of certain work at one of its properties currently under redevelopment.

The following summarizes the financing and refinancing transactions since December 31, 2000:

On December 28, 2001, the Company closed on a \$23.0 million loan with a bank. As of December 31, 2001, \$12.4 million was funded under the loan. The Company is required to draw an additional \$7.7 million within six months following the closing of the loan, or forego the ability to draw these funds at any time during the remaining term of the loan. The availability of the remaining \$3.0 million is subject to achieving additional leasing requirements at the collateral properties. The debt, which is secured by three of the Company's properties, requires the monthly payment of interest at the rate of LIBOR plus 175 basis points and principal amortized over 25 years and matures January 1, 2007. As of December 31, 2001, the funded loan proceeds were available for working capital purposes.

On December 21, 2001, the Company closed on a \$26.0 million loan with a bank. As of December 31, 2001, \$16.0 million was funded under the loan. The remaining balance, less environmental and engineering holdbacks of approximately \$600,000 must be drawn within one year from the loan closing, or the Company foregoes the ability to draw these funds at any time during the remaining term of the loan. The debt, which is secured by two of the Company's properties, requires the monthly payment of interest at the rate of LIBOR plus 185 basis points and principal amortized over 25 years and matures January 1, 2007. Approximately \$16.0 million, or two-thirds of the loan amount, must be swapped to fixed rate within a year. As of December 31, 2001, the funded loan proceeds were available for working capital purposes.

On December 21, 2001, the Company repaid \$17.6 million of outstanding debt related to the sale of the Glen Oaks Apartments.

During August and September of 2001, the Company completed two interest rate swap transactions to hedge the Company's exposure to changes in interest rates with respect to \$50.0 million of LIBOR based variable rate debt. The first swap agreement, which extends through April 1, 2005, provides for a fixed all-in rate of 6.55% on \$30.0 million of notional principal. The second swap agreement, which extends through October 1, 2006, provides for a fixed all-in rate of 6.28% on \$20.0 million of notional principal.

On May 15, 2001 the Company repaid \$14.1 million of outstanding debt with a bank related to the sale of the Marley Run Apartments.

On April 10, 2001 the Company repaid \$3.5 million of outstanding debt under a revolving credit facility with a bank. Following this repayment, the Company had no outstanding balance under this facility, which provides for total borrowings of up to \$7.4 million and matures in August 2003.

On March 30, 2001, the Company fully repaid \$9.9 million of outstanding debt with a bank that was collateralized by one of the Company's properties.

On March 29, 2001, the Company borrowed an additional \$23.0 million under an existing \$59.0 million secured financing line with a bank.

On January 8, 2001, the Company partially repaid \$10.1 million of a fixed-rate mortgage debt, which was secured by two of the Company's properties. On March 30, 2001, the remaining outstanding debt of \$7.9 million with this lender was fully repaid.

Asset Sales

Asset sales are an additional source of liquidity for the Company. Five assets were sold during 2001 and January 2002 as follows (dollar amounts in millions):

Property	Type	Sales Price	Net Proceeds
Marley Run Apartments	Apartment complex - 336 Units	\$27.4	\$12.8
Glen Oaks Apartments	Apartment complex - 463 Units	\$35.1	\$15.2
Wesmark Plaza	Shopping Center - 207,000 square feet	\$5.7	\$5.5
Tioga West	Shopping Center - 122,000 square feet	\$3.2	\$3.1
Union Plaza (Sold in 2002)	Shopping Center - 218,000 square feet	\$4.8	\$4.2(1)

(1) \$3.6 million of this represents a note from the buyer

Additionally, in November 2001, the Company entered into a contract to sell the remaining portion of its non-core portfolio to a single buyer. The portfolio consists of 17 retail properties that in the aggregate contain approximately 2.3 million square feet; ten are located in Pennsylvania and seven in various southeastern states ranging from Virginia to Florida. The portfolio is being sold subject to a fixed-rate, cross-collateralized and securitized loan, and the contract is conditioned upon obtaining the lender's consent permitting the buyer to assume the loan as well as other customary conditions to closing and, as such, the completion of this transaction cannot be assured.

HISTORICAL CASH FLOW

Cash and cash equivalents were \$34.1 million and \$22.2 million at December 31, 2001 and 2000, respectively. The increase of \$11.9 million was a result of the following increases and decreases in cash flows:

	Years Ended December 31,		Variance
	2001	2000	
	(In Millions)		
Net Cash Provided by Operating Activities	\$31.0	\$32.6	\$(1.6)
Net Cash Provided by Investing Activities	21.4	8.2	13.2
Net Cash Used in Financing Activities	(40.5)	(54.0)	13.5

The variance in net cash provided by operating activities resulted from a decrease of \$1.6 million in operating income before non-cash expenses in 2001 offset by a net increase in cash provided by changes in operating assets and liabilities of \$91,000.

The variance in net cash provided by investing activities was primarily the result of an increase in net sales proceeds of \$9.3 million received in 2001 and a decrease of \$3.9 million in expenditures for real estate acquisitions, development and tenant installation in 2001.

The decrease in net cash used in financing activities resulted primarily from \$58.7 of additional cash used in 2000 for the repayment of debt and \$5.7 million of additional cash used in 2000 for the repurchase of Common Shares. This was partially offset by a decrease of \$46.7 million in cash provided by additional borrowings and \$5.1 million of cash used for the redemption of OP Units in 2001.

CRITICAL ACCOUNTING POLICIES

Management's discussion and analysis of financial condition and results of operations is based upon the Company's consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses. The Company bases its estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements 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. The Company believes the following critical accounting policies affect its significant judgements and estimates used in the preparation of its consolidated financial statements.

Valuation of Property Held for Use and Sale

On a quarterly basis, the Company reviews the carrying value of both properties held for use and for sale. The Company records impairment losses and reduces the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Company does not expect to recover its carrying costs on properties held for use, the Company reduces its carrying cost to fair value, and for properties held for sale, the Company reduces its carrying value to the fair value less costs to sell. For the year ended December 31, 2001, an impairment loss of \$14.8 million was recognized related to a property sold subsequent to December 31, 2001. Additionally, an impairment loss of \$1.1 million was recognized related to a shopping center that was held for sale as of December 31, 2001. Management does not believe that the value of the remaining properties held for sale or properties in use are impaired as of December 31, 2001.

Bad Debts

The Company maintains 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 payment on unbilled rents including estimated expense recoveries and straight-line rent. As of December 31, 2001, the Company had recorded an allowance for doubtful accounts of \$2.4 million. If the financial condition of the Company's tenants were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

INFLATION

The Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation on the Company's net income. Such provisions include clauses enabling the Company 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 the Company's leases are for terms of less than ten years, which permits the Company to seek to increase rents upon re-rental at market rates if current rents are below the then existing market rates. Most of the Company's leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations", and SFAS No. 142 "Goodwill and Other Intangible Assets". SFAS No. 141 requires the purchase method to be used for business combinations initiated after June 30, 2001. SFAS No. 142 requires that goodwill no longer be amortized to earnings, but instead reviewed for impairment, when the statement is required to be adopted on January 1, 2002. The adoption of these statements is not expected to have a material impact on the financial position or results of operations of the Company.

In August 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations", which addresses the financial accounting and reporting for asset retirement costs and related obligations and is effective for fiscal years beginning after June 15, 2002. The adoption of this statement is not expected to have a material impact on the financial position or results of operations of the Company.

In October 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment and Disposal of Long-Lived Assets", which supercedes SFAS No. 121, "Accounting for the Impairment of Long Lived Assets and for Long-Lived Assets to be Disposed Of". It also supercedes the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used and measurement of long-lived assets to be disposed of by sale, but broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. The statement is effective for fiscal years beginning after December 15, 2001. The adoption of this statement is not expected to have a material impact on the financial position or results of operations of the Company.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risk exposure is to changes in interest rates related to the Company's mortgage debt. See the consolidated financial statements and notes thereto included in this Annual Report on Form 10-K for certain quantitative details related to the Company's mortgage debt.

Currently, the Company manages its exposure to fluctuations in interest rates primarily through the use of fixed-rate debt, interest rate swap agreements and LIBOR caps. As of December 31, 2001, the Company had total mortgage debt of \$261.6 million of which \$105.6 million, or 40%, was fixed-rate and \$156.0 million, or 60%, was variable-rate based upon LIBOR plus certain spreads. During 2001, the Company completed two interest rate swap transactions to hedge the Company's exposure to changes in interest rates with respect to \$50.0 million of LIBOR based variable rate debt, effectively increasing the fixed-rate portion of its total outstanding debt as of December 31, 2001 to 59%. In addition, \$23.6 million of notional variable-rate principal is hedged through the use of LIBOR caps as of December 31, 2001. The Company also has two interest rate swaps hedging the Company's exposure to changes in interest rates with respect to \$16.7 million of LIBOR based variable rate debt related to its investment in Crossroads.

Of the Company's total outstanding debt, \$70.3 million will become due by 2003. As the Company intends on refinancing some or all of such debt at the then-existing market interest rates which may be greater than the current interest rate, the Company's interest expense would increase by approximately \$703,000 annually if the interest rate on the refinanced debt increased by 100 basis points. Furthermore, interest expense on the Company's variable debt as of December 31, 2001 would increase by \$1.1 million annually for a 100 basis point increase in interest rates. The Company may seek additional variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, the Company would consider hedging against the interest rate risk related to such additional variable-rate debt through interest rate swaps and protection agreements, or other means.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data listed in items 14(a)(1) and 14(a)(2) hereof are incorporated herein by reference.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

This item is incorporated by reference from the definitive proxy statement for the Annual Meeting of Shareholders presently scheduled to be held on May 16, 2002, to be filed pursuant to Regulation 14A.

ITEM 11. EXECUTIVE COMPENSATION

This item is incorporated by reference from the definitive proxy statement for the Annual Meeting of Shareholders presently scheduled to be held on May 16, 2002, to be filed pursuant to Regulation 14A.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This item is incorporated by reference from the definitive proxy statement for the Annual Meeting of Shareholders presently scheduled to be held on May 16, 2002, to be filed pursuant to Regulation 14A.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This item is incorporated by reference from the definitive proxy statement for the Annual Meeting of Shareholders presently scheduled to be held on May 16, 2002, to be filed pursuant to Regulation 14A.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements - Form 10-K. The following consolidated financial Report Page information is included as a separate section of this annual report on Form 10-K

ACADIA REALTY TRUST

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All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

(b) Reports on Form 8-K filed during the quarter ended December 31, 2001

The following 8-K's were filed during the three months ended December 31, 2001:

- 1) Form 8-K filed October 5, 2001 (earliest event September 28, 2001), reporting in Item 5, that the Company formed a new joint venture with four of its current institutional investors for the purposes of acquiring up to \$300 million in real estate assets.

(c) Exhibits

Exhibit No.	Description
3.1(a)	Declaration of Trust of the Company, as amended (1)
3.1(b)	Fourth Amendment to Declaration of Trust (2)
3.2	By-Laws of the Company (3)
10.1(a)	Agreement of Limited Partnership of the Operating Partnership (4)
10.1(b)	First, Second and Third Amendments to the Agreement of Limited Partnership of the Operating Partnership (5)
10.1(c)	Certificate of Designation of Series A Preferred Operating Partnership Units of Limited Partnership Interest of Acadia Realty Limited Partnership (6)
10.6(a)	1999 Share Option Plan (7)
10.14	Form of Registration Rights Agreement (8)

- 10.22(a) Indenture of Mortgage, Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Leases, Rents and Security Deposits between the Company and Morgan Stanley Mortgage Capital, Inc. (9)
- 10.22(b) Mortgage Note between the Company and Morgan Stanley Mortgage Capital, Inc. (9)
- 10.22(c) First Amendment to the Indenture of Mortgage, Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Lease, Rents and Security Deposits Between the Company and GMAC Commercial Mortgage Corporation (10)
- 10.24(a) Open-End Mortgage, Security Agreement, Future Filing, Financing Statement and Assignment of Leases and Rents between the Company and Anchor National Life Insurance Company (11)
- 10.24(b) Promissory Note between the Company and Anchor National Life Insurance Company (11)
- 10.30 Contribution and Share Purchase Agreement with RD Capital, Inc. (12)
- 10.31 Severance and Consulting Agreement For Marvin L. Slomowitz (5)
- 10.32 Settlement agreement between the Company and Jack Wertheimer (13)
- 10.33 Employment agreement between the Company and Ross Dworman (5)
- 10.34 Employment agreement between the Company and Kenneth F. Bernstein (5)
- 10.36 Secured Promissory Note between RD Absecon Associates, L.P. and Fleet Bank, N.A. dated February 8, 2000 (6)
- 10.37 Mortgage Note between RD Branch Associates, L.P. and North Fork Bank dated November 22, 1999 (6)
- 10.38 Promissory Note between 239 Greenwich Associates, L.P. and First Union National Bank dated December 16, 1999 (6)
- 10.39 Note and Mortgage Assumption Agreement between Acadia Mad River Property LLC and LaSalle National Bank for the benefit of Certificateholders of American Southwest Financial Securities Corporation, Commercial Mortgage Pass- Through Certificates, Series 1195-C1 Dated February 24, 1999 (6)
- 10.40 Mortgage Note Modification Agreement Between Heathcote Associates and Huntoon Hastings Capital Corp. dated May 5, 1999 (6)
- 10.41 Promissory Note between Merrillville Realty, L.P. and Sun America Life Insurance Company dated July 7, 1999 (6)
- 10.42 Mortgage and Note Modification Agreement between Pacesetter/Ramapo Associates and M&T Real Estate, Inc. (6)
- 10.43 Secured Promissory Note between Acadia Town Line, LLC and Fleet Bank, N.A. dated March 23, 1999 (6)
- 10.44 Promissory Note between RD Village Associates Limited Partnership and Sun America Life Insurance Company Dated September 21, 1999 (6)
- 10.45 Sale-Purchase Agreement between Acadia Realty L.P. and Mark Northwood Associates L.P., seller, and UrbanAmerica, L.P., Buyer, dated June 14, 2000 (14)
- 10.46 Purchase Agreement between RD Abington Associates L.P. and Target Corporation dated June 29, 2000 (14)

- 10.47 Agreement to Sell and Purchase real estate between Mark Twelve Associates, L.P. and Lowes Home Centers, Inc. dated April 25, 2000 (14)
- 10.48 Amended and Restated Mortgage Note between Port Bay Associates, LLC and Fleet Bank, N.A. dated July 19, 2000 (14)
- 10.48.a Mortgage and Security Agreement between Port Bay Associates, LLC and Fleet Bank, N.A. dated July 19, 2000 (14)
- 10.49 Amended and Restated Promissory Note between Acadia Realty L.P. and Metropolitan Life Insurance Company for \$25.2 million dated October 13, 2000 (14)
- 10.50 Amended and Restated Promissory Note between Acadia Realty L.P. and Metropolitan Life Insurance Company for \$10.8 million dated October 13, 2000 (14)
- 10.50.a Amended and Restated Mortgage, Security Agreement and Fixture Filing between Acadia Realty L.P. and Metropolitan Life Insurance Company dated October 13, 2000 (14)
- 10.51 Term Loan Agreement between Acadia Realty L.P. and The Dime Savings Bank of New York, dated March 30, 2000 (14)
- 10.51a Mortgage Agreement between Acadia Realty L.P. and The Dime Savings Bank of New York, dated March 30, 2000 (14)
- 10.52 Promissory Note between RD Whitegate Associates, L.P. and Bank of America, N.A. Dated December 22, 2000 (14)
- 10.53 Promissory Note between RD Columbia Associates, L.P. and Bank of America, N.A. Dated December 22, 2000 (14)
- 10.54 Term Loan Agreement dated as of December 28, 2001, among Fleet National Bank and RD Branch Associates, L.P., et al (15)
- 10.55 Term Loan Agreement dated as of December 21, 2001, among RD Woonsocket Associates Limited Partnership, et al. and The Dime Savings Bank of New York, FSB(15)
- 10.56 Severance Agreement between the Company and Joel Braun, Sr. Vice President, dated April 6, 2001 (15)
- 10.57 Severance Agreement between the Company and Joseph Hogan, Sr. Vice President, dated April 6, 2001 (15)
- 10.58 Severance Agreement between the Company and Perry Kamerman, Sr. Vice President dated April 6, 2001 (15)
- 10.59 Severance Agreement between the Company and Tim Bruce, Sr. Vice President dated January 2001 (15)
- 21 List of Subsidiaries of Acadia Realty Trust (15)
- 23 Consent of Independent Auditors to Form S-3 and Form S-8 (15)

Notes:

- (1) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form 10-K filed for the fiscal Year ended December 31, 1994
- (2) Incorporated by reference to the copy thereof filed as an Exhibit to Company's Form 10-Q filed for the quarter ended September 30, 1998
- (3) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form S-11 (File No.33-60008) (Form S-11)
- (4) Incorporated by reference to the copy thereof filed as an exhibit to Amendment No. 3 to the Company's Form S-11
- (5) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form10-K filed for the fiscal year ended December 31, 1998
- (6) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form10-K filed for the fiscal year ended December 31, 1999
- (7) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form S-8 filed September 28, 1999
- (8) Incorporated by reference to the copy thereof filed as an exhibit to Amendment No. 4 to the Company's Form S-11
- (9) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form 10-Q filed for the quarter ended September 30, 1996
- (10) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form 10-Q filed for the quarter ended September 30, 1998
- (11) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form 10-K filed for the fiscal year ended December 31, 1996
- (12) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form 8-K filed on April 20, 1998
- (13) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form 8-K filed on January 5, 1999
- (14) Incorporated by reference to the copy thereof filed as an exhibit to the Company's Form 10-K filed for the fiscal year ended December 31, 2000
- (15) Filed herewith

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/ Perry Kamerman
Sr. Vice President and
Chief Financial Officer

Dated: March 26, 2002

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)	March 26, 2002
/s/Perry Kamerman ----- (Perry Kamerman)	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 26, 2002
/s/Ross Dworman ----- (Ross Dworman)	Chairman and Trustee	March 26, 2002
/s/Martin L. Edelman ----- (Martin L. Edelman, Esq.)	Trustee	March 26, 2002
/s/Marvin J. Levine ----- (Marvin J. Levine, Esq)	Trustee	March 26, 2002
/s/Lawrence J. Longua ----- (Lawrence J. Longua)	Trustee	March 26, 2002
/s/Gregory A. White ----- (Gregory A. white)	Trustee	March 26, 2002
/s/Lee S. Wielansky ----- (Lee S. Wielansky)	Trustee	March 26, 2002

EXHIBIT INDEX

The following is an index to all exhibits filed with the Annual Report on Form 10-K other than those incorporated by reference herein:

Exhibit Number -----	Description -----
10.54	Term Loan Agreement dated as of December 28, 2001, among Fleet National Bank and RD Branch Associates, L.P., et al
10.55	Term Loan Agreement dated as of December 21, 2001, among RD Woonsocket Associates Limited Partnership, et al. and The Dime Savings Bank of New York, FSB
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ACADIA REALTY TRUST AND SUBSIDIARIES
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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Trustees of
Acadia Realty Trust

We have audited the accompanying consolidated balance sheets of Acadia Realty Trust (a Maryland Trust) and subsidiaries (the Company) as of December 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and the 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 auditing standards generally accepted in the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Acadia Realty Trust and subsidiaries as of December 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ ERNST & YOUNG LLP

New York, New York
February 22, 2002

Part I. Financial Information
Item 1. Financial Statements

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31,	
	2001	2000
	----	----
ASSETS		
Real estate		
Land	\$ 57,155	\$ 69,206
Buildings and improvements	357,658	444,933
	-----	-----
Less: accumulated depreciation	414,813	514,139
	-----	-----
Net real estate	339,440	411,678
Properties held for sale	49,080	49,445
Cash and cash equivalents	34,138	22,167
Cash in escrow	5,246	5,213
Investments in unconsolidated partnerships	5,169	6,784
Rents receivable, net	7,114	9,667
Note receivable	34,757	--
Prepaid expenses	2,308	2,905
Deferred charges, net	14,131	13,026
Other assets	2,556	2,726
	-----	-----
	\$493,939	\$523,611
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage notes payable	\$261,607	\$277,112
Accounts payable and accrued expenses	5,705	7,495
Dividends and distributions payable	4,119	4,241
Due to related parties	107	111
Other liabilities	4,487	4,179
	-----	-----
Total liabilities	276,025	293,138
	-----	-----
Minority interest in Operating Partnership	37,387	48,959
Minority interests in majority- owned partnerships	1,429	2,197
	-----	-----
Total minority interests	38,816	51,156
	-----	-----
Shareholders' equity:		
Common shares, \$.001 par value, authorized 100,000,000 shares, issued and outstanding 28,697,666 and 28,150,472 shares, respectively	29	28
Additional paid-in capital	189,378	188,392
Accumulated other comprehensive loss	(1,206)	--
Deficit	(9,103)	(9,103)
	-----	-----
Total shareholders' equity	179,098	179,317
	-----	-----
	\$493,939	\$523,611
	=====	=====

See accompanying notes
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ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Years ended December 31,		
	2001	2000	1999
	-----	-----	-----
Revenues			
Minimum rents	\$ 67,014	\$ 74,161	\$ 73,021
Percentage rents	2,330	3,048	2,994
Expense reimbursements	13,768	14,230	13,786
Other	2,348	5,319	2,908
	-----	-----	-----
Total revenues	85,460	96,758	92,709
	-----	-----	-----
Operating Expenses			
Property operating	20,398	23,198	21,606
Real estate taxes	11,209	11,468	10,540
General and administrative	5,556	5,057	6,337
Depreciation and amortization	19,478	20,460	19,887
Impairment of real estate	15,886	--	--
	-----	-----	-----
Total operating expenses	72,527	60,183	58,370
	-----	-----	-----
Operating income	12,933	36,575	34,339
Equity in earnings of unconsolidated partnerships	504	645	584
Gain (loss) on sale of properties	17,734	13,742	(1,284)
Interest expense	(18,589)	(25,163)	(23,314)
	-----	-----	-----
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	12,582	25,799	10,325
Minority interests	(2,491)	(5,892)	(3,130)
Extraordinary item - loss on early extinguishment of debt	(140)	--	--
Cumulative effect of change in accounting principle	(149)	--	--
	-----	-----	-----
Net income	\$ 9,802	\$ 19,907	\$ 7,195
	=====	=====	=====
Earnings per Common Share - basic and diluted:			
Income before extraordinary item and cumulative effect of change in accounting principle	\$.37	\$.75	\$.28
Extraordinary item	(.01)	--	--
Cumulative effect of change in accounting principle	(.01)	--	--
	-----	-----	-----
Net income per Common Share	\$.35	\$.75	\$.28
	=====	=====	=====

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except per share amounts)

	Common Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, December 31, 1998	25,419,215	\$ 25	\$ 170,746	\$ --	\$ (16,180)	\$ 154,591
Conversion of 700,000 OP Units to Common Shares by limited partner of the Operating Partnership	700,000	1	5,012	--	--	5,013
Dividends declared (\$.48 per Common Share)	--	--	(5,133)	--	(7,195)	(12,328)
Repurchase of Common Shares	(394,900)	--	(1,984)	--	--	(1,984)
Income before minority interest	--	--	--	--	10,325	10,325
Minority interest's equity	--	--	--	--	(3,130)	(3,130)
Balance, December 31, 1999	25,724,315	26	168,641	--	(16,180)	152,487
Conversion of 3,679,999 OP Units to Common Shares by limited partners of the Operating Partnership	3,679,999	3	26,999	--	--	27,002
Dividends declared (\$.48 per Common Share)	--	--	--	--	(12,830)	(12,830)
Repurchase of Common Shares	(1,339,905)	(1)	(7,691)	--	--	(7,692)
Reissuance of Common Shares	86,063	--	443	--	--	443
Income before minority interest	--	--	--	--	25,799	25,799
Minority interest's equity	--	--	--	--	(5,892)	(5,892)
Balance, December 31, 2000	28,150,472	28	188,392	--	(9,103)	179,317
Conversion of 826,884 OP Units to Common Shares by limited partners of the Operating Partnership	826,884	1	5,815	--	--	5,816
Repurchase of 8,000 OP Units from limited partner of the Operating Partnership	--	--	8	--	--	8
Dividends declared (\$.48 per Common Share)	--	--	(3,832)	--	(9,802)	(13,634)
Repurchase of Common Shares	(316,800)	--	(1,964)	--	--	(1,964)
Reissuance of Common shares	37,110	--	239	--	--	239
Purchase of minority interest in majority-owned partnership	--	--	720	--	--	720
Unrealized loss on valuation of swap agreements	--	--	--	(1,206)	--	(1,206)
Income before minority interest	--	--	--	--	12,023	12,023
Minority interest's equity	--	--	--	--	(2,221)	(2,221)
Balance at December 31, 2001	28,697,666	\$ 29	\$ 189,378	\$(1,206)	\$ (9,103)	\$ 179,098

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except per share amounts)

	2001 ----	Years ended December 31, 2000 ----	1999 ----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 9,802	\$ 19,907	\$ 7,195
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,478	20,460	19,887
Minority interests	2,491	5,892	3,130
Equity in earnings of unconsolidated partnerships	(504)	(645)	(584)
Provision for bad debts	1,195	453	1,404
Stock-based compensation	239	443	--
(Gain) loss on sale of properties	(17,734)	(13,742)	1,284
Extraordinary item - loss on early extinguishment of debt	140	--	--
Cumulative effect of change in accounting principle	149	--	--
Impairment of real estate	15,886	--	--
Changes in assets and liabilities:			
Funding of escrows, net	(33)	1,250	2,943
Rents receivable	1,358	(1,255)	(4,263)
Prepaid expenses	597	47	(155)
Due to/from related parties	(4)	130	(195)
Other assets	(184)	(792)	(879)
Accounts payable and accrued expenses	(1,790)	470	(4,288)
Other liabilities	(48)	(45)	407
Net cash provided by operating activities	31,038	32,573	25,886
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditures for real estate and improvements	(11,272)	(15,865)	(25,091)
Net proceeds from sale of properties	33,713	24,413	6,128
Contributions to unconsolidated partnerships	(36)	--	--
Distributions from unconsolidated partnerships	1,252	1,324	637
Payment of deferred leasing costs	(2,250)	(1,623)	(1,604)
Net cash provided by (used in) investing activities	21,407	8,249	(19,930)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on mortgage notes	(75,155)	(133,838)	(17,598)
Proceeds received on mortgage notes	59,650	106,350	48,168
Payment of deferred financing costs	(1,018)	(1,435)	(1,091)
Dividends paid	(13,569)	(12,545)	(9,238)
Distributions to minority interests in Operating Partnership	(2,985)	(4,617)	(3,929)
Distributions on Preferred OP Units	(199)	(173)	--
Distributions to minority interest in majority-owned partnerships	(90)	(45)	(127)
Redemption of Common OP Units	(5,114)	--	--
Repurchase of Common Shares	(1,964)	(7,692)	(1,984)
Purchase of minority interest in majority owned partnership	(30)	--	--
Net cash (used in) provided by financing activities	(40,474)	(53,995)	14,201
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,971	(13,173)	20,157
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,167	35,340	15,183
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 34,138	\$ 22,167	\$ 35,340
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the year for interest, net of amounts capitalized of \$372, \$439, and \$1,299, respectively	\$ 19,047	\$ 25,035	\$ 23,793
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Note received in connection with sale of property	\$ 34,757		
Disposition of real estate through assignment of debt		\$ 22,051	
Acquisition of real estate by assumption of debt			\$ 18,521
Acquisition of real estate by issuance of Preferred OP Units			\$ 2,212

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001
(In thousands, except per share amounts)

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

Acadia Realty Trust (the Company) is a fully integrated and self-managed real estate investment trust (REIT) focused primarily on the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers.

All of the Company's assets are held by, and all of its operations are conducted through, Acadia Realty Limited Partnership (the Operating Partnership or OP) and its majority owned subsidiaries. As of December 31, 2001, the Company controlled 85% of the Operating Partnership as the sole general partner. As the general partner, the Company 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 represent entities or individuals who contributed their interests in certain properties or partnerships to the Operating Partnership in exchange for common or preferred units of limited partnership interest (Common or Preferred OP Units). Limited partners holding Common OP Units are generally entitled to exchange their units on a one-for-one basis for common shares of beneficial interest of the Company (Common Shares). This structure is commonly referred to as an umbrella partnership REIT or "UPREIT".

On August 12, 1998, the Company completed a major reorganization (RDC Transaction) in which it acquired twelve shopping centers, five multi-family properties and a 49% interest in one shopping center along with certain third party management contracts and promissory notes from real estate investment partnerships (RDC Funds) managed by affiliates of RD Capital, Inc. In exchange for these and a cash investment of \$100,000, the Company issued 11.1 million Common OP Units and 15.3 million Common Shares to the RDC Funds. After giving effect to the conversion of the Common OP Units the RDC Funds beneficially owned 72% of the Common Shares as of the closing of the RDC Transaction. The Company is also obligated to issue OP Units valued at \$2,750 upon the commencement of rental payments from a designated tenant at one of the acquired properties. Concurrent with the RDC Transaction, the Company appointed former RD Capital, Inc. executives Ross Dworman as Chairman and Chief Executive Officer, and Kenneth F. Bernstein as President. In January 2001, the Board of Trustees appointed Mr. Bernstein as Chief Executive Officer with Mr. Dworman remaining as Chairman.

As of December 31, 2001, the Company operated 53 properties, which it owned or had an ownership interest in, consisting of 49 neighborhood and community shopping centers, one enclosed shopping mall and three multi-family properties, all of which are located in the Eastern and Midwestern regions of the United States.

Principles of Consolidation

The consolidated financial statements include the consolidated accounts of the Company and its majority owned subsidiaries, including the Operating Partnership. Non-controlling investments in partnerships are accounted for under the equity method of accounting as the Company exercises significant influence.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Properties

Real estate assets are stated at cost less accumulated depreciation. Expenditures for acquisition, development, construction and improvement of properties, as well as significant renovations are capitalized. Interest costs are capitalized until construction is substantially complete. Depreciation is computed on the straight-line method over estimated useful lives of 30 to 40 years for buildings and the shorter of the useful life or lease term for improvements, furniture, fixtures and equipment. Expenditures for maintenance and repairs are charged to operations as incurred. The Company records impairment losses and reduces the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Company does not expect to recover its carrying costs on properties held for use, the Company reduces its carrying cost to fair value, and for properties held for sale, the Company reduces its carrying value to the fair value less costs to sell. For the year ended December 31, 2001, an impairment loss of \$14,756 was recognized related to a property sold subsequent to December 31, 2001. Additionally, an impairment loss of \$1,130 was recognized related to a shopping center that was held for sale as of December 31, 2001. Management does not believe that the value of the remaining properties held for sale or properties in use are impaired as of December 31, 2001. As of December 31, 2001, 19 of the Company's shopping centers were held for sale. Of these properties, 17 are under contract to a single buyer and subject to a cross-collateralized and securitized loan. As such, the sale is conditioned upon obtaining the lender's consent permitting the buyer to assume the loan.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

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

Deferred Costs

Fees and costs incurred in the successful negotiation of leases have been deferred and are being amortized on a straight-line basis over the terms of the respective leases. Fees and costs incurred in connection with obtaining financing have been deferred and are being amortized over the term of the related debt obligation.

Revenue Recognition

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. As of December 31, 2001 and 2000, unbilled rents receivable relating to straight-lining of rents were \$4,828 and \$4,098, respectively.

Percentage rents are recognized in the period when the tenant sales breakpoint is met.

Reimbursements from tenants for real estate taxes, insurance and other property operating expenses are recognized as revenue in the period the expenses are incurred.

An allowance for doubtful accounts has been provided against certain tenant accounts receivable that are estimated to be uncollectible. Rents receivable at December 31, 2001 and 2000 are shown net of an allowance for doubtful accounts of \$2,376 and \$1,738, respectively.

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 in Escrow

Cash in escrow consists principally of cash held for real estate taxes, 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. A REIT will generally not be subject to federal income taxation on that portion of its income that qualifies as REIT taxable income to the extent that it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements. Accordingly, no provision has been made for federal income taxes for the Company in the accompanying consolidated financial statements. The Company is subject to state income or franchise taxes in certain states in which some of its properties are located. These state taxes, which in total are not significant, are included in general and administrative expenses in the accompanying consolidated financial statements.

Earnings Per Common Share

Basic earnings per share was determined by dividing the net applicable income or loss to common shareholders for the year by the weighted average number of Common Shares outstanding during each year consistent with the Financial Accounting Standards Board Statement No. 128. The weighted average number of Common Shares outstanding for the years ended December 31, 2001, 2000, and 1999 were 28,313,070, 26,437,265 and 25,708,787, respectively.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted into Common Shares or resulted in the issuance of Common Shares that then shared in the earnings of the Company. For the years ended December 31, 2001, 2000 and 1999 no additional shares were reflected as the impact would be anti-dilutive in such years.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

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

Interest Rate Hedges

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging activities". SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments. Specifically, SFAS No. 133 requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and to measure those instruments at fair value. Additionally, the fair value of those instruments will affect either shareholders' equity or net income depending on whether the derivative instrument qualifies as a hedge for accounting purposes and, if so, the nature of the hedging activity.

In connection with the adoption of SFAS No. 133, the Company recorded a transition adjustment of \$149 related to the January 1, 2001 valuation of two LIBOR caps that hedge \$23,203 of variable-rate mortgage debt. This adjustment is reflected as a cumulative effect of a change in accounting principle in the accompanying financial statements.

Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations", and SFAS No. 142 "Goodwill and Other Intangible Assets". SFAS No. 141 requires the purchase method to be used for business combinations initiated after June 30, 2001. SFAS No. 142 requires that goodwill no longer be amortized to earnings, but instead reviewed for impairment, when the statement is required to be adopted on January 1, 2002. The adoption of these statements is not expected to have a material impact on the financial position or results of operations of the Company.

In August 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations", which addresses the financial accounting and reporting for asset retirement costs and related obligations and is effective for fiscal years beginning after June 15, 2002. The adoption of this statement is not expected to have a material impact on the financial position or results of operations of the Company.

In October, 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment and Disposal of Long-Lived Assets", which supercedes SFAS No. 121, "Accounting for the Impairment of Long Lived Assets and for Long-Lived Assets to be Disposed Of". It also supercedes the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale, but broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. The statement is effective for fiscal years beginning after December 15, 2001. The adoption of this statement is not expected to have a material impact on the financial position or results of operations of the Company.

Comprehensive Income

Comprehensive income for the year ended December 31, 2001 totaled \$8,596 and was comprised of net income of \$9,802 and other comprehensive loss of \$1,206. The following table sets forth the change in accumulated other comprehensive loss for the period since December 31, 2000:

Accumulated other comprehensive loss

Balance at December 31, 2000	\$	--
Unrealized loss on valuation of swap agreements		1,206

Balance at December 31, 2001	\$	1,206
		=====

As of December 31, 2001, the balance in accumulated other comprehensive loss was comprised entirely of unrealized losses on the valuation of swap agreements.

Reclassifications

Certain 2000 and 1999 amounts were reclassified to conform to the 2001 presentation.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

2. Acquisition and Disposition of Properties

2001 Dispositions

On December 21, 2001, the Company sold the Glen Oaks Apartments, a 463 unit multi-family property located in Greenbelt, Maryland for \$35,100, resulting in an \$8,546 gain on the sale. As part of the transaction, the Company received a promissory note (which was secured by an irrevocable letter of credit) for \$34,757, which was subsequently paid in January 2002 resulting in net proceeds of \$15,205 after closing costs and the repayment of mortgage debt of \$17,595.

On October 4, 2001, the Company sold the Tioga West shopping center, a 122,000 square foot shopping center located in Tunkhannock, Pennsylvania, for \$3,200 resulting in a \$908 gain on the sale and net proceeds of \$3,078.

On August 27, 2001 the Company sold the Wesmark Plaza, a 207,000 square foot shopping center located in Sumter, South Carolina, for \$5,750, recognizing a \$1,245 gain on the sale and net proceeds of \$5,533.

The Company sold its interest in the Marley Run Apartments for \$27,400 on May 15, 2001, recognizing a \$7,035 gain on the sale. Net proceeds after the repayment of the associated debt and other closing costs were \$12,803 of which \$4,765 was used to redeem 680,667 Common OP Units at \$7.00 per unit. The redemption price represented a premium of \$0.35 over the market price of the Company's Common Shares as of the redemption date. These redeemed Common OP Units were held by the original owners of the property who contributed it to the Company in connection with the RDC Transaction. Pursuant to the RDC Transaction, the Company agreed to indemnify the Common OP Unit holders for any income taxes recognized with respect to a disposition of the property within five years following the contribution of the property. As part of the redemption as discussed above, the Common OP Unit holders waived their rights to this tax reimbursement, which the Company estimated to be in excess of \$2.00 per Common OP Unit.

2000 Dispositions

On December 14, 2000, the Company sold the Northwood Centre, located in Tallahassee, Florida, for \$31,500 resulting in a \$15,616 gain on the sale. The buyer assumed the mortgage balance of \$22,051 and acquired various mortgage-related escrows for \$1,784 which, following additional net closing adjustments and costs, resulted in net proceeds of \$11,026 to the Company.

On December 11, 2000, the Company sold approximately 160,000 square feet of the main building and related parking lot at the Abington Towne Center for \$11,500 resulting in a \$1,035 loss on the sale. The Company retained ownership of approximately 50,000 square feet of the main building, as well as the outparcels (14,000 square feet) and related parking areas. Total sales proceeds were \$1,366 following the repayment of the mortgage balance of \$10,137 and additional net closing adjustments and costs.

On August 25, 2000, the Company sold 13 acres at the Union Plaza, located in New Castle, Pennsylvania, for \$1,900 resulting in a \$839 loss on the sale. Proceeds from the sale totaled \$1,882 after net closing costs and adjustments.

1999 Acquisitions and Dispositions

On November 16, 1999, the Company acquired 100% of the partnership interests of the limited partnership that owns the Pacesetter Park Shopping Center, a 96,000 square foot community shopping center located in Rockland County, New York. The aggregate purchase price of \$7,400 consisted of the assumption of \$4,637 in first mortgage debt and the issuance of \$2,212 in preferred Operating Partnership units with the balance funded from working capital.

On May 5, 1999, the Company acquired the sole general partner's interest in the limited partnership owning the Gateway Shopping Center, a 122,000 square foot shopping center located in Burlington, Vermont, for \$6,547. The interest was acquired out of bankruptcy by restructuring and assuming the mortgage debt of \$6,222. The balance of the purchase was funded from working capital.

On February 24, 1999, the Company acquired the Mad River Station, a 154,000 square foot shopping center located in Dayton, Ohio for \$11,500. The Company assumed \$7,661 in mortgage debt and funded the remaining purchase from working capital.

The Company sold two properties during 1999, the Searstown Mall on February 1, 1999 for a sale price of \$3,300 and the Auburn Plaza on March 29, 1999 for \$3,500 resulting in a \$1,284 total loss on the sales.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

3. Segment Reporting

The Company has two reportable segments: retail properties and multi-family properties. 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. The reportable segments are managed separately due to the differing nature of the leases and property operations associated with the retail versus residential tenants. The following table sets forth certain segment information for the Company as of and for the years ended December 31, 2001, 2000, and 1999 (does not include unconsolidated partnerships):

	Retail Properties	2001 ---- Multi-Family Properties	All Other	Total
	-----	-----	-----	-----
Revenues	\$ 70,207	\$ 13,597	\$ 1,656	\$ 85,460
Property operating expenses and real estate taxes	25,651	5,956	--	31,607
Net property income before depreciation And amortization	44,556	7,641	1,656	53,853
Depreciation and amortization	17,205	1,919	354	19,478
Interest expense	14,826	3,763	--	18,589
Real estate at cost	377,472	37,341	--	414,813
Total assets	453,012	35,758	5,169	493,939
Gross leasable area (multi-family - 1,474 units)	7,982	1,207	--	9,189
Expenditures for real estate and improvements	10,012	1,260	--	11,272
 Revenues				
Total revenues for reportable segments	\$ 86,451			
Elimination of intersegment management fee income	(991)			

Total consolidated revenues	\$ 85,460			
	=====			
 Property operating expenses and real estate taxes				
Total property operating expenses and real estate taxes for reportable segments	\$ 32,598			
Elimination of intersegment management fee expense	(991)			

Total consolidated expense	\$ 31,607			
	=====			
 Reconciliation to income before minority interest, extraordinary item, and cumulative effect of change in accounting principle				
Net property income before depreciation and amortization	\$ 53,853			
Depreciation and amortization	(19,478)			
General and administrative	(5,556)			
Equity in earnings of unconsolidated partnerships	504			
Gain on sale of properties	17,734			
Interest expense	(18,589)			
Impairment of real estate	(15,886)			

Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	\$ 12,582			
	=====			

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

3. Segment Reporting, continued

	Retail Properties	2000 ---- Multi-Family Properties	All Other	Total
	-----	-----	-----	-----
Revenues	\$ 79,229	\$ 15,396	\$ 2,133	\$ 96,758
Property operating expenses and real estate taxes	28,547	6,119	--	34,666
Net property income before depreciation and amortization	50,682	9,277	2,133	62,092
Depreciation and amortization	18,064	2,066	330	20,460
Interest expense	20,802	4,361	--	25,163
Real estate at cost	430,841	83,298	--	514,139
Total assets	435,287	81,540	6,784	523,611
Gross leasable area (multi-family - 2,273 units)	8,371	2,039	--	10,410
Expenditures for real estate and improvements	14,712	1,153	--	15,865
 Revenues				
Total revenues for reportable segments	\$ 97,710			
Elimination of intersegment management fee income	(952)			
Total consolidated revenues	\$ 96,758			=====
 Property operating expenses and real estate taxes				
Total property operating expenses and real estate taxes for reportable segments	\$ 35,618			
Elimination of intersegment management fee expense	(952)			
Total consolidated expense	\$ 34,666			=====
 Reconciliation to income before minority interest				
Net property income before depreciation and amortization	\$ 62,092			
Depreciation and amortization	(20,460)			
General and administrative	(5,057)			
Equity in earnings of unconsolidated partnerships	645			
Gain on sale of properties	13,742			
Interest expense	(25,163)			
Income before minority interest	\$ 25,799			=====

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

3. Segment Reporting, continued

	Retail Properties	1999 ---- Multi-Family Properties	All Other	Total
	-----	-----	-----	-----
Revenues	\$ 75,823	\$ 14,915	\$ 1,971	\$ 92,709
Property operating expenses and real estate taxes	26,190	5,956	--	32,146
Net property income before depreciation amortization	49,633	8,959	1,971	60,563
Depreciation and amortization	17,817	1,829	241	19,887
Interest expense	19,199	4,115		23,314
Real estate at cost	487,376	82,145	--	569,521
Total assets	481,175	82,165	7,463	570,803
Gross leasable area (multi-family - 2,273 units)	8,817	2,039	--	10,856
Expenditures for real estate and improvements	23,912	1,179	--	25,091
 Revenues				
Total revenues for reportable segments	\$ 93,766			
Elimination of intersegment management fee income	(1,057)			

Total consolidated revenues	\$ 92,709			
	=====			
 Property operating expenses and real estate taxes				
Total property operating expenses and real estate taxes for reportable segments	\$ 33,203			
Elimination of intersegment management fee expense	(1,057)			

Total consolidated expense	\$ 32,146			
	=====			
 Reconciliation to income before minority interest				
Net property income before depreciation and amortization	\$ 60,563			
Depreciation and amortization	(19,887)			
General and administrative	(6,337)			
Equity in earnings of unconsolidated partnerships	584			
Loss on sale of properties	(1,284)			
Interest expense	(23,314)			

Income before minority interest	\$ 10,325			
	=====			

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

4. Investment in Unconsolidated Partnerships

Crossroads

In connection with the RDC Transaction, the Company acquired a 49% interest in each of the Crossroads Joint Venture and Crossroads II Joint Venture (collectively Crossroads) which collectively own a 311,000 square foot shopping center in Greenburgh, New York. The Company accounts for its investment in Crossroads using the equity method. Summary financial information of Crossroads and the Company's investment in and share of income from Crossroads is as follows:

	December 31,	
	2001	2000
	----	----
Balance Sheet		
Assets:		
Rental property, net	\$ 7,997	\$ 8,446
Other assets	3,715	4,655
	-----	-----
Total assets	\$ 11,712	\$ 13,101
	=====	=====
Liabilities and partners' equity		
Mortgage note payable	\$ 34,133	\$ 34,642
Other liabilities	2,759	736
Partners' equity	(25,180)	(22,277)
	-----	-----
Total liabilities and partners' equity	\$ 11,712	\$ 13,101
	=====	=====
Company's investment	\$ 5,147	\$ 6,784
	=====	=====

	Years Ended December 31,		
	2001	2000	1999
	----	----	----
Statement of Operations			
Total revenue	\$ 7,174	\$ 7,242	\$ 7,003
Operating and other expenses	2,159	1,895	1,910
Interest expense	2,620	2,699	2,568
Depreciation and amortization	538	532	534
	-----	-----	-----
Net income	\$ 1,857	\$ 2,116	\$ 1,991
	=====	=====	=====
Company's share of net income	\$ 910	\$ 1,037	\$ 976
Amortization of excess investment (See below)	392	392	392
	-----	-----	-----
Income from Partnerships	\$ 518	\$ 645	\$ 584
	=====	=====	=====

The unamortized excess of the Company's investment over its share of the net equity in Crossroads at the date of acquisition was \$19,580. The portion of this excess attributable to buildings and improvements is being amortized over the life of the related property.

Acadia Strategic Opportunity Fund, LP (ASOF)

On September 28, 2001, the Company entered into a joint venture with four of its current institutional investors. Under the terms of the joint venture agreement, the Company and the investors will contribute \$20,000 and \$70,000, respectively, and will seek to acquire up to \$300,000 of real estate assets, focusing on neighborhood and community shopping centers. The Company will earn a pro-rata return on its invested equity and standard fees for construction, leasing and management. The Company will also earn an asset management fee equal to 1.5% of the total committed capital, as well as the opportunity to earn additional amounts based on certain investment return thresholds. As of and for the period ended December 31, 2001, ASOF had total assets and equity, each of \$98, and a net loss of \$402. The Company's investment in, and share of the net loss of ASOF were \$22 and \$14, respectively.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

5. Deferred Charges

Deferred charges consist of the following as of December 31, 2001 and 2000:

	2001 ----	2000 ----
Deferred financing costs	\$ 7,553	\$ 7,091
Deferred leasing and other costs	14,893	13,092
	-----	-----
	22,446	20,183
Accumulated amortization	(8,315)	(7,157)
	-----	-----
	\$ 14,131	\$ 13,026
	=====	=====

6. Mortgage Loans

At December 31, 2001, mortgage notes payable aggregated \$261,607 and were collateralized by 45 properties and related tenant leases. Interest rates ranged from 3.49% to 9.88%. Mortgage payments are due in monthly installments of principal and/or interest and mature on various dates through 2021. Certain loans are cross-collateralized and cross-defaulted as part of a group of properties. The loan agreements contain customary representations, covenants and events of default. Certain loan agreements require the Company to comply with certain affirmative and negative covenants, including the maintenance of certain debt service coverage and leverage ratios.

On December 28, 2001, the Company closed on a \$23,000 loan with a bank. As of December 31, 2001, \$12,350 was funded under the loan. The Company is required to draw an additional \$7,650 within six months following the closing of the loan, or forego the ability to draw these funds at any time during the remaining term of the loan. The availability of the remaining \$3,000 is subject to achieving additional leasing requirements at the collateral properties. The debt, which is secured by three of the Company's properties, requires the monthly payment of interest at the rate of LIBOR plus 175 basis points and principal amortized over 25 years and matures January 1, 2007. As of December 31, 2001, the funded loan proceeds were available for working capital purposes.

On December 21, 2001, the Company closed on a \$26,000 loan with a bank. As of December 31, 2001, \$16,000 was funded under the loan. The remaining balance, less environmental and engineering holdbacks of approximately \$600, must be drawn within one year from the loan closing, or the Company foregoes the ability to draw these funds at any time during the remaining term of the loan. The debt, which is secured by two of the Company's properties, requires the monthly payment of interest at the rate of LIBOR plus 185 basis points and principal amortized over 25 years and matures January 1, 2007. Approximately \$16,000, or two-thirds of the loan amount, must be swapped to fixed rate within a year. As of December 31, 2001, the funded loan proceeds were available for working capital purposes.

On December 21, 2001, the Company repaid \$17,600 of outstanding debt in connection with the sale of the Glen Oaks Apartments.

During August and September of 2001, the Company completed two interest rate swap transactions to hedge the Company's exposure to changes in interest rates with respect to \$50,000 of LIBOR based variable rate debt. The first swap agreement, which extends through April 1, 2005, provides for a fixed all-in rate of 6.55% on \$30,000 of notional principal. The second swap agreement, which extends through October 1, 2006, provides for a fixed all-in rate of 6.28% on \$20,000 of notional principal.

On May 15, 2001 the Company repaid \$14,100 of outstanding debt with a bank in connection with the sale of the Marley Run Apartments.

On April 10, 2001 the Company repaid \$3,500 of outstanding debt under a revolving credit facility with a bank. Following this repayment, the Company had no outstanding balance under this facility, which provides for total borrowings of up to \$7,400.

On March 30, 2001, the Company fully repaid \$9,900 of outstanding debt with a bank that was collateralized by one of the Company's properties.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

6. Mortgage Loans, continued

On March 29, 2001, the Company borrowed an additional \$23,000 under an existing \$59,000 secured financing line with a bank.

On January 8, 2001, the Company partially repaid \$10,100 of a fixed-rate mortgage debt, which was secured by two of the Company's properties. On March 30, 2001, the remaining outstanding debt of \$7,900 with this lender was fully repaid.

The following table summarizes the Company's mortgage indebtedness as of December 31, 2001 and 2000:

	December 31, 2001 -----	December 31, 2000 -----	Interest Rate -----
Mortgage notes payable - variable-rate			
Fleet Bank, N.A.	4,051	4,110	3.79% (LIBOR + 1.75%)
Fleet Bank, N.A.	9,106	9,216	3.82% (LIBOR + 1.78%)
Sun America Life Insurance Company	13,521	13,774	4.28% (LIBOR + 2.05%)
Sun America Life Insurance Company	9,682	9,856	4.65% (LIBOR + 2.05%)
KBC Bank	-	14,238	-
Fleet Bank, N.A.	-	3,500	-
Fleet Bank, N.A.	8,853	8,965	3.89% (LIBOR + 1.75%)
Metropolitan Life Insurance Company	10,800	10,800	4.20% (LIBOR + 2.00%)
First Union National Bank	13,512	13,636	3.49% (LIBOR + 1.45%)
Dime Savings Bank of NY	58,149	35,814	3.87% (LIBOR + 1.75%)
Fleet Bank, N.A.	12,350	-	3.73% (LIBOR + 1.75%)
Dime Savings Bank of NY	16,000	-	3.73% (LIBOR + 1.85%)
	-----	-----	
Total variable-rate debt	156,024	123,909	
	-----	-----	
Mortgage notes payable - fixed rate			
Sun America Life Insurance Company	-	17,999	7.75%
Huntoon Hastings Capital Corp.	6,194	6,222	9.88%
North Fork Bank	-	9,887	7.75%
Anchor National Life Insurance Company	3,676	3,775	7.93%
Lehman Brothers Holdings, Inc.	-	17,792	8.32%
Mellon Mortgage Company	7,305	7,442	9.60%
Northern Life Insurance Company	2,619	2,895	7.70%
Reliastar Life Insurance Company	1,805	1,996	7.70%
Metropolitan Life Insurance Company	24,820	25,148	8.13%
Bank of America, N.A.	11,017	11,100	7.55%
Bank of America, N.A.	5,508	5,550	7.55%
Morgan Stanley Mortgage Capital	42,639	43,397	8.84%
	-----	-----	
Total fixed-rate debt	105,583	153,203	
	-----	-----	
	\$261,607	\$277,112	
	=====	=====	

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

6. Mortgage Loans, continued

	Maturity -----	Properties Encumbered -----	Payment Terms -----
Mortgage notes payable - variable-rate			
Fleet Bank, N.A.	03/15/02	(1)	(2)
Fleet Bank, N.A.	05/31/02	(3)	(2)
Sun America Life Insurance Company	08/01/02	(4)	(2)
Sun America Life Insurance Company	10/01/02	(5)	(2)
Fleet Bank, N.A.	03/01/03	(6)	(2)
Fleet Bank, N.A.	08/01/03	(7)	(2)
Metropolitan Life Insurance Company	11/01/03	(8)	(21)
First Union National Bank	01/01/05	(9)	(2)
Dime Savings Bank of NY	04/01/05	(10)	(2)
Fleet Bank, N.A.	01/01/07	(11)	(2)
Dime Savings Bank	01/01/07	(12)	(2)
Mortgage notes payable - fixed rate			
Huntoon Hastings Capital Corp.	09/01/02	(13)	\$55(2)
Anchor National Life Insurance Company	01/01/04	(14)	\$33(2)
Mellon Mortgage Company	05/23/05	(15)	\$70(2)
Northern Life Insurance Company	12/01/08	(16)	\$41(2)
Reliastar Life Insurance Company	12/01/08	(16)	\$28(2)
Metropolitan Life Insurance Company	11/01/10	(17)	\$197(2)
Bank of America, N.A.	01/01/11	(18)	\$78(2)
Bank of America, N.A.	01/01/11	(19)	\$39(2)
Morgan Stanley Mortgage Capital	11/01/21	(20)	\$380(2)

Notes:

(1) Town Line Plaza	(10) Ledgewood Mall New Loudon Center Route 6 Plaza Bradford Towne Centre Berlin Shopping Center	(17) Crescent Plaza East End Centre
(2) Monthly principal and interest		(18) GHT Apartments
(3) Smithtown Shopping Center		(19) Colony Apartments
(4) Merrillville Plaza	(11) Branch Shopping Center Abington Towne Center Methuen Shopping Center	(20) Midway Plaza Kings Fairgrounds Shillington Plaza Dunmore Plaza Kingston Plaza 25th Street Shopping Center Circle Plaza Northside Mall Monroe Plaza New Smyrna Beach Mountainville Plaza Cloud Springs Plaza Birney Plaza Troy Plaza Martintown Plaza Plaza 15 Ames Plaza
(5) Village Apartments	(12) Walnut Hill Plaza Bloomfield Town Square	
(6) Marketplace of Absecon	(13) Gateway Shopping Center	
(7) Soundview Marketplace	(14) Pittston Plaza	
(8) Green Ridge Plaza Luzerne Street Plaza Valmont Plaza	(15) Mad River Shopping Center	
(9) 239 Greenwich Avenue	(16) Manahawkin Shopping Center	
		(21) Interest only until 5/02; monthly Principal and interest thereafter

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

6. Mortgage Loans, continued

The scheduled principal repayments of all mortgage indebtedness as of December 31, 2001 are as follows:

2002	\$ 46,699
2003	23,573
2004	7,761
2005	77,444
2006	40,835
Thereafter	65,295

	\$261,607
	=====

7. Interest Rate Hedges

During 2001, the Company completed two interest rate swap transactions to hedge the Company's exposure to changes to interest rates with respect to \$50,000 of LIBOR based variable rate debt. The first swap agreement, which extends through April 1, 2005, provides for a fixed all-in rate of 6.55% (includes a credit spread of 1.75%) on \$30,000 of notional principal. The second swap agreement, which extends through October 1, 2006, provides for a fixed all-in rate of 6.28% (includes a credit spread of 1.75%) on \$20,000 of notional principal. The Company is also a party to two swap agreements with a bank through its 49% interest in the Crossroads Joint Venture and Crossroads II (see note 4). These swap agreements effectively fix the interest rate on the Company's pro rata share, or \$16,725, of the joint venture mortgage debt.

As of December 31, 2001, unrealized losses of \$1,206 representing the fair value of the aforementioned swaps were reflected in accumulated other comprehensive loss, a component of shareholder's equity.

The following table summarizes the notional values and fair values of the Company's derivative financial instruments. The notional value provides an indication of the extent of the Company's involvement in these instruments on December 31, 2001, but does not represent exposure to credit, interest rate or market risks.

Hedge Type	Notional Value	Rate	Interest Maturity	Fair Value
-----	-----	-----	-----	-----
Swap(1)	\$11,974	5.94%	6/16/07	\$ (545)
Swap(1)	5,000	6.48%	6/16/07	(358)
Swap	30,000	4.80%	4/1/05	(561)
Swap	20,000	4.53%	10/1/06	204
Caps	24,000	6.50%	9/1/02	--

(1) Relates to the Company's investments in unconsolidated partnerships (note 4)

On December 31, 2001, the derivative instruments were reported at their fair value as other liabilities (\$357) and investments in unconsolidated partnerships (\$903). For the year ended December 31, 2001, the Company recorded a \$54 expense due to partial ineffectiveness on one of the swaps. The ineffectiveness resulted from differences between the swap notional and the principal amount of the hedged debt.

The Company's interest rate hedges are designated as cash flow hedges and hedge the future cash outflows on debt. Interest rate swaps that convert variable payments to fixed payments, such as those held by the Company, as well as interest rate caps, floors, collars, and forwards are cash flow hedges. The unrealized gains/losses in the fair value of these hedges are reported on the balance sheet with a corresponding adjustment to either accumulated other comprehensive income or earnings depending on the type of hedging relationship. For cash flow hedges, offsetting gains and losses are reported in accumulated other comprehensive income. Over time, the unrealized gains and losses held in accumulated other comprehensive income will be reclassified to earnings. This reclassification occurs over the same time period in which the hedged items affect earnings. Within the next twelve months, the Company expects to reclassify to earnings as interest expense approximately \$300 of the current balance held in accumulated other comprehensive loss.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

7. Interest Rate Hedges, continued

The Company hedges its exposure to the variability in future cash flows for forecasted transactions over a maximum period of twelve months. During the forecasted period, unrealized gains and losses in the hedging instrument will be reported in accumulated other comprehensive income or loss. Once the hedged transaction takes place, the hedge gains and losses will be reported in earnings during the same period in which the hedged item is recognized in earnings.

8. Minority Interests

Minority interest represents the limited partners' interest of 5,249,717 and 6,804,144 Common OP Units in the Operating Partnership at December 31, 2001 and 2000, respectively, and 2,212 units of Preferred Limited Partnership Interests designated as Series A Preferred Units (Preferred OP Units) issued November 16, 1999 in connection with the acquisition of all the partnership interests of the limited partnership which owns the Pacesetter Park Shopping Center .

The Preferred OP Units, which have a stated value of \$1,000 each, are entitled to a quarterly preferred distribution of the greater of (i) \$22.50 (9% annually) per Preferred OP Unit or (ii) the quarterly distribution attributable to a Preferred OP Unit if such unit were converted into a Common OP Unit. The Preferred OP Units are currently convertible into Common OP Units based on the stated value divided by \$7.50. After the seventh anniversary following their issuance, either the Company or the holders can call for the conversion of the Preferred OP Units at the lesser of \$7.50 or the market price of the Common Shares as of the conversion date.

On April 12, 2001, the Company redeemed 8,000 Common OP Units held by a limited partner at \$6.15 per unit, the market price of the Common Shares at that date of share.

Related to the sale of two properties during 2001, the Company redeemed 680,667 Common OP Units on May 15, 2001 in connection with the sale of its interest in the Marley Run Apartments and 38,877 Common OP Units on December 21, 2001 in connection with the sale of the Glen Oaks Apartments (note 2).

During 2001, various limited partners converted a total of 826,884 Common OP Units into Common Shares on a one-for-one basis.

Minority interests at December 31, 2001 and 2000 also include an aggregate amount of \$1,429 and \$2,197, respectively, which as of December 31, 2001, represent third party interests in three of the properties in which the Company has a majority ownership position. During, 2001, the Company purchased the entire minority interest position in one formerly majority-owned partnership for \$30.

9. Related Party Transactions

On December 30, 1999, the Company and Marvin Slomowitz, the former Chief Executive Officer of the Company, terminated certain obligations that were incurred in connection with the RDC Transaction. The principal terms included the cancellation of the lease for the Company's prior headquarters in a building owned by Mr. Slomowitz. Rent expenses for this office space was \$119 for the year ended December 31, 1999. The Company paid Mr. Slomowitz the sum of \$329 in connection with the lease cancellation. Additionally, Mr. Slomowitz terminated his options to acquire 301,000 Common Shares and waived a \$100 payment that was due August, 2000. Mr. Slomowitz also retained the right to continue to guarantee Company debt up to \$55,000. Mr. Slomowitz also removed all restrictions on the sale of any properties which he had originally contributed to the Company, waived his claims for present and future brokerage commissions and agreed to absorb up to \$1,250 of tax liabilities resulting in event of the sale thereof. The Company remains responsible to reimburse Mr. Slomowitz for any such tax liability in excess of \$1,250. Mr. Slomowitz also resigned from the Company's Board of Trustees effective December 8, 1999.

On July 16, 1999, and April 9, 1999, Mr. Slomowitz converted 600,000 and 100,000 Common OP Units, respectively, into Common Shares.

The Company currently manages one property in which a shareholder of the Company has an ownership interest for which the Company earns a management fee of 3% of tenant collections. In each of 2001 and 2000, the Company terminated contracts to manage a property owned by related parties that earned fees of 3.25% and 3.5% of tenant collections, respectively. Management fees earned by the Company under these contracts aggregated \$391, \$853, and \$639 for the years ended December 31, 2001, 2000 and 1999 respectively.

ACADIA REALTY TRUST AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except per share amounts)

9. Related Party Transactions, continued

In connection with the RDC Transaction, the Company is obligated, for a period of five years following the transaction, to reimburse the partners of the real estate partnerships which contributed properties as part of the transaction, for any tax liabilities resulting from the sale of any of the contributed properties. As a result, in connection with the sale of a portion of the Abington Towne Center (note 2), the Company reimbursed a total of \$643 to the partners of the limited partnership that contributed this property. Of this amount, Messrs. Dworman and Bernstein received a total of \$241 as a result of their interests in the contributing partnership.

On May 15, 2001, the Company redeemed 680,667 Common OP Units in connection with the sale of its interest in the Marley Run Apartments (Note 2). Messrs. Dworman and Bernstein owned a total of 13,600 of these redeemed Common OP Units through various affiliated entities.

Included in the Common OP Units converted to Common Shares during 2001, were 10,000 Common OP Units converted by Mr. Dworman who then transferred them to a private charitable foundation in accordance with a pre-existing arrangement.

In connection with the Company's Tender Offer, which was completed in February of 2002, Mr. Dworman, tendered and sold 492,271 Common OP Units and 107,729 Common Shares (note 21).

10. 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, 2001 are summarized as follows:

2002		\$ 49,356
2003		48,447
2004		43,534
2005		37,153
2006		32,646
Thereafter		213,232

		\$424,368
		=====

Minimum future rentals above include a total of \$53,710 for four tenants (with 20 leases), which have filed for bankruptcy protection. None of these leases have been rejected nor affirmed. During the years ended December 31, 2001, 2000 and 1999, no single tenant collectively accounted for more than 10% of the Company's total revenues.

11. Lease Obligations

The Company leases land at six of its shopping centers, which are accounted for as operating leases and generally provide the Company with renewal options. The leases terminate during the years 2016 to 2066. Four of these leases provide the Company with options to renew for additional terms aggregating from 20 to 44 years. The Company leases space for its New York City corporate office for a term expiring in 2002. Future minimum rental payments required for leases having remaining non-cancelable lease terms are as follows:

2002		\$ 668
2003		642
2004		642
2005		642
2006		642
Thereafter		19,997

		\$23,233
		=====

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

12. Share Incentive Plan

During 1999, the Company adopted the 1999 Share Incentive Plan (the 1999 Plan), which replaced both the 1994 Share Option Plan and the 1994 Non-Employee Trustees' Share Option Plan. The 1999 Plan authorizes the issuance of options equal to up to 8% of the total Common Shares outstanding from time to time on a fully diluted basis. However, not more than 4,000,000 of the Common Shares in the aggregate may be issued pursuant to the exercise of options and no participant may receive more than 5,000,000 Common Shares during the term of the 1999 Plan. Options are granted by the Share Option Plan Committee (the Committee), which currently consists of two 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 10 years at the grant date. Vesting of options is at the discretion of the Committee with the exception of options granted to non-employee Trustees, which vest in five equal annual installments beginning on the date of grant. Pursuant to the 1999 Plan, non-employee Trustees receive an automatic grant of 1,000 options following each Annual Meeting of Shareholders. As of December 31, 2001, the Company has issued 2,579,400 options to officers and employees, which are for ten-year terms and vest in three equal annual installments beginning on the grant date. In addition, 14,000 options have been issued to non-employee Trustees.

The 1999 Plan also provides for the granting of Share Appreciation Rights, Restricted Shares and Performance Units/Shares. Share Appreciation Rights provide for the participant to receive, upon exercise, cash and/or Common Shares, at the discretion of the committee, equal to in value to the excess of the option exercise price over the fair market value of the Common Shares at the exercise date. The Committee will determine the award and restrictions placed on Restricted Shares, including the dividends thereon and the term of such restrictions. The Committee also determines the award and vesting of Performance Units and Performance Shares based on the attainment of specified performance objectives of the Company within a specified performance period. For the year ended December 31, 2001, 2000 and 1999, the Company has issued 37,110, 84,063 and 2,000 Restricted Shares, respectively, to employees, which vest equally over three years. No awards of Share Appreciation Rights or Performance Units/Shares were granted for the years ended December 31, 2001, 2000 and 1999.

The Company accounts for stock-based compensation pursuant to Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25), and related interpretations. Under APB 25, no compensation expense has been recognized in the accompanying financial statements related to the issuance of stock options because the exercise price of the Company's employee stock options equaled or exceeded the market price of the underlying stock on the date of grant. The alternative fair value accounting provided for under SFAS No. 123, Accounting for Stock-Based Compensation, has not been elected by the Company. Accordingly, pro forma information regarding net income and earnings per share as required by SFAS No. 123 has been determined as if the Company had accounted for its employee stock options under the fair value method. The fair value for these options was estimated at the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years ended December 31,		
	2001	2000	1999
	----	----	----
Risk-free interest rate	5.4%	4.9%	6.4%
Dividend Yield	8.4%	7.8%	9.5%
Expected Life	7.0 years	7.7 years	8.6 Years
Expected volatility	17.7%	30.0%	32.4%

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

12. Share Incentive Plan, continued

For purposes of pro forma disclosure, the estimated fair value of the options are amortized to expense over the options vesting period. For the years ended December 31, 2001, 2000 and 1999, pro forma net income is \$9,699 (\$0.34 per Common Share), \$19,038 (\$0.72 per Common Share), and \$6,573 (\$0.26 per Common Share), respectively. Changes in the number of shares under all option arrangements are summarized as follows:

	Years ended December 31,		
	2001	2000	1999
	----	----	----
Outstanding at beginning of period			
Granted	2,124,600	2,071,600	300,000
Option price per share granted	\$6.00-\$7.00	\$5.00-\$5.75	\$4.89-\$7.50
Cancelled	6,200	2,000	300,000
Exercisable at end of period	2,418,137	2,108,200	1,368,733
Exercised	--	--	--
Expired	--	--	--
Outstanding at end of period	2,593,400	2,124,600	2,071,600
Option prices per share outstanding	\$4.89-\$7.50	\$4.89-\$7.50	\$4.89-\$7.50

As of December 31, 2001 the outstanding options had a weighted average remaining contractual life of approximately 7.1 years.

13. 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 but not in excess of \$11 for the year ended December 31, 2001. The Company contributed \$135, \$143, and \$93 for the years ended December 31, 2001, 2000 and 1999, respectively.

14. Repurchase of Common Shares

In January 2001, the Board of Trustees approved a continuation and expansion of the Company's existing share repurchase program. Management is authorized, at its discretion, to repurchase up to an additional \$10,000 of the Company's outstanding Common Shares. The program may be discontinued or extended at any time and there is no assurance that the Company will purchase the full amount authorized.

As of December 31, 2001, the Company had repurchased 1,928,432 Common Shares (net of 123,173 Common Shares reissued) at a total cost of \$10,983 under the expanded share repurchase program that allows for the repurchase of up to \$20,000 of the Company's outstanding Common Shares. The repurchased shares are reflected as a reduction of par value and additional paid-in capital.

In addition to the above share repurchase program, the Company commenced a modified "Dutch Auction" tender offer (the Tender Offer) in December 2001 whereby, upon completion in February 2002, it repurchased a total of 5,523,974 Common Shares and Common OP Units at a price of \$6.05 per share (note 21).

SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

15. Dividends and Distributions Payable

On December 14, 2001, the Company declared a cash dividend for the quarter ended December 31, 2001 of \$0.12 per Common Share. The dividend was paid on January 15, 2002 to shareholders of record as of December 31, 2001.

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

	2001	2000	1999
	----	----	----
Ordinary income	79%	100%	41%
Long Term Capital Gain	21%	-	-
Return of capital	-	-	59%
	----	----	----
	100%	100%	100%
	====	====	====

16. Fair Value of Financial Instruments

SFAS No. 107 Disclosures About Fair Value of Financial Instruments, requires disclosure on the fair value of financial instruments. Certain of the Company's assets and liabilities are considered financial instruments. Fair value estimates, methods and assumptions are set forth below.

Cash and Cash Equivalents, Cash in Escrow, Rents Receivable, Note Receivable, Prepaid Expenses, Other Assets, Accounts Payable and Accrued Expenses, Dividends Payable and Other Liabilities. The carrying amount of these assets and liabilities approximates fair value due to the short-term nature of such accounts.

Mortgage Notes Payable

As of December 31, 2001 and 2000, the Company has determined the estimated fair value of its mortgage notes payable are approximately \$272,208 and \$287,588, respectively, by discounting future cash payments utilizing a discount rate equivalent to the rate at which similar mortgage notes payable would be originated under conditions then existing.

17. Summary of Quarterly Financial Information (unaudited)

The separate results of operations of the Company for the years ended December 31, 2001 and 2000 are as follows:

	March 31, 2001	June 30, 2001	September 30, 2001	December 31, 2001	Total for Year
	-----	-----	-----	-----	-----
Revenue	\$ 22,589	\$ 21,018	\$ 20,513	\$ 21,340	\$ 85,460
Income (loss) before minority interest, extraordinary item and cumulative effect of change in accounting principle	\$ 2,312	\$ 9,546	\$(10,905)	\$ 11,629	\$ 12,582
Net income (loss)	\$ 1,583	\$ 7,800	\$(9,269)	\$ 9,688	\$ 9,802
Net income (loss) per Common Share - basic and diluted	\$ 0.08	\$ 0.27	\$ (0.33)	\$ 0.34	\$ 0.36
Income (loss) before extraordinary item and cumulative effect of a change in account principle	\$ 0.08	\$ 0.27	\$ (0.33)	\$ 0.34	\$ 0.36
Net income (loss)	\$ 0.06	\$ 0.27	\$ (0.33)	\$ 0.34	\$ 0.35
Cash dividends declared per common share	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.48
Weighted average Common Shares outstanding - basic and diluted	28,091,479	28,089,593	28,488,712	28,575,250	28,313,070

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

17. Summary of Quarterly Financial Information (unaudited), continued

	March 31, 2000	June 30, 2000	September 30, 2000	December 31, 2000	Total for Year
Revenue	\$23,863	\$24,969	\$23,489	\$24,437	\$96,758
Income before minority interest	\$ 2,701	\$ 4,238	\$ 1,527	\$17,333	\$25,799
Net income	\$ 1,874	\$ 2,964	\$ 1,105	\$13,964	\$19,907
Net income per Common Share - basic and diluted	\$ 0.07	\$ 0.12	\$ 0.04	\$ 0.49	\$ 0.75
Cash dividends declared per Common Share	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.48
Weighted average Common Shares outstanding - basic and diluted	25,476,098	25,241,794	26,789,666	28,218,059	26,437,265

18. Legal Proceedings

On July 30, 2001, the Company filed a lawsuit in Superior Court of New Jersey Law Division: Bergen County against The Great Atlantic & Pacific Tea Company (A&P). The complaint alleges A&P defaulted under its lease at the Elmwood Park Shopping Center by failing to accept delivery of its site at the center. During 2001, the Company completed all required sitework and also complied with all other requirements of the lease in delivering the pad site to A&P. The Company believed A&P wrongfully refused acceptance of the site and sought to have the Court declare the lease in default, terminate the lease and accelerate the rent that totaled approximately \$24.4 million over the 20 year lease term.

On December 31, 1998, the Company settled certain litigation with Jack Wertheimer, a former President of the Company. The Company entered into an agreement whereby the Company paid Mr. Wertheimer \$1,000 on December 31, 1998 and \$900 on April 1, 1999 and agreed to pay him five annual payments of \$200 that commenced January 10, 2000. In March 2002, the Company paid Mr. Wertheimer \$388,000 in satisfaction of all remaining payments owed.

The Company is involved in other 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 or results of operations.

19. 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 I assessment so recommended, a Phase II assessment was 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 they believe would have a material adverse impact on the Company's financial position or results of operations. Management is unaware of any instances in which it 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.

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

20. Extraordinary Item - Loss on Early Extinguishment of Debt

The consolidated statement of operations for the year ended December 31, 2001 includes the write-off of \$140 in net deferred financing fees as a result of the repayment of the related mortgage debt.

21. Subsequent Events

On January 16, 2002, the Company sold Union Plaza, a 218,000 square foot shopping center located in New Castle, Pennsylvania for \$4,750. The Company received a \$3,560 purchase money note. The note, which matures January 15, 2005, requires monthly interest of 7% for year one, increasing at a rate of 1% per annum throughout the term. As part of the transaction, the Company has agreed to reimburse the purchaser 50% of the former Ames rent, or \$43 per month, for a period of 18 months.

In February 2002, the Company completed a Tender Offer (note 1). The Company purchased a total of 5,523,974 Common Shares and Common OP Units at a purchase price of \$6.05 per share for a total of \$33,400.

In February 2002, the Board of Trustees voted to permit Yale University (Yale) to acquire 2,266,667 additional Common Shares from the Howard Hughes Medical Institute by granting a conditional waiver of the provision in the Company's Declaration of Trust that prohibits ownership positions in excess of 4% of the Company. The waiver was limited to this particular transaction. Following this, Yale owned 8,421,759 Common Shares, or 34% of the Company's outstanding Common Shares. Additionally, as a condition to approving the waiver, Yale agreed to establish a voting trust whereby all shares owned by Yale in excess of 30% of the Company's outstanding Common Shares, will be voted in the same proportion as all other shares voted, excluding Yale.

ACADIA REALTY TRUST
SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2001

Description	Encumbrances	Land	Buildings & Improvements	Costs capitalized Subsequent to Acquisition
Shopping Centers				
Crescent Plaza Brockton, MA	\$ 8,766	\$ 1,147	\$ 7,425	\$ 512
New Loudon Centre Latham, NY	(1)	505	4,161	10,668
Ledgewood Mall Ledgewood, NJ	(1)	619	5,434	32,564
Mark Plaza Edwardsville, PA	-	-	4,268	4,186
Luzerne Street Plaza Scranton, PA	1,600	35	315	1,208
Blackman Plaza Wilkes-Barre, PA	-	120	-	1,599
East End Centre Wilkes-Barre, PA	16,054	1,086	8,661	3,559
Greenridge Plaza Scranton, PA	6,100	1,335	6,314	926
Plaza 422 Lebanon, PA	-	190	3,004	517
Route 6 Mall Honesdale, PA	(1)	-	-	12,696
Pittston Mall Pittston, PA	3,676	1,500	-	5,956
Manahawkin Stafford Township, NJ	4,424	2,360	9,396	4,890
Berlin Shopping Centre Berlin, NJ	(1)	1,331	5,351	205
Bradford Towne Centre Towanda, PA	(1)	-	-	16,100
Atrium Mall Abington, PA	-	799	3,197	1,655
Bloomfield Town Square Bloomfield Hills, MI	14,000	3,443	13,774	1,206
Walnut Hill Plaza Woonsocket, RI	2,000	3,122	12,488	634
Elmwood Park Plaza Elmwood Park, NJ	-	3,248	12,992	218
Merrillville Plaza Hobart, IN	13,522	4,288	17,152	829
Soundview Marketplace Port Washington, NY	8,853	2,428	9,711	1,357
Marketplace of Absecon Absecon, NJ	-	2,573	10,294	2,423
Hobson West Plaza Naperville, IL	-	1,793	7,172	477
Smithtown Shopping Center Smithtown, NY	9,106	3,229	12,917	993
Town Line Plaza Rocky Hill, CT	4,051	878	3,510	6,822
Branch Shopping Center Village of the Branch, NY	12,350	3,156	12,545	218
The Caldor Shopping Center Methuen, MA	-	956	3,826	-
Gateway Mall Burlington, VT	6,194	1,273	5,091	136
Mad River Station Dayton, OH	7,305	2,350	9,404	111
Pacesetter Park Shopping Center Ramapo, NY	-	1,475	5,899	266
239 Greenwich Greenwich, CT	13,512	1,817	15,846	213
Residential Properties				
Gate House, Holiday House, Tiger Village Columbia, MO	11,017	2,312	9,247	1,192
Village Apartments Winston Salem, NC	9,682	3,429	13,716	1,165
Colony Apartments Columbia, MO	5,508	1,118	4,470	691
Properties under development	-	-	-	7,127
	----- \$ 261,607(4) =====	----- \$ 53,915 =====	----- \$ 237,580 =====	----- \$ 123,319 =====

[RESTUBBED TABLE]

Description	Land	Buildings & Improvements	Total	Accumulated Depreciation	Date of Acquisition (a) Construction (c)
Shopping Centers					
Crescent Plaza Brockton, MA	\$ 1,147	\$ 7,937	\$ 9,084	\$ 3,444	1984(a)
New Louden Centre Latham, NY	505	14,829	15,334	5,466	1982(a)
Ledgewood Mall Ledgewood, NJ	619	37,998	38,617	18,229	1983(a)
Mark Plaza Edwardsville, PA	-	8,454	8,454	4,446	1968(c)
Luzerne Street Plaza Scranton, PA	35	1,523	1,558	921	1983(a)
Blackman Plaza Wilkes-Barre, PA	120	1,599	1,719	228	1968(c)
East End Centre Wilkes-Barre, PA	1,086	12,220	13,306	6,364	1986(c)
Greenridge Plaza Scranton, PA	1,335	7,240	8,575	3,498	1986(c)
Plaza 422 Lebanon, PA	190	3,521	3,711	2,279	1972(c)
Route 6 Mall Honesdale, PA	1,664	11,032	12,696	2,767	1995(c)
Pittston Mall Pittston, PA	1,521	5,935	7,456	1,342	1995(c)
Manahawkin Stafford Township, NJ	3,067	13,581	16,648	2,568	1993(a)
Berlin Shopping Centre Berlin, NJ	1,331	5,556	6,887	1,533	1994 (a)
Bradford Towne Centre Towanda, PA	817	15,283	16,100	4,028	1994 (c)
Atrium Mall Abington, PA	799	4,852	5,651	294	1998(a)
Bloomfield Town Square Bloomfield Hills, MI	3,443	14,980	18,423	1,260	1998(a)
Walnut Hill Plaza Woonsocket, RI	3,122	13,122	16,244	1,406	1998(a)
Elmwood Park Plaza Elmwood Park, NJ	3,248	13,210	16,458	1,096	1998(a)
Merrillville Plaza Hobart, IN	4,288	17,981	22,269	1,661	1998(a)
Soundview Marketplace Port Washington, NY	2,428	11,068	13,496	1,066	1998(a)
Marketplace of Absecon Absecon, NJ	2,573	12,714	15,287	1,057	1998(a)
Hobson West Plaza Naperville, IL	1,793	7,649	9,442	747	1998(a)
Smithtown Shopping Center Smithtown, NY	3,229	13,910	17,139	1,487	1998(a)
Town Line Plaza Rocky Hill, CT	909	10,301	11,210	1,582	1998(a)
Branch Shopping Center Village of the Branch, NY	3,156	12,763	15,919	1,071	1998(a)
The Caldor Shopping Center Methuen, MA	956	3,826	4,782	323	1998(a)
Gateway Mall Burlington, VT	1,273	5,227	6,500	196	1999(a)
Mad River Station Dayton, OH	2,350	9,515	11,865	689	1999(a)
Pacesetter Park Shopping Center Ramapo, NY	1,475	6,165	7,640	360	1999(a)
239 Greenwich Greenwich, CT	1,817	16,059	17,876	941	1999(c)
Residential Properties					
Gate House, Holiday House, Tiger Village Columbia, MO	2,312	10,439	12,751	1,088	1998(a)
Village Apartments Winston Salem, NC	3,429	14,881	18,310	1,446	1998(a)
Colony Apartments Columbia, MO	1,118	5,161	6,279	490	1998(a)
Properties under development	-	7,127	7,127	-	
	<u>\$ 57,155</u>	<u>\$ 357,658</u>	<u>\$414,813</u>	<u>\$ 75,373</u>	

ACADIA REALTY TRUST
NOTES TO SCHEDULE III
December 31, 2001

1. This property serves as collateral for the financing with Dime Savings Bank in the amount of \$58,148 (Note 6).

2. Depreciation and investments in buildings and improvements reflected in the 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

3. The aggregate gross cost of property included above for Federal income tax purposes was \$346,128 as of December 31, 2001.

4. Total encumbrances include \$42,639 for a cross collateralized and securitized loan. As of December 31, 2001, these 17 properties were under contract for sale to a single buyer.

5. (a) Reconciliation of Real Estate Properties:

The following table reconciles the real estate properties from January 1, 1999 to December 31, 2001:

	For the years ended December 31,		
	2001	2000	1999
	----	----	----
Balance at beginning of year	\$ 514,139	\$ 569,521	\$ 551,249
Other improvements	11,167	13,998	19,728
Properties acquired	-	-	25,905
Impairment of real estate	(15,886)	-	-
Property held for sale	(90,106)	(54,819)	(27,301)
Fully depreciated assets written off	-	(11)	(60)
Sale of property	(4,501)	(14,550)	-
	-----	-----	-----
Balance at end of year	\$ 414,813	\$ 514,139	\$ 569,521
	=====	=====	=====

(b) Reconciliation of Accumulated Depreciation:

The following table reconciles accumulated depreciation from January 1, 1999 to December 31, 2001:

	For the years ended December 31,		
	2001	2000	1999
	----	----	----
Balance at beginning of year	\$ 102,461	\$ 90,932	\$ 87,202
Sale of property	(2,410)	(453)	-
Property held for sale	(41,026)	(5,374)	(14,074)
Fully depreciated assets written off	-	(11)	(60)
Depreciation related to real estate	16,348	17,367	17,864
	-----	-----	-----
Balance at end of year	\$ 75,373	\$ 102,461	\$ 90,932
	=====	=====	=====

EXHIBIT INDEX

The following is an index to all exhibits filed with the Annual Report on Form 10-K other than those incorporated by reference herein:

Exhibit Number -----	Description -----
10.54	Term Loan Agreement dated as of December 28, 2001, among Fleet National Bank and RD Branch Associates, L.P., et al
10.55	Term Loan Agreement dated as of December 21, 2001, among RD Woonsocket Associates Limited Partnership, et al. and The Dime Savings Bank of New York, FSB
10.56	Severance Agreement between the Company and Joel Braun, Sr. Vice President, dated April 6, 2001 (15)
10.57	Severance Agreement between the Company and Joseph Hogan, Sr. Vice President, dated April 6, 2001 (15)
10.58	Severance Agreement between the Company and Perry Kamerman, Sr. Vice President dated April 6, 2001 (15)
10.59	Severance Agreement between the Company and Tim Bruce, Sr. Vice President dated January 2001 (15)
21	List of Subsidiaries of Acadia Realty Trust
23	Consent of Independent Auditors to Form S-3 and Form S-8

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TERM LOAN AGREEMENT

dated as of December __, 2001

between

FLEET NATIONAL BANK

("Lender")

Address of Lender: 1133 Avenue of the Americas
New York, New York 10036

and

RD BRANCH ASSOCIATES, L.P. ("Branch Borrower"),
RD ABINGTON ASSOCIATES LIMITED PARTNERSHIP ("Abington Borrower"), and
RD METHUEN ASSOCIATES LIMITED PARTNERSHIP ("Methuen Borrower")

(Branch Borrower, Abington Borrower and Methuen Borrower, individually and
collectively, as the context requires, "Borrower")

Address of Borrower: c/o Acadia Realty Trust
20 Soundview Marketplace
Port Washington, New York 11050

=====

LOCATION OF MORTGAGED PROPERTY:

The Branch Plaza Property located on Route 25 in Smithtown, New York; the
Methuen Shopping Center Property located at the intersection of Rte. 113 and
Interstate 495 in Methuen, Massachusetts; and the Abington Towne Center Property
located on Old York Road in Abington, Pennsylvania

THIS LOAN AGREEMENT ("this Agreement") dated as of December __, 2001 by and among RD BRANCH ASSOCIATES, L.P., RD ABINGTON ASSOCIATES LIMITED PARTNERSHIP, and RD METHUEN ASSOCIATES LIMITED PARTNERSHIP (collectively and individually, as the context requires, "Borrower") and FLEET NATIONAL BANK ("Lender").

Borrower desires that Lender extend credit as provided herein, and Lender is prepared to extend such credit on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, Borrower and Lender hereby agree as follows:

Article I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. The following terms, as used in this Agreement, shall have the following meanings:

"Abington Towne Center Property" -- The fee interest in real property located on Old York Road in Abington, Pennsylvania owned by Abington Borrower.

"Additional Interest" -- Any and all sums that shall become due and payable by Borrower under the Hedging Agreement.

"Additional Advance" -- Shall have the meaning set forth in Section 3.02 of this Agreement.

"Anchors"-- Shall mean, with respect to each Property, (i) Pathmark, with respect to the Branch Plaza Property; (ii) Wal-Mart, with respect to the Methuen Shopping Center Property; and (iii) T.J. Maxx, with respect to the Abington Towne Center Property.

"Branch Plaza Property" -- The leasehold interest in real property located on Route 25 in Smithtown, New York owned by Branch Borrower.

"Code" -- The Internal Revenue Code of 1986.

"Counterparty" -- Fleet National Bank, in its capacity as a party to the Hedging Agreement, and its successors and assigns in such capacity.

"Default"-- Any event or circumstance which, with the giving of notice or the passage of time, or both, would become an Event of Default.

"DSC Test" -- Shall have the meaning set forth in Section 2.03 of this Agreement.

"Dollars" and "\$" -- Lawful money of the United States of America.

"Employee Benefit Plan" -- Any employee benefit or other plan established or maintained, or to which contributions have been made, by Borrower or Guarantor.

"ERISA" -- The Employee Retirement Income Security Act of 1974, including the rules and regulations promulgated thereunder.

"ERISA Affiliate" -- Any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as Borrower and/or Guarantor, or any trade or business which is under common control (within the meaning of Section 414(c) of the Code) with Borrower and/or Guarantor, or any organization which is required to be treated as a single employer with Borrower and/or Guarantor under Section 414(m) or 414(o) of the Code.

"Event of Default" -- Has the meaning given to such term in the Mortgage.

"Financial Statements" -- Statements of the assets, liabilities (direct or contingent), income, expenses and cash flow of Borrower and Guarantor, prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time and consistently applied.

"Governmental Authorities" -- The United States, the state in which the Property is located and any political subdivision, agency, department, commission, board, bureau or instrumentality of either of them, including any local authorities, which exercises jurisdiction over Borrower, Guarantor, the Property or the Improvements.

"Guarantor" -- Jointly and severally, Acadia Realty Limited Partnership, a Delaware limited partnership and any other person(s) or entity(ies) who may hereafter become a guarantor of any or all of Borrower's obligations in respect of the Loan.

"Guaranty" -- The guaranty(ies) of all or part of Borrower's obligations, to be executed by Guarantor.

"Hazardous Materials" -- Has the meaning given to such term in the Mortgage.

"Hedging Agreement" -- The ISDA Master Agreement or other documentation with respect to the interest rate hedging transaction in the amount of \$20,000,000 entered into by and between Guarantor and Counterparty dated as of August 23, 2001, as assigned to Borrower by Guarantor, as any of the same may be amended, modified or supplemented from time to time, including any and all "confirmations" under any thereof.

"Improvements" -- Shall mean, with respect to the indicated Property: (i) a one story neighborhood shopping center containing 125,840 square feet with respect to the Branch Plaza Property, (ii) a one story neighborhood shopping center containing 129,494 square feet with respect to the Methuen Shopping Center Property, and, (iii) a multi-level shopping center containing 63,889 square feet with respect to the Abington Towne Center Property.

"Indemnity" -- An agreement from Borrower and Guarantor or, if there is no Guarantor, such other persons or entities as shall be satisfactory to Lender, whereby, among other things, Lender is indemnified regarding Hazardous Materials.

"Initial Advance" -- The first advance of Loan proceeds to be made hereunder.

"Law" -- Any federal, state or local law, statute, rule, regulation, ordinance, order, decree, directive, requirement, code, notice of violation or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, determination, consent decree or judgment.

"Lender's Counsel" -- Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019-6092.

"Loan" -- The loan in the Loan Amount made by Lender to Borrower under this Agreement.

"Loan Allocation" -- Shall mean, with respect to the indicated Property: (i) \$12,350,000 for the Branch Plaza Property, (ii) \$5,515,000 for the Methuen Shopping Center Property, and, (iii) \$5,135,000 for the Abington Towne Center Property.

"Loan Amount" -- \$23,000,000, or so much thereof as shall be advanced by Lender pursuant to this Agreement and the Note and outstanding from time.

"Loan Documents" -- This Agreement, the Note, the Mortgage, the Indemnity, Uniform Commercial Code financing statements in respect of the Mortgaged Property and any other collateral given to Lender as security for the Loan, and any other documents which evidence or secure the Loan.

"Loan to Value Test" -- Shall have the meaning set forth in Section 2.03 of this Agreement.

"Major Lease" -- Any lease for space in excess of 5,000 square feet of the rentable area of the Improvements.

"Material Adverse Change" means either (1) a material adverse change in the status of the business, results of operations, financial condition, property or prospects of Borrower or (2) any event or occurrence of whatever nature which is likely to (x) have a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents or (y) create, in the sole and absolute judgment (reasonably exercised) of Lender, a material risk of sale or forfeiture of any of the Mortgaged Property (other than an immaterial portion thereof) under any Mortgage or otherwise materially impair any of the Mortgaged Property under any Mortgage or Lenders' rights therein.

"Methuen Shopping Center Property" -- The fee and leasehold interest in real property located at the intersection of Rte. 113 and Interstate 495 in Methuen, Massachusetts owned by Methuen Borrower.

"Mortgage" -- Those certain mortgages, assignments of leases and rents and security agreements, dated the date hereof, made to Lender to secure the payment and performance of Borrower's obligations hereunder, under the Note and otherwise in respect of the Loan.

"Mortgaged Property" means, for each Property, the Property, the Improvements thereon and all other property constituting the "Mortgaged Property", as said quoted term is defined in the applicable Mortgage.

"Multiemployer Plan" -- Any plan defined as such in Section 3(37) of ERISA.

"Net Operating Income"

(a) all revenues from the ownership, use, occupancy, leasing and operation of the Property during the period in question, determined in accordance with GAAP (but adjusted to eliminate the effects of straight-lining of rents and further adjusted to exclude extraordinary and non-recurring sources of income), including all rental and other payments, including, without limitation, base rent, additional rent, promotional revenues, percentage rent and payments for common area maintenance, taxes, insurance and operating expenses and proceeds of rental loss or business interruption service, excluding tenant security deposits collected but not applied to tenants' obligations, and interest on such deposits;

minus

(b) all expenses in connection with the Property during such period, determined in accordance with GAAP, including insurance premiums, real estate taxes, promotional expenses, maintenance and repair expenses, management fees and any other operational expenses, all as determined in accordance with GAAP, but not including debt service payable under the Loan.

"Note" -- The note, dated the date hereof, for a principal sum equal to the Loan Amount made by Borrower to Lender to evidence the Loan.

"Pension Plan" -- Any employee pension benefit plan within the meaning of Section 3(2) of ERISA with respect to which Borrower, Guarantor or any ERISA Affiliate at any relevant time has liability or an obligation to contribute.

"Premises Documents" -- Has the meaning given to such term in the Mortgage.

"Property" means, individually and collectively, as the context requires, each of Abington Towne Center Property, Branch Plaza Property and Methuen Shopping Center Property.

"Release Price" -- Shall mean, with respect to the indicated Property: (i) \$13,585,000 for the Branch Plaza Property, (ii) \$6,066,500 for the Methuen Shopping Center Property, and, (iii) \$5,648,500 for the Abington Towne Center Property.

"Requisition" -- A written statement by or on behalf of Borrower, in form and substance satisfactory to Lender, setting forth the amount of the Loan advance requested in each instance and instructions for the payment of the same, and certifying the purpose for which such advance is to be used.

"Title Insurer" -- The issuer(s), approved by Lender, of the title insurance policy or policies insuring the Mortgage.

"Treasury Rate" -- The yield rate (i) on the 10 year U.S. Treasury Security due on or closest to the Maturity Date (as defined in the Note), as such yield rate is reported in the Wall Street Journal on the second Business Day preceding the date of calculation.

Section 1.02. Rules of Construction. Except as expressly provided otherwise, when used in this Agreement (i) "or" is not exclusive, (ii) "hereunder", "herein", "hereof" and the like refer to this Agreement as a whole, (iii) "Article", "Section", "Schedule" and "Exhibit" refer to Articles, Sections, Schedules and Exhibits of this Agreement, (iv) terms defined in the singular shall have a correlative meaning when used in the plural and vice versa, (v) a reference to a Law includes any amendment, modification or supplement to, or replacement of, such Law and (vi) a reference to a document shall mean such document as the same may be amended, modified or supplemented from time to time in accordance with its terms. The cover page and the Exhibits and Schedules, if any, annexed hereto are incorporated as a part of this Agreement with the same effect as if set forth in the body hereof. Any table of contents and all captions and headings herein are for convenience only and shall not affect the interpretation or construction hereof.

Article II

THE LOAN

Section 2.01. Generally. Subject to the provisions of this Agreement, and on the basis of the representations, warranties and covenants made herein and in the other Loan Documents, Lender will advance and Borrower will accept the Loan Amount in periodic disbursements as hereinafter set forth and upon the satisfaction of the conditions set forth in Article III hereof. The Loan shall be made at Lender's principal office or at such other place as Lender may designate, by wire transfer to an account of Borrower designated by it.

Section 2.02. Purpose. The Loan shall be made for the business purpose of financing the Mortgaged Property. Borrower covenants and agrees that in no event shall proceeds of the Loan, or any part thereof, be used, directly or indirectly, for any other purpose, for any illegal purpose or for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, or in connection with any hostile acquisition or for any illegal purpose.

Section 2.03. Advances. The Initial Advance shall be in the amount of \$12,350,000 and shall be made upon satisfaction of the conditions set forth in Section 3.01. Subsequent advances shall be made no more frequently than once a month thereafter, upon satisfaction of the conditions set forth in Section 3.02. In no event shall Lender be obligated to make an advance hereunder if (i) the aggregate outstanding principal amount of the Loan following such advance (the "Post Advance Amount") would exceed 65% of the appraised value of the Mortgaged Property (the "Loan to Value Test") as determined by an independent appraisal conducted at Borrower's expense by an appraiser selected by Lender, which appraisal shall be conclusive as to value absent manifest error, provided, however, that Borrower shall not be obligated to pay for more than one (1) appraisal per any twelve (12) consecutive month period so long as no Event of Default exists or (ii) if Net Operating Income is not 140% or more of debt service on the Initial Advance or the Post Advance Amount, as the case may be (the "DSC Test"). For purposes of determining compliance with the DSC Test, Net Operating Income shall be calculated on a semi-annual basis using six months' actual figures and the projected figures for the next succeeding six months and debt service shall be calculated using an interest rate equal to the greater of (a) the actual interest rate; (b) the Treasury Rate plus 200 basis points or (c) an interest rate equal to 8.5% and a (25) year equal payment self liquidating amortization schedule; provided, however, that any calculation of debt service hereunder with respect to the Initial Advance and any Subsequent Initial Advance (as hereinafter defined) shall be calculated using an interest rate equal to the greater of (a) or (b) above only. For purposes of determining compliance with the Loan to Value Test, a new appraisal shall not be required for each advance provided the appraisal required in connection therewith shall not be more than twelve (12) months old and any required reappraisals shall be made at Borrower's expense, subject to the limitation set forth in clause (i) above. Notwithstanding the foregoing, the maximum amount available to be advanced hereunder shall be limited to an aggregate amount of \$22,850,000 (such \$150,000 hold back from the aggregate amount of Loan proceeds available to Borrower, subject to Article III hereof, the "Environmental Holdback Amount") until the environmental condition at the Branch Plaza Property referred to in the Fleet Boston Financial Environmental Due Diligence Report Review dated December 21, 2001 has been remediated so that no further action is required by applicable Governmental Authorities (the remediation of such condition such that no further action is required, the "No Further Action Condition"). Notwithstanding anything to the contrary set forth in Section 3.02(a) hereof, upon satisfaction of the No Further Action Condition, Borrower may requisition advances of the Environmental Holdback Amount at any time during the term of the Loan, subject to the satisfaction of all other conditions to advances set forth in Section 3.02 hereof.

Section 2.04. Procedures for Advances. All advances of Loan proceeds are to be made at Lender's principal office, or at such other place as Lender may designate, by wire transfer to an account of Borrower designated in the applicable Requisition. Borrower shall submit Requisitions to Lender no later than 10:00 a.m. (New York time) on the date which is ten (10) business days prior to the date the advance is to be made and, in the case of advances after the first advance, shall, if requested by Lender, be conditioned upon a title continuation obtained at Borrower's expense showing that there has been no change in the state of title since the date of the last advance.

Article III

CONDITIONS PRECEDENT

Section 3.01. Conditions Precedent to Loan. Lender shall not be obligated to make the Initial Advance until the following conditions shall have been satisfied:

(a) There shall exist no Default or Event of Default, and no Default or Event of Default would result from the making of the Loan;

(b) The representations and warranties made to Lender herein, in the other Loan Documents and in any other document, certificate or statement executed or delivered to Lender in connection with the Loan shall be true and correct on and as of the date of the advance with the same effect as if made on such date;

(c) The Improvements shall not have been materially injured or damaged by fire or other casualty; and

(d) Lender shall have received and approved each of the following:

(1) Loan Fees. A non-refundable facility fee in the amount of \$230,000, to be retained by Lender whether or not any advances are made hereunder;

(2) Loan Documents. This Agreement and each of the other Loan Documents, duly executed by the parties thereto, and, where applicable, duly acknowledged and in proper form for recording or filing, as the case may be, and all necessary or desirable recordings and filings shall have been duly made;

(3) Financial Statements. Current Financial Statements and such other financial data (including, without limitation, current financial statements of tenants under leases in respect of the Mortgaged Property and of parties to any of the Premises Documents, and of the guarantor(s), if any, of any such tenants or parties) as Lender shall require;

(4) Appraisal. An independent M.A.I. appraisal of the Property and Improvements complying in all respects with the standards for real estate appraisals established pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989;

(5) Insurance Policies. The policies of insurance required by the Mortgage, together with evidence of the payment of the premiums therefor;

(6) Hazardous Materials Report/Reliance Letter. A detailed report by a properly qualified engineer, which shall include, inter alia, a certification that such engineer has obtained and examined a list of prior owners, tenants and other users of all or any portion of the Property or any improvements thereon, and has made an on-site physical examination of the Property, and a visual observation of the surrounding areas, and has found no evidence of past or present Hazardous Materials activities or the presence of Hazardous Materials, together with, if required by Lender, a "reliance letter" addressed to Lender with respect to such report;

(7) Environmental Plan. If requested by Lender, Borrower has submitted a plan with respect to the remediation of any environmental conditions relating to the Branch Plaza Property reasonably acceptable to Lender.

(8) Title Policy. A paid title insurance policy, in the amount of (i) \$10,000,000 with respect to the Methuen Shopping Center Property; (ii) \$15,000,000 with respect to the Branch Plaza Property; and (iii) \$5,648,500 with respect to the Abington Towne Center Property, in ALTA 10-17-92 or other form approved by Lender's Counsel with such endorsements as shall be reasonably requested by Lender's Counsel, issued by the Title Insurer which shall insure the Mortgage to be a valid lien on Borrower's interest in the premises free and clear of all defects and encumbrances except those previously received and approved by Lender's Counsel, and shall contain (i) full coverage against mechanics' liens (filed and inchoate), (ii) a reference to the survey but no survey exceptions except those theretofore approved by Lender's Counsel, (iii) such affirmative insurance and endorsements as Lender's Counsel may require, and (iv) if any such policy is dated earlier than the date of the disbursement of the Loan, an endorsement to such policy, in form approved by Lender's Counsel, redating the policy and setting forth no additional exceptions except those approved by Lender's Counsel; and shall be accompanied by such reinsurance agreements between the Title Insurer and title companies approved by Lender, in ALTA 1994 facultative form, as Lender may require;

(9) Survey. A current, as-built survey of the Property, certified to Lender and the Title Insurer showing (i) the location of the perimeter of the Property by courses and distances, (ii) all easements, rights-of-way, and utility lines referred to in the title policy required by this Agreement or which actually service or cross the Property, (iii) the lines of the streets abutting the Property and the width thereof, and any established building and setback lines, (iv) encroachments and the extent thereof upon the Property, (v) the Improvements and the relationship thereof by distances to the perimeter of the Property, established building, setback and street lines and (vi) if the Property is described as being on a filed map, a legend relating the survey to said map;

(10) Leases and Premises Documents. Certified copies of all leases in respect of the Mortgaged Property, accompanied by, in the case of Major Leases and any other leases specified by Lender, estoppel certificates from the tenants thereunder and executed notice-of-assignment letters in the form of EXHIBIT A in respect thereof; executed subordination and attornment agreements, in Lender's usual form, in respect of such leases as Lender may require; a certified copy of the standard form of lease or contract of sale, as the case may be, Borrower will use in connection with the leasing of space in the Improvements or the sale of portions of the Property; and certified copies of all Premises Documents, together with estoppel certificates from the parties thereto;

(11) Requisition. A Requisition for the Initial Advance,

(12) Counsel Opinions. Opinions of Borrower's counsel and local counsel (and, if required by Lender, of a local counsel selected by Lender or Lender's Counsel) to the effects set forth on EXHIBIT B;

(13) Organizational Documents. If Borrower, the mortgagor or grantor under the Mortgage (if different from Borrower), Guarantor or any general partner or member of any of them is a corporation, current copies of the following documents with respect to each (unless otherwise indicated):

(i) a good-standing certificate from the jurisdiction of its incorporation and, as to Borrower and the mortgagor or grantor under the Mortgage only, from the jurisdiction in which the Property is located,

(ii) a resolution, certified by the corporate secretary, of the shareholders or directors of the corporation authorizing the consummation of the transactions contemplated hereby and the execution, delivery and performance of the Loan Documents and any other documents to be executed, delivered or performed by said corporation, and

(iii) a certificate of the corporate secretary as to the incumbency of the officers executing any of the documents required hereby,

and, if Borrower, the mortgagor or grantor under the Mortgage (if different from Borrower), Guarantor or any general partner or member of any of them is a partnership, venture, limited liability company or trust:

(iv) the entity's organizational agreement and all amendments and attachments thereto, certified by a general partner, venturer, member or trustee to be true and complete,

(v) any certificates filed or required to be filed by the entity in the jurisdictions of its formation and where the Property is located in order for it to do business in those jurisdictions, and

(vi) evidence of the authorization of the consummation of the transactions contemplated hereby and the execution, delivery and performance of the Loan Documents to be executed, delivered or performed by said entity, and including any required consents by partners, venturers, members, trustees or beneficiaries;

(14) Intentionally Omitted;

(15) Permits and Approvals. Copies of the certificate(s) of occupancy for the Improvements and of any and all other authorizations (including plot plan and subdivision approvals, zoning variances, water, sewer, building and other permits) required by Governmental Authorities or otherwise necessary for the use, occupancy and operation of the Property and/or Improvements for their intended purposes in accordance with all applicable Laws;

(16) Intentionally Omitted;

(17) Chattel Searches. UCC searches against Borrower or other owner of the Mortgaged Property and advice from the Title Insurer to the effect that searches of proper public records disclose no leases of personalty or financing statements filed or recorded against the Mortgaged Property, Borrower or other owner of any Mortgaged Property;

(18) Intentionally Omitted; and

(19) Additional Documentation. Such other approvals, opinions or documents as Lender may reasonably request including, but not limited to, (i) a current certified rent roll for the Mortgaged Property and tenant estoppel letters for all Anchors and tenants representing not less than 75% of the leaseable space in the Mortgaged Property, (ii) evidence that all Anchors remain in occupancy and a minimum Net Operating Income derived from such anchor tenants and all other tenants leasing space in the Mortgaged Property of not less than \$2,700,000, (iii) ground lessor estoppel certificates from the ground lessor with respect to the Branch Plaza Property and the Methuen Shopping Center Property and (iv) current financial statements of Guarantor showing a minimum net worth of \$100,000,000 (the "Net Worth Requirement") and a minimum unrestricted, unencumbered liquidity of \$5,000,000 (the "Liquidity Requirement").

Section 3.02. Conditions to Advances After the Initial Advance. In addition to the Initial Advance, an additional amount of up to \$7,650,000 of Loan proceeds (each such advance of amounts aggregating up to \$7,650,000, a "Subsequent Initial Advance") shall be made available to Borrower upon the satisfaction of conditions (a) through and including (i) below and a further additional amount of up to \$3,000,000 of Loan proceeds (each such advance of amounts aggregating up to \$3,000,000, an "Additional Advance") shall be made available to Borrower subject to the satisfaction of the following conditions:

(a) Such Subsequent Initial Advance is requisitioned to be advanced within six (6) months from the date hereof and such Additional Advance, if applicable, is requisitioned to be advanced within twelve (12) months from the date hereof;

(b) Subject to the limitations set forth in Section 2.03 and Section 3.02(i) (and Section 3.02(j) with respect to any Additional Advance), the amount of each Additional Advance subsequent to the Initial Advance shall be in the minimum amount of \$100,000 (unless less than said amount is available for disbursement pursuant to the terms hereof at the time of such Additional Advance, in which case the amount of such subsequent advance shall be equal to such remaining availability).

(c) All conditions of Section 3.01 shall have been and remain satisfied as of the date of such advances;

(d) There shall exist no Default or Event of Default;

(e) The representations and warranties made to Lender herein, in the other Loan Documents and in any other document, certificate or statement executed or delivered to Lender in connection with the Loan shall be true and correct on and as of the date of the advance with the same effect as if made on such date (except for the updated rent roll);

(f) Lender shall have received a Requisition, and, if required, a title continuation report;

(g) There shall have occurred no material adverse change in the condition or value of the "Mortgaged Property", as defined in the Mortgage;

(h) Mortgagor shall furnish Lender with a statement, duly acknowledged, of the amount due whether for principal or interest, on the Loan and whether any offsets, counterclaims or defenses exist against the indebtedness secured hereby;

(i) The aggregate outstanding proceeds of the Loan, including the amount of the advance being requested, shall not exceed the amount necessary to satisfy the Loan to Value Test and the DSC Test for Additional Advances; and

(j) A copy of a new, executed lease on commercially reasonable terms providing for a current market rental for space in the Mortgaged Property (each, a "New Lease"), which New Lease is in full force and effect and the new tenant under such New Lease is in possession of the premises demised thereunder and paying rent has been delivered to Lender, and, if requested by Lender, a Subordination, Non-Disturbance and Attornment Agreement with respect to such New Lease has been executed and a copy thereof delivered to Lender. Notwithstanding anything to the contrary contained herein, the maximum amount of any advance in respect of a New Lease shall be limited to 65% of the overall value added by such New Lease. For purposes of this Section 3.02(h), such additional incremental value shall be measured based upon the gross rent payable under said New Lease for the twelve month period following the commencement date under such New Lease (the "Annual Gross Rent") less an imputed management fee equal to 4% of such Annual Gross Rent, such amount capitalized at 9.5%.

Article IV

REPRESENTATIONS AND WARRANTIES

Borrower and Guarantor represent and warrant to Lender that:

Section 4.01. Due Formation, Power and Authority. If it, the mortgagor or grantor under the Mortgage (if different from Borrower), Guarantor or any general partner or member of any of them is a corporation, partnership, venture, limited liability company or trust, each such entity is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation, is qualified to do business (if required) and is in good standing in the jurisdiction in which the Property is located, and has full power and authority to consummate the transactions contemplated hereby and to execute, deliver and perform this Agreement and any other Loan Document to which it is a party.

Section 4.02. Legally Enforceable Agreements. Each Loan Document to which Borrower or Guarantor is a party is a legal, valid and binding obligation of such party, enforceable against Borrower or Guarantor, as the case may be, in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar Laws affecting creditors' rights generally.

Section 4.03. Financial Statements. Financial Statements have been heretofore delivered to Lender which are true, correct and current in all respects and which fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof; no material adverse change has occurred in the financial conditions reflected therein since the respective dates thereof and no borrowings (other than the Loan) which might give rise to a lien or claim against the Mortgaged Property or proceeds of the Loan have been made by Borrower or others since the dates thereof.

Section 4.04. Compliance With Laws; Payment of Taxes. Borrower and Guarantor are in compliance with, and the transactions contemplated hereby and by the other Loan Documents do not and will not violate any provision of, or require any filing, registration, consent or approval under, any Law presently in effect having applicability to Borrower or Guarantor; Borrower has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments and governmental charges and levies due and payable (including those in respect of the Mortgaged Property), including interest and penalties.

Section 4.05. Litigation. There are no actions, suits or proceedings pending or threatened against or affecting it, Guarantor, the Mortgaged Property, the validity or enforceability of the Mortgage or the priority of the lien thereof at law, in equity or before or by any Governmental Authorities except actions, suits or proceedings which have been disclosed to Lender in writing and which are fully covered by insurance or would, if adversely determined, not substantially impair the ability of Borrower or Guarantor to pay when due any amounts which may become payable under the Note or Guaranty or to otherwise pay and perform their respective obligations in connection with the Loan; to Borrower's knowledge, neither it nor Guarantor is in default with respect to any order, writ, injunction, decree or demand of any court or Governmental Authorities.

Section 4.06. No Conflicts or Defaults. The consummation of the transactions contemplated hereby and the performance hereof and of the other Loan Documents have not resulted and will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, bank loan or credit agreement, corporate charter, by-laws, partnership agreement or other instrument to which Borrower or Guarantor is a party or by which either of them may be bound or affected.

Section 4.07. Solvency. Borrower and Guarantor are, and upon consummation of the transactions contemplated by this Agreement, the other Loan Documents and any other related documents, will be, solvent.

Section 4.08. Governmental Regulation. Borrower is not subject to regulation under the Investment Company Act of 1940 or any Law limiting its ability to incur indebtedness for money borrowed as contemplated hereby.

Section 4.09. Insurance. Borrower has in force, and has paid the premiums in respect of, all of the insurance required by the Mortgage.

Section 4.10. ERISA. Neither Borrower nor Guarantor nor any other person or entity, including any fiduciary, has engaged in any prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) which could subject Borrower or Guarantor or any person or entity which they have an obligation to indemnify to any tax or penalty imposed under Section 4975 of the Code or Section 502 of ERISA; neither Borrower nor Guarantor nor any ERISA Affiliate maintains, contributes to or has any liability with respect to a Multiemployer Plan or any other plan subject to Title IV of ERISA; each Employee Benefit Plan is administered in accordance with its terms and in compliance with all applicable Laws, including any reporting requirements; each Pension Plan intending to qualify under Section 401(a) or 401(k) of the Code does so qualify; there is no lien outstanding or security interest given in connection with a Pension Plan; neither Borrower nor Guarantor nor any ERISA Affiliate has any liability with respect to an accumulated funding deficiency (whether or not waived) under Section 412 of the Code or Section 302 of ERISA; neither Borrower nor Guarantor has any liability for retiree medical or death benefits (contingent or otherwise) other than as required by Section 4980B of the Code; and no part of the funds to be used by Borrower or Guarantor in satisfaction of their respective obligations under this Agreement and the other Loan Documents constitute "plan assets" of any "employee benefit plan" within the meaning of ERISA or of any "plan" within the meaning of Section 4975(e)(1) of the Code, as interpreted by the Internal Revenue Service and the United States Department of Labor in rules, regulations, releases or bulletins or as interpreted under applicable case law.

Section 4.11. Other Documents. The Major Leases and Premises Documents are unmodified and in full force and effect, there are no defaults (or events which with notice or the passage of time, or both, would constitute such a default) under any thereof and all conditions to the effectiveness and continuing effectiveness thereof required to be satisfied as of the date hereof have been satisfied.

Section 4.12. No Defaults. There exists no Default or Event of Default.

Section 4.13. Accuracy of Information; Full Disclosure. Neither this Agreement nor any documents, financial statements, reports, notices, schedules, certificates, statements or other writings furnished by or on behalf of Borrower or Guarantor to Lender in connection with the negotiation of this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby, or required herein or by the other Loan Documents to be furnished by or on behalf of Borrower or Guarantor, contains any untrue or misleading statement of a material fact or omits a material fact necessary to make the statements herein or therein not misleading; there is no fact which Borrower has not disclosed to Lender in writing which materially affects adversely or, so far as Borrower can now foresee, will materially affect adversely any of the Mortgaged Property or the business affairs or financial condition of Borrower or Guarantor, or the ability of Borrower or Guarantor to perform this Agreement and the other Loan Documents.

Section 4.14. Separate Tax and Zoning Lot. The Mortgaged Property constitutes a distinct parcel for purposes of zoning and of taxes, assessments and impositions (public or private) and are not otherwise considered as part of a larger single lot for purposes of zoning or of taxes, assessments or impositions (public or private).

Section 4.15. The Improvements. There are no structural defects in the Improvements or violations of any requirement of any Governmental Authorities with respect thereto; the use, occupancy and operation of the Improvements comply with all applicable permits and restrictive covenants affecting the Mortgaged Property, as well as with the Premises Documents and with all zoning, building, environmental, ecological, landmark, subdivision and other Laws, and all requirements for such use, occupancy and operation have been satisfied; there exist a sufficient number of parking spaces necessary to satisfy the requirements of the Premises Documents and any leases and all zoning and other applicable legal requirements with respect to the Mortgaged Property, and all required landscaping, sidewalks and other amenities, and all off-site improvements, related to the Improvements have been completed.

Section 4.16. Utility Services. All utility services necessary for the use and operation of the Improvements for their intended purposes are available and servicing the Property, including water supply, storm and sanitary sewer, gas, electric power and telephone facilities.

Section 4.17. Creation of Liens. It has entered into no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the Mortgaged Property or any part thereof.

Section 4.18. Roads. All roads necessary for the full utilization of the Improvements for their intended purposes have been completed and dedicated to public use and accepted by all appropriate Governmental Authorities.

Section 4.19. Requisition as Reaffirmation. Each Requisition submitted to Lender, and the receipt of the funds requested thereby, shall constitute an affirmation by Borrower that the representations and warranties contained herein and in the other Loan Documents remain true and correct as of the respective dates of such Requisitions.

Article V

COVENANTS OF BORROWER

Borrower covenants and agrees with Lender that it will promptly:

Section 5.01. Compliance with Laws; Payment of Taxes. Comply with all Laws applicable to it or the Mortgaged Property, or any part thereof, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed on it or the Mortgaged Property, or any part thereof, and promptly furnish Lender with reports of any official searches made by Governmental Authorities and any claims of violations thereof.

Section 5.02. Leases and Premises Documents. Deliver to Lender certified copies of all leases in respect of the Mortgaged Property and all Premises Documents and all amendments to any thereof (in any case, whether executed before or after the date hereof) together with (i) if requested by Lender, current financial statements of the tenants thereunder or parties thereto as the case may be, and of the guarantor(s), if any, of such tenants or parties and (ii) in the case of all Major Leases, a notice-of-assignment letter in the form of EXHIBIT A; and keep all Premises Documents and, except as may be permitted by the Mortgage, all leases in full force and effect.

Section 5.03. Inspection Fee. Commencing on the first anniversary of the date hereof and on each anniversary thereafter during the term of the Loan, deliver to Lender a non-refundable administrative inspection fee in the amount of \$1,000.00 (the "Inspection Fee") with respect to the costs associated with Lender's annual inspection of the Property.

Section 5.04. Continuing Accuracy of Representations and Warranties. Cause all of the representations and warranties made to Lender herein and in the other Loan Documents to be continuously true and correct.

Section 5.05. Covenants, Restrictions and Easements. Comply with all restrictions, covenants and easements affecting the Mortgaged Property or the Improvements and cause the satisfaction of all conditions hereof.

Section 5.06. DSC Test and Loan to Value Test. Comply at all times with the DSC Test and the Loan to Value Test, as calculated in accordance with Section 2.03 hereof, provided, however, that such non-compliance shall not constitute an Event of Default under the Mortgage and hereunder if, within forty-five (45) days of the date upon which Mortgagor receives written notice from Lender of Borrower's non-compliance thereof (the "Notice Date"), Mortgagor complies with the provisions of this Section 5.06, by either (i) partially prepaying the Note and the Hedging Agreement and all applicable prepayment or other charges, if any, provided for in the Note so that Borrower is in compliance herewith or (ii) delivering to Lender cash, a letter of credit from a financial institution acceptable to Lender, or such other collateral as may be acceptable to Lender in its sole discretion in an amount equal to the amount that would have been required to have been prepaid pursuant to (i) above in order to cure such default.

Section 5.07. Payment of Costs. Pay all costs and expenses required for the satisfaction of the conditions hereof, including, without limitation (i) all document and stamp taxes, recording and filing expenses and fees and commissions lawfully due to brokers in connection with the transactions contemplated hereby, (ii) any taxes, insurance premiums, liens, security interests or other claims or charges against the Property or Improvements and (iii) all costs of completion of the work to be performed by Borrower in space to be occupied in the Improvements (including public space) to permit the lawful occupancy thereof for the purposes contemplated by actual or prospective lessees or owners of such space as set forth in the individual leases, subleases or purchase contracts thereof or in detailed work letters or other agreements or letters of intent with respect thereto, or, in cases where there are no such leases, subleases, contracts, work letters or other documents as aforesaid, as set forth in Borrower's standard work letter or the standard form of lease or contract, if any, required by paragraph (9) of Section 3.01(d), or, in cases where none of the foregoing exists, to the level of building standard in accordance with industry practices, as conclusively determined by the Engineering Consultant.

Section 5.08. Brokers. Indemnify Lender against claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby.

Section 5.09. Correction of Defects. Upon demand of Lender or the Engineering Consultant, correct any defects (including structural) in the Improvements.

Section 5.10. Reporting and Miscellaneous Document Requirements. Furnish directly to each Lender:

(1) Semi-Annual Financial Statements of Borrower. On a semi-annual basis, as soon as available and in any event within ninety (90) days after the end of each applicable semi-annual period, Financial Statements of Borrower, in reasonable detail (including detailed balance sheet, income statement, cash flow statement and one-year projections) and stating in comparative form the respective figures for the corresponding date and period in the prior semi-annual period;

(2) Annual Financial Statements of Guarantor. As soon as available and in any event within one hundred (100) days after the end of each Fiscal Year, Financial Statements of Guarantor as of the end of and for such Fiscal Year, in reasonable detail (including detailed balance sheet, income statement, cash flow statement, and contingent liability schedule) and stating in comparative form the respective figures for the corresponding date and period in the prior Fiscal Year, audited by its Accountants;

(3) Covenant Compliance Certificates. Within thirty (30) days after the end of each fiscal quarter, Guarantor shall submit to Lender a Covenant Compliance Certificate certified by a principal financial or accounting officer or general partner, as the case may be, in the Form of Exhibit C-1 hereto certifying, on the basis of Guarantor's unaudited financial statements, that Guarantor has met the Liquidity Requirement for the applicable period. As soon as available and in any event within one hundred (100) days after the end of each Fiscal Year, Guarantor shall submit to Lender a Covenant Compliance Certificate certified by a principal financial or accounting officer or general partner, as the case may be, in the Form of Exhibit C-2 hereto certifying, on the basis of Guarantor's audited Financial Statements as of the end of and for such Fiscal Year, that Guarantor has met the Net Worth Requirement and the Liquidity Requirement;

(4) Notice of Litigation. Promptly after the commencement and knowledge thereof, notice of all actions, suits, and proceedings before any court or arbitrator or any Governmental Authority, affecting (i) Borrower which, if determined adversely to Borrower are likely to result in a Material Adverse Change or (ii) all or any portion of the Mortgaged Property under any Mortgage;

(5) Notices of Defaults and Events of Default. As soon as possible and in any event within ten (10) days after Borrower becomes aware of the occurrence of a Default or any Event of Default, a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken with respect thereto;

(6) Material Adverse Change. As soon as is practicable and in any event within five (5) days after knowledge of the occurrence of any event or circumstance which is likely to result in or has resulted in a Material Adverse Change, written notice thereof;

(7) Offices. Thirty (30) days' prior written notice of any change in the chief executive office or principal place of business of Borrower;

(8) Environmental and Other Notices. As soon as possible and in any event within ten (10) days after receipt, copies of (i) all Environmental Notices received by Borrower which are not received in the ordinary course of business and which relate to any Property or a situation which is likely to result in a Material Adverse Change and (ii) all reports of any official searches made by any Governmental Authority having jurisdiction over any Property or the Improvements thereon, and of any claims of violations thereof;

(9) Insurance Coverage. Promptly, such information concerning Borrower's insurance coverage as Lender may reasonably request;

(10) Bankruptcy of Tenants. Promptly after becoming aware of the same, written notice of the bankruptcy, insolvency or cessation of operations of any tenant in the Improvements on any Property to which 5% or more of the aggregate minimum rent from such Improvements is attributable;

(11) Leasing Reports and Property Information. (i) Upon request by Lender, but no more often than quarterly, an updated rent roll, leasing report, and operating and cash statements for each Property and (ii) (ii) as soon as available and in any event within ninety (90) days after the end of each Fiscal Year, tenant sales report for each Property, to the extent Borrower is entitled to receive same pursuant to the terms of the respective leases; and

(12) General Information. Promptly, such other information respecting the condition or operations, financial or otherwise, of Borrower, Guarantor or any Properties of Borrower as Lender may from time to time reasonably request.

Article VI

GENERAL CONDITIONS AND PROVISIONS

Section 6.01. Disbursement Not Waiver. The disbursement by Lender of the Loan made prior to or without the fulfillment by Borrower of all of the conditions precedent thereto, whether or not known to Lender, shall not constitute a waiver by Lender of the requirement that all conditions, including the non-performed conditions, shall be satisfied.

Section 6.02. No Third-Party Beneficiaries. This Agreement is solely for the benefit of Lender and Borrower. All conditions of the obligations of Lender hereunder are imposed solely and exclusively for the benefit of Lender and may be freely waived or modified in whole or in part by Lender at any time if in its sole discretion it deems it advisable to do so, and no person other than Borrower (provided, however, that all conditions have been satisfied) shall have standing to require Lender to disburse the Loan or to be a beneficiary of this Agreement.

Section 6.03. Documentation Etc. Satisfactory. All documentation and proceedings deemed by Lender or Lender's Counsel to be necessary or required in connection herewith and the documents relating hereto shall be subject to the prior approval of, and satisfactory to, both of them as to form and substance. In addition, the persons or parties responsible for the execution and delivery of, and signatories to, all of such documentation, shall be acceptable to, and subject to the approval of, Lender and Lender's Counsel. Lender or Lender's Counsel shall receive copies, certified if requested by either of them, of all documents which they may require in connection with the transactions contemplated hereby.

Section 6.04. Lender's Determination Conclusive. Lender shall, at all times, be free to independently establish to its satisfaction and in its absolute discretion the existence or nonexistence of any fact or facts the existence or nonexistence of which is a condition hereof.

Section 6.05. Notices. Except as expressly provided otherwise, all notices, demands, consents, approvals and statements required or permitted hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally, three (3) days after mailing by registered or certified mail, postage prepaid, or one (1) day after delivery to a nationally recognized overnight courier service providing evidence of the date of delivery, if to Borrower at its address stated on the cover page hereof, and if to Lender, at its address stated on the cover page hereof to the attention of its Real Estate Finance office, or at such other address of which a party shall have notified the party giving such notice in writing in accordance with the foregoing requirements.

Section 6.06. Entire Agreement; Amendments and Waivers. This Agreement and the other Loan Documents contain the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements or statements relating to such subject matter. None of the terms and provisions hereof or of the other Loan Documents may be changed, waived, discharged or terminated, nor may any material departure from the provisions hereof or thereof be consented to, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, termination or consent is sought. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Without limiting the foregoing, acceptance by Lender of any sum required to be paid pursuant hereto or any other Loan Document, after its due date, or in an amount less than the sum then due, shall not constitute a waiver by Lender of its right to require prompt payment when due of all other such sums or to declare a default or to exercise such other rights provided herein or in the other Loan Documents for such late or reduced payment.

Section 6.07. Setoff. In addition to (and without limitation of) any right of setoff, bankers' lien or counterclaim Lender may otherwise have, Lender shall be entitled, at its option, to offset balances (general or special, time or demand, provisional or final) held by it for the account of Borrower at any of Lender's offices against any amount payable by Borrower to Lender hereunder or under any other Loan Document which is not paid when due (regardless of whether such balances are then due to Borrower), in which case it shall promptly notify Borrower thereof; provided, however, that Lender's failure to give such notice shall not affect the validity thereof. Payments by Borrower hereunder or under the other Loan Documents shall be made without setoff or counterclaim.

Section 6.08. Successors and Assigns. Except as herein provided, this Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective heirs, personal representatives, successors and assigns. Notwithstanding the foregoing, Borrower, without the prior written consent of Lender in each instance, may not assign, transfer or set over to another, in whole or in part, all or any part of its benefits, rights, duties and obligations hereunder, including, but not limited to, performance of and compliance with conditions hereof and the right to receive the proceeds of the Loan.

Section 6.09. Severability. The provisions hereof are intended to be severable. Any provisions hereof, or the application thereof to any person, entity or circumstance, which, for any reason, in whole or in part, is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof (or the remaining portions of such provision) or the application thereof to any other person, entity or circumstance, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision (or portion thereof) or the application thereof to any person, entity or circumstance in any other jurisdiction.

Section 6.10. Non-Waiver; Remedies Cumulative. No failure or delay on Lender's part in exercising any right, remedy, power or privilege (hereinafter in this Section, each a "Remedy") hereunder or under any of the other Loan Documents shall operate as a waiver of any such Remedy or shall be deemed to constitute Lender's acquiescence in any default by Borrower or Guarantor under any of said documents. A waiver by Lender of any Remedy hereunder or under any of the other Loan Documents on any one occasion shall not be construed as a bar to any other or future exercise thereof or of any other Remedy. The Remedies provided in said documents are cumulative, may be exercised singly or concurrently and are not exclusive of any Remedies provided therein or by Law.

Section 6.11. Certain Waivers. Borrower hereby irrevocably and unconditionally waives (i) promptness and diligence, (ii) notice of any actions taken by Lender hereunder or under any other Loan Document or any other agreement or instrument relating hereto or thereto except to the extent otherwise provided herein, (iii) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of Borrower's obligations hereunder and under the other Loan Documents, the omission of or delay in which, but for the provisions of this Section, might constitute grounds for relieving Borrower of any of its obligations hereunder or under the other Loan Documents, (iv) any requirement that Lender protect, secure, perfect or insure any lien on any collateral for the Loan or exhaust any right or take any action against Borrower, Guarantor or any other person or entity or against any collateral for the Loan, (v) any right or claim of right to cause a marshalling of Borrower's assets and (vi) all rights of subrogation or contribution, whether arising by contract or operation of law or otherwise by reason of payment by Borrower pursuant hereto or to any other Loan Document. BORROWER FURTHER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY OR ON BEHALF OF LENDER WITH RESPECT TO THIS AGREEMENT, THE NOTE OR OTHERWISE IN RESPECT OF THE LOAN, ANY AND EVERY RIGHT BORROWER MAY HAVE TO (W) INJUNCTIVE RELIEF, (X) A TRIAL BY JURY, (Y) INTERPOSE ANY COUNTERCLAIM THEREIN, OTHER THAN A COMPULSORY COUNTERCLAIM AND (Z) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING CONTAINED IN THE IMMEDIATELY PRECEDING SENTENCE SHALL PREVENT OR PROHIBIT BORROWER FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST LENDER WITH RESPECT TO ANY ASSERTED CLAIM.

Section 6.12. Expenses; Indemnification. The Loan shall be made without cost to Lender. Borrower covenants and agrees to pay all costs, expenses and charges (including, without limitation, all fees and charges of engineers, appraisers, the Engineering Consultant and Lender's Counsel) incurred by Lender in connection with (i) the preparation for and consummation of the transactions contemplated hereby or for the performance hereof and of the other Loan Documents, and for any services which may be required in addition to those normally and reasonably contemplated hereby and (ii) the enforcement hereof or of any or all of the other Loan Documents. If Borrower fails to pay promptly any costs, charges or expense required to be paid by it as aforesaid, and Lender pays such costs, charges or expenses, Borrower shall reimburse Lender on demand for the amounts so paid, together with interest thereon at the "Default Rate" (as said quoted term is defined in the Mortgage). Borrower further agrees to indemnify Lender and its directors, officers, employees and agents from, and hold each of them harmless against, (x) any and all losses arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to any actual or proposed use by Borrower of the proceeds of the Loan, including, without limitation, the fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceedings and (y) any and all claims, actions, suits, proceedings, costs, expenses, losses, damages and liabilities of any kind, including in tort, penalties and interest, arising out of or by reason of any matter relating, directly or indirectly, to the Mortgage or the ownership, condition, development, construction, sale, rental or financing of the Property or Improvements or any part thereof (but excluding any such losses, liabilities, claims, damages or expenses incurred solely by reason of the gross negligence or willful misconduct of the party to be indemnified). The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan.

Section 6.13. Gross-Up For Taxes. All payments made by Borrower under the Note and other Loan Documents shall be made free and clear of, and without deduction or withholding for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding income taxes and franchise or other taxes (imposed in lieu of income taxes) imposed on Lender as a result of a present or former connection between Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from Lender's having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or the Note). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") is required to be withheld from any amounts payable to Lender under the Note or other Loan Documents, the amounts so payable to Lender shall be increased to the extent necessary to yield to Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable with respect to the Loan at the rates or in the amounts specified in the Note or other Loan Documents. Whenever any Non-Excluded Taxes are payable by Borrower, as promptly as possible thereafter Borrower shall send to Lender a certified copy of an original official receipt received by Borrower showing payment thereof. If Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to Lender the required receipts or other required documentary evidence, Borrower shall indemnify Lender for any incremental taxes, interest or penalties that may become payable by Lender as a result of any such failure. The agreements in this Section shall survive the termination of this Agreement and the payment of the Note and all other amounts payable in respect of the Loan.

Section 6.14. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

Section 6.15. Transfers of Interests in Loan. Borrower recognizes that Lender may sell and transfer interests in the Loan, this Agreement and the other Loan Documents to one or more participants or assignees and that all documentation, Financial Statements, appraisals and other data, or copies thereof, relevant to Borrower, Guarantor or the Loan may be exhibited to and retained by any such participant or assignee or prospective participant or assignee for its files.

Section 6.16. Lender's Right to Terminate. In the event Borrower shall not have satisfied the conditions precedent to its entitlement to the disbursement of the Loan proceeds hereunder within sixty (60) days of the date hereof, Lender shall have the absolute right, at its option, to terminate its obligations under this Agreement and the loan commitment represented hereby by notice to Borrower.

Section 6.17. Governing Law; Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall in all respects be governed by, and construed and enforced in accordance with, the Laws of the State of New York (without giving effect to New York's principles of conflicts of law). Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in The City of New York (or any county in New York State where any portion of the Property is located) over any suit, action or proceeding arising out of or relating to this Agreement, and Borrower hereby agrees and consents that, in addition to any methods of service of process provided for under applicable Law, all service of process in any such suit, action or proceeding in any New York State or Federal court sitting in The City of New York (or such other county in New York State) may be made by certified or registered mail, return receipt requested, directed to Borrower at the address indicated on the cover page hereof, and service so made shall be complete five (5) days after the same shall have been so mailed.

Section 6.18. Releases. Provided no Default or Event of Default exists, Borrower shall have the right to obtain the release of any of the Properties from the Mortgage encumbering the same, at Borrower's expense, so long as (i) Borrower pays to Lender an amount equal to the lesser of (x) the greater of (A) the Release Price for the Property that is the subject of such release and (B) the amount necessary to reduce the Loan to an amount which satisfies the DSC Test on the basis of Net Operating Income from the parcels not being released or (y) the then outstanding principal amount of the Loan, which amount shall be applied to the reduction of outstanding principal under the Loan, (ii) Lender receives such reasonable documentation as Lender shall request confirming that the amount of any Additional Interest secured by the Mortgage encumbering the Property which is being released shall be secured by the credit of Guarantor, and (iii) Lender receives such other documents, opinions and assurances as Lender may reasonably request. Upon any such release of a Property, such Property shall no longer constitute a "Property" hereunder.

Section 6.19. Exculpation. Neither Borrower nor any Guarantor shall be personally liable for payment of the principal of the Note or interest thereon, and in the event of any failure by Borrower to pay any portion of such principal or interest, Lender will look, with respect to the then outstanding balance of such principal and interest, solely to the Mortgaged Property and such other collateral as has been, or hereafter shall be, given to secure payment of the Note. The foregoing limitation on liability shall not impair or otherwise affect the validity or enforceability of (a) the debt evidenced by the Note or the Loan Agreement or of any other obligations evidenced by the Note, the Loan Agreement, the Mortgage or any of the Loan Documents or (b) Lender's liens, security interests, rights and remedies (including, without limitation, the remedies of foreclosure and/or sale) with respect to the Mortgaged Property or any other property, security, collateral and/or assets (including the proceeds thereof) encumbered, pledged or assigned by the Mortgages or any other security for the Loan. In addition, the foregoing limitation on liability shall not limit anyone's obligations or be applicable with respect to: (i) liability under any

guaranty(ies) or indemnity(ies) delivered or afforded to Lender; (ii) any fraud or material misrepresentation; (iii) taxes of any kind (whether characterized as transfer, gains or other taxes) payable in connection with the foreclosure sale of the Mortgaged Property, irrespective of who pays such taxes; (iv) application of any proceeds of the Loan to any purpose other than as provided in the Loan Documents; (v) the application of any insurance or condemnation proceeds or other funds or payments other than strictly in accordance with the Loan Documents; (vi) the misapplication of any security deposits; (vii) rents, sales proceeds, or other sums received after default under the Loan Documents which are not applied to expenses of operating the Mortgaged Property or paid to Lender or a duly appointed receiver of the Premises; (viii) any failure to deliver to Lender, after demand therefor, any agreements relating to the operation, management, leasing, use, occupancy or construction of the Mortgaged Property; (ix) any intentional physical waste in respect of the Mortgaged Property; (x) any failure to pay or discharge any real estate tax, other tax, assessment, fine, penalty or lien against the Mortgaged Property to the extent revenue from leases of the Mortgaged Property was available to pay same; (xi) liability as landlord under any lease(s) relating to the Mortgaged Property which liability accrued prior to Lender's succeeding to such interest of Borrower, which Lender is or becomes obligated for by virtue of Lender succeeding to the interests of Borrower, provided, however, that such liability shall only apply with respect to any liability of Borrower under such leases which Lender assumes pursuant to subordination, non-disturbance and attornment agreements required pursuant to the terms of such leases; (xii) liability under any agreement relating to the operation or maintenance of the Mortgaged Property which liability accrued prior to Lender's succeeding to such interest of Borrower which Lender is or becomes obligated for by virtue of Lender succeeding to the interests of Borrower, provided, however, that such liability shall only apply with respect to agreements which are not terminable by their terms upon thirty (30) days' written notice; (xiii) liability to pay for the premiums on and keep in full force and effect insurance in respect of the Mortgaged Property in accordance with the Loan Documents to the extent revenue from leases of the Mortgaged Property was available to pay same; or (xiv) liability for Hazardous Substances that may exist upon or be discharged from the Mortgaged Property. Borrower and any Guarantor shall in any event be and shall remain personally liable for each of the matters to which reference is made in the preceding sentence and Lender may seek, obtain and enforce one or more money judgments in any appropriate proceeding(s) with respect thereto. The limitation on personal liability contained in this paragraph shall become automatically null and void and shall be of no further force or effect, and Borrower and each Guarantor shall be and remain personally liable for payment of the principal of the Note and interest thereon, in accordance with the terms and provisions of this Loan Agreement, in the event that Borrower, or anyone acting on behalf of Borrower, shall (A) file a petition or answer seeking any relief of any kind under the bankruptcy laws of the United States (or if an Insolvency Event shall otherwise occur), (B) assert in writing or in any legal proceedings of any kind that any provisions of any of the Loan Documents are in whole or in part unenforceable, invalid or not legally binding, or (C) fail fully to cooperate with Lender or a receiver in Lender's or such receiver's efforts to collect Rents directly from tenants after a default under the Loan Documents.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the day and year first above written, the execution hereof by Borrower constituting a certification by the party or parties executing on its behalf that the representations and warranties made in Article IV are true and correct as of the date hereof and that each of them duly holds and is incumbent in the position indicated under his or her name.

FLEET NATIONAL BANK

By _____
Name:
Title:

RD BRANCH ASSOCIATES, L.P., a New York limited partnership

By: Acadia Property Holdings, LLC,
its general partner

By: Acadia Realty Limited Partnership,
its sole member

By: Acadia Realty Trust, its general partner

By: _____
Name: Robert Masters
Title: Senior Vice President

RD ABINGTON ASSOCIATES LIMITED
PARTNERSHIP, a Delaware limited
partnership

By: Acadia Property Holdings, LLC,
its general partner

By: Acadia Realty Limited Partnership,
its sole member

By: Acadia Realty Trust, its general
partner

By: _____
Name: Robert Masters
Title: Senior Vice President

RD METHUEN ASSOCIATES LIMITED
PARTNERSHIP, a Massachusetts limited
partnership

By: Acadia Property Holdings, LLC,
its general partner

By: Acadia Realty Limited Partnership,
its sole member

By: Acadia Realty Trust, its general
partner

By: _____
Name: Robert Masters
Title: Senior Vice President

The undersigned joins in the execution and authorizes the delivery of this Loan Agreement for the purpose of accepting and agreeing to the provisions of Section 5.10(3) and Section 7.11 hereof.

ACADIA REALTY LIMITED PARTNERSHIP

By: Acadia Realty Trust, its general partner

By: _____
Name: Robert Masters
Title: Senior Vice President

EXHIBIT A

Notice-of-Assignment of Lease
(On Letterhead of Borrower)

_____, 200_

[Name and Address of Tenant]

Re: Lease Dated:
Lender:
Address of Lender:
Mortgage Dated:

Dear Sir/Madam:

The undersigned has assigned by a mortgage or deed of trust (the "Mortgage") dated as shown above to the Lender identified above (hereinafter "Lender") all its estate, right, title and interest in, to and under the Lease between you and the undersigned dated as set forth above, as said Lease may have been heretofore modified or amended (the "Lease"), together with all right, title and interest of the undersigned as lessor thereunder, including, without limitation, the right upon the occurrence of an Event of Default (as defined in the Mortgage) to collect and receive all earnings, revenues, rents, issues, profits and income of the property subject to the Mortgage.

[Certain provisions of the Mortgage, the text of which are attached hereto, restrict some of the undersigned's rights under the Lease. However, s][S]aid assignment does not impair or diminish any of our obligations to you under the provisions of the Lease, nor are any such obligations imposed upon Lender, its successors or assigns.

Pursuant to said assignment you are hereby notified that in the event of a demand on you by Lender or its successors and assigns for the payment to it of the rents due under the Lease, you may, and are hereby authorized and directed to, pay said rent to Lender and we hereby agree that the receipt by you of such a demand shall be conclusive evidence of Lender's right to the receipt thereof and that the payment of the rents by you to Lender pursuant to such demand shall constitute performance in full of your obligation under the Lease for the payment of rent to the undersigned.

- - - - -

NOTE: To be sent in accordance with notice requirements of the Lease.
- - - - -

* To be used if property located in New York

Kindly indicate your receipt of this letter and your agreement to the effect set forth below by signing the enclosed copy thereof and mailing it to Lender at its address identified above to the attention of its Real Estate Finance Office.

[BORROWER]

By _____
Name:
Title:

The undersigned acknowledges receipt of the original of this letter and agrees for the benefit of Lender that it shall notify Lender of any default on the part of the landlord under the Lease which would entitle the undersigned to cancel the Lease or to abate the rent payable thereunder, and further agrees that, notwithstanding any provision of the Lease, no notice of cancellation thereof, nor of any abatement, shall be effective unless Lender has received the notice aforesaid and has failed within 30 days of the date thereof to cure, or if the default cannot be cured within 30 days has failed to commence and to diligently prosecute the cure, of landlord's default which gave rise to the right to cancel or abate.

[NAME OF TENANT]

By _____
_____,
its authorized officer

EXHIBIT B

Required Contents of Borrower's Counsel Opinion

(1) If Borrower, the mortgagor or grantor under the Mortgage (if different from Borrower), Guarantor or any general partner or member of any of them is a corporation, partnership, venture, limited liability company or trust, each such entity is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, is qualified to do business (or such opinion shall specifically state that such qualification is not required) and is in good standing in the jurisdiction in which the Property is located, and has full power and authority to consummate the transactions contemplated by the Loan Documents and to execute, deliver and perform all Loan Documents to which it is a party.

(2) There are no actions, suits or proceedings pending or threatened against or affecting Borrower, Guarantor, the Mortgaged Property, the validity or enforceability of the Mortgage or the priority of the lien thereof at law, in equity or before or by any Governmental Authorities except actions, suits or proceedings which have been disclosed to Lender in writing and which are fully covered by insurance or would, if adversely determined, not substantially impair the ability of Borrower or Guarantor to pay when due any amounts which may become payable under the Note or Guaranty or to otherwise pay and perform their respective obligations in connection with the Loan; neither Borrower nor Guarantor is in default with respect to any order, writ, injunction, decree or demand of any court or Governmental Authorities.

(3) The consummation of the transactions contemplated by and the performance of the Loan Documents have not resulted and will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, bank loan or credit agreement, corporate charter, by-laws, partnership agreement or other instrument to which Borrower or Guarantor is a party or by which either of them may be bound or affected.

(4) There exist no violations of any laws, statutes, ordinances, rules, orders, regulations or requirements of any Governmental Authorities with respect to the Improvements and that the use thereof complies with all applicable zoning and other laws, etc. and with all restrictions, covenants, leases and easements affecting the Mortgaged Property.

(5) The Property is not part of a larger tract of land owned by Borrower, its affiliates or Guarantor, or otherwise considered as part of one zoning or tax lot, or, if they are, that any authorization or variance required for the subdivision of such larger tract which a sale of the Property would entail has been obtained from all appropriate Governmental Authorities so that the Property and Improvements constitute one zoning or tax lot (including parking and utility facilities and street access, if relevant) capable of being conveyed as such.

Required Contents of Borrower's Local Counsel Opinion (and, if required by Lender, of a local counsel selected by Lender or its counsel)

(1) The Loan Documents have each been duly authorized, executed and delivered by the parties thereto (other than Lender) and, under the laws of the jurisdiction in which the Property is located (were such laws to apply), are valid and binding instruments enforceable against such parties in accordance with their respective terms, subject, however, to the qualifications that (a) some of the rights and remedies set forth in the Note and Mortgage may be limited by bankruptcy, insolvency, reorganization and other laws of general application to the enforcement of creditors' rights and (b) certain remedies and waivers contained in the Mortgage may be limited by applicable laws of said jurisdiction, none of which qualifications will materially interfere with the practical realization of the benefits and security provided by said documents except for the economic consequences of any procedural delay which may result therefrom.

(2) Considering the significant relationship that the State of New York has to the Loan, the courts of the jurisdiction in which the Property is located will, in all likelihood, honor any designations by the parties of New York as the governing law contained in the Loan Documents.

(3) The Mortgage will create the lien it purports to create on the property covered by the Mortgage and will effectively assign the leases purported to be assigned thereby if the Mortgage and any necessary UCC-1 financing statements are recorded or filed, as the case may be, and specifying local law requirements as to (1) the manner in which, and offices where, such recording and filing must be made and (2) the re-recording of the Mortgage and re-filing of the financing statements, all in order to establish, preserve and protect such lien and assignment and Lender's interest in the property covered by the Mortgage.

(4) In the event of a foreclosure or other method of enforcement of the remedies provided for in the Mortgage, any leases of the Mortgaged Property will, at the option of the holder of the Mortgage, remain in full force and effect between the lessees thereunder and such holder or any purchaser of the Mortgaged Property pursuant to such remedial action. The opinion shall state whether the foregoing results as a matter of law or by reason of compliance with Section 1.14(c) of the Mortgage.

(5) All rights of redemption in respect of the Mortgage will be extinguished upon the consummation of a sale of the Mortgaged Property pursuant to any remedial provisions provided for in the Mortgage, [or if the foregoing is not the case, the opinion shall specify the period of time which must expire following such consummation in order for said rights of redemption to be extinguished under local law, and shall state whether the applicable result obtains as a matter of law or pursuant to any waiver provided for in the Mortgage].

(6) There are no changes or additions to the Mortgage and other Loan Documents which are required by local law, and none which are customary in local practice and which would not unsubstancially enhance the rights and benefits of Lender thereunder.

(7) To such other effects as Lender or its counsel may reasonably require.

EXHIBIT C-1

FINANCIAL COVENANT COMPLIANCE CERTIFICATE

This Certificate is furnished pursuant to Section 5.10(3) of that certain Loan Agreement ("Loan Agreement") by and among RD BRANCH ASSOCIATES, L.P., RD ABINGTON ASSOCIATES LIMITED PARTNERSHIP, and RD METHUEN ASSOCIATES LIMITED PARTNERSHIP (collectively and individually, as the context requires, "Borrower") and FLEET NATIONAL BANK ("Lender"), Section 5.10(3) of which Loan Agreement was agreed to and acknowledged by ACADIA REALTY LIMITED PARTNERSHIP ("Guarantor"). Capitalized terms used in this Certificate and Schedule 1 attached hereto, unless otherwise defined herein or in said Schedule 1, have the meanings given to them in the Loan Agreement.

The undersigned, the _____ of Guarantor, hereby certifies to Lender that Schedule 1 attached hereto sets forth the financial data and computations relating to Guarantor's compliance with the Liquidity Requirement, which data and computations, to the best knowledge and belief of the undersigned, are true, complete and correct.

The undersigned certifies that he/she is authorized to execute and deliver this Certificate on behalf of Guarantor.

WITNESS my hand this ____ day of _____, ____.

Name:

EXHIBIT C-2

FINANCIAL COVENANT COMPLIANCE CERTIFICATE

This Certificate is furnished pursuant to Section 5.10(3) of that certain Loan Agreement ("Loan Agreement") by and among RD BRANCH ASSOCIATES, L.P., RD ABINGTON ASSOCIATES LIMITED PARTNERSHIP, and RD METHUEN ASSOCIATES LIMITED PARTNERSHIP (collectively and individually, as the context requires, "Borrower") and FLEET NATIONAL BANK ("Lender"), Section 5.10(3) of which Loan Agreement was agreed to and acknowledged by ACADIA REALTY LIMITED PARTNERSHIP ("Guarantor"). Capitalized terms used in this Certificate and Schedule 1 attached hereto, unless otherwise defined herein or in said Schedule 1, have the meanings given to them in the Loan Agreement.

The undersigned, the _____ of Guarantor, hereby certifies to Lender that Schedule 1 attached hereto sets forth the audited financial data and computations relating to Guarantor's compliance with the Net Worth Requirement and the Liquidity Requirement, which data and computations, to the best knowledge and belief of the undersigned, are true, complete and correct.

The undersigned certifies that he/she is authorized to execute and deliver this Certificate on behalf of Guarantor.

WITNESS my hand this ____ day of _____, ____.

Name:

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C-2 Annual Financial Covenant Compliance Certificate

=====

TERM LOAN AGREEMENT

dated as of December 21, 2001

among

RD WOONSOCKET ASSOCIATES LIMITED PARTNERSHIP

and

RD BLOOMFIELD ASSOCIATES LIMITED PARTNERSHIP,
jointly and severally, as Borrower,

THE DIME SAVINGS BANK OF NEW YORK, FSB,
as Lender,

and

THE DIME SAVINGS BANK OF NEW YORK, FSB,
as Administrative Agent

=====

TERM LOAN AGREEMENT dated as of December 21, 2001 among RD WOONSOCKET ASSOCIATES LIMITED PARTNERSHIP, a limited partnership organized and existing under the laws of the State of Delaware ("Woonsocket") and RD BLOOMFIELD ASSOCIATES LIMITED PARTNERSHIP, a limited partnership organized and existing under the laws of the State of Delaware ("Bloomfield"), jointly and severally (Woonsocket and Bloomfield, collectively, "Borrower"), THE DIME SAVINGS BANK OF NEW YORK, FSB (in its individual capacity and not as Administrative Agent, "The Dime"), the other lenders (if any) signatory hereto and THE DIME SAVINGS BANK OF NEW YORK, FSB, as administrative agent for Lenders (in such capacity, together with its successors in such capacity, "Administrative Agent"; The Dime, the other lenders (if any) signatory hereto and such other lenders who from time to time become Lenders pursuant to Section 3.07 or 11.05, each a "Lender" and collectively, "Lenders").

Borrower desires that Lenders extend credit as provided herein, and Lenders are prepared to extend such credit. Accordingly, Borrower, Administrative Agent and each Lender agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION OF TERMS

Section 1.01 Definitions. As used in this Agreement the following terms have the following meanings:

"Additional Costs" has the meaning specified in Section 3.01.

"Administrative Agent" has the meaning specified in the preamble.

"Administrative Agent's Office" means Administrative Agent's office located as set forth on its signature page hereof, or such other address in the United States as Administrative Agent may designate by notice to Borrower and Lenders.

"Affected Lender" has the meaning specified in Section 3.07.

"Affected Loan" has the meaning specified in Section 3.04.

"Affiliate" means, with respect to any Person (the "first Person"), any other Person (1) which directly or indirectly controls, or is controlled by, or is under common control with the first Person or (2) 10% or more of the beneficial interest in which is directly or indirectly owned or held by the first Person. The term "control" means the possession, directly or indirectly, of the power, alone, to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

"Applicable Interest Rate" shall mean the "LIBOR Based Rate", except as to all or any portions of the Principal Amount to which the LIBOR Based Rate is not or cannot pursuant to the terms hereof be applicable, which portions shall bear interest at the Prime Based Rate in accordance with Section 2.11 of this Agreement.

"Applicable Lending Office" means, for each Lender and for its LIBOR Loan or Prime Based Loan, as applicable, the lending office of such Lender (or of an Affiliate of such Lender) designated as such on its signature page hereof or in the applicable Assignment and Assumption Agreement, or such other office of such Lender (or of an Affiliate of such Lender) as such Lender may from time to time specify to Administrative Agent and Borrower as the office by which its LIBOR Loan or Prime Based Loan, as applicable, is to be made and maintained.

"Assignee" has the meaning specified in Section 11.05.

"Assignment and Assumption Agreement" means an Assignment and Assumption Agreement, substantially in the form of EXHIBIT C, pursuant to which a Lender assigns and an Assignee assumes rights and obligations in accordance with Section 11.05.

"Authorization Letter" means a letter agreement executed by Borrower in the form of EXHIBIT A.

"Bloomfield Town Square Property" means the real property owned by Borrower located in Bloomfield Hills, Michigan.

"Borrower" has the meaning specified in the preamble.

"Borrower's Accountants" means Ernst & Young, LLP, or such other accounting firm(s) selected by Borrower and reasonably acceptable to Administrative Agent.

"Business Day" means (1) any day on which commercial banks are not authorized or required to close in New York City and (2) whenever such day relates to a LIBOR Loan, an Interest Period with respect to a LIBOR Loan, or notice with respect to a LIBOR Loan, a day on which dealings in Dollar deposits are also carried out in the London interbank market and banks are open for business in London.

"Code" means the Internal Revenue Code of 1986.

"Debt" means (1) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (including trade obligations), (2) obligations as lessee under Capital Leases, (3) current liabilities in respect of unfunded vested benefits under any Plan, (4) obligations in respect of letters of credit issued for the account of any Person, (5) all obligations arising under bankers' or trade acceptance facilities, (6) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business), and other contingent obligations to purchase any of the items included in this definition, to provide funds for payment, to supply funds to invest in any Person, or otherwise to assure a creditor against loss, (7) all obligations secured by any Lien on property owned by the Person whose Debt is being measured, whether or not the obligations have been assumed and (8) all obligations under any agreement providing for contingent participation or other hedging mechanisms with respect to interest payable on any of the items described above in this definition.

"Default" means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

"Default Rate" means a rate per annum equal to (1) with respect to Prime Based Loans, a variable rate 4% above the rate of interest then in effect thereon and (2) with respect to LIBOR Loans, a fixed rate 4% above rate(s) of interest in effect thereon at the time of Event of Default until the end of the then current Interest Period therefor and, thereafter, a variable rate 4% above the rate of interest for a Prime Based Loan.

"Dollars" and the sign "\$" mean lawful money of the United States.

"Engineering Consultant" means Cashin Associates, P.C. or other firm designated by Administrative Agent from time to time for any Property.

"Environmental Discharge" means any discharge or release of any Hazardous Materials in violation of any applicable Environmental Law.

"Environmental Law" means any applicable Law relating to pollution or the environment, including Laws relating to noise or to emissions, discharges, releases or threatened releases of Hazardous Materials into the work place, the community or the environment, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"Environmental Notice" means any written complaint, order, citation or notice from any Person (1) affecting or relating to Borrower's compliance with any Environmental Law in connection with any activity or operations at any time conducted by Borrower, (2) relating to (a) the existence of any Hazardous Materials contamination or Environmental Discharges or threatened Hazardous Materials contamination or Environmental Discharges at any of Borrower's locations or facilities or (b) remediation of any Environmental Discharge or Hazardous Materials at any such location or facility or any part thereof or (3) relating to any violation or alleged violation by Borrower of any relevant Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, including the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as Borrower, or any trade or business which is under common control (within the meaning of Section 414(c) of the Code) with Borrower, or any organization which is required to be treated as a single employer with Borrower under Section 414(m) or 414(o) of the Code.

"Event of Default" has the meaning specified in Section 8.01.

"Extended Maturity Date" means April 1, 2006.

"Federal Funds Rate" shall mean for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions as published by the Federal Reserve Bank of New York for such day or, for any day that is not a banking day in New York City, for the immediately preceding banking day.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time, consistently applied.

"Good Faith Contest" means the contest of an item if (1) the item is diligently contested in good faith, and, if appropriate, by proceedings timely instituted, (2) adequate reserves are established with respect to the contested item, (3) during the period of such contest, the enforcement of any contested item is effectively stayed and (4) the failure to pay or comply with the contested item during the period of the contest is not likely to (x) result in a Material Adverse Change or (y) have an adverse effect on the Mortgaged Property under any Mortgage or any part thereof, or on Lenders' interest therein.

"Governmental Approvals" means any authorization, consent, approval, license, permit, certification, or exemption of, registration or filing with or report or notice to, any Governmental Authority.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hazardous Materials" means any pollutant, effluents, emissions, contaminants, toxic or hazardous wastes or substances, as any of those terms are defined from time to time in or for the purposes of any relevant Environmental Law, including asbestos fibers and friable asbestos, polychlorinated biphenyls, and any petroleum or hydrocarbon-based products or derivatives.

"Improvements" means, for each Property, all improvements now or hereafter located on such Property.

"Indemnity" means, for each Property, an agreement from Borrower and Principal of Borrower whereby, among other things, Lenders and Administrative Agent are indemnified regarding Hazardous Materials.

"Interest Period" means, with respect to any LIBOR Loan, the period commencing on the first Business Day of the month in which same is advanced, and ending on the last day of such calendar month. In the event the Note is dated other than the first day of a month, the first interest period shall run from the date of the Note to the last day of the calendar month and the LIBOR Rate shall be set as of the date of the Note. In the event additional funds are advanced during an Interest Period such funds shall bear interest at the rate in effect at the commencement of the Interest Period during which such advance is made.

"Law" means any federal, state or local statute, law, rule, regulation, ordinance, order, code, or rule of common law, now or hereafter in effect, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment.

"Lender" and "Lenders" have the respective meanings specified in the preamble.

"Lender Reply Period" has the meaning specified in Section 11.02.

"LIBOR Based Rate" shall mean, the rate per annum (expressed as a percentage) determined by Administrative Agent to be equal to the sum of (a) the quotient of the LIBOR Rate for the Interest Period in question divided by 1 minus the LIBOR Reserve Requirement (rounded up to the nearest 1/100 of 1%) and (b) .0185.

"LIBOR Rate" shall mean the thirty (30) day rate (rounded up to the nearest 1/16 of 1%) which appears on Page 3750 of the Telerate service (or such other page of such service containing the rate information now found on said Page 3750, or in the event Telerate ceases to provide such information, any successor or other service providing such information) at approximately 11:00 a.m. (London time) on the first Business Day of the applicable Interest Period, for deposits in immediately available funds, in lawful money of the United States, of amounts comparable to the LIBOR Loan in question for the same period of time as the Interest Period, all of the foregoing to be as determined by Administrative Agent in its sole discretion.

"LIBOR Loan" means all or any portion (as the context requires) of any Lender's Loan which shall accrue interest at the LIBOR Based Rate.

"LIBOR Reserve Requirement" means, for any LIBOR Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion U.S. Dollars against "Euro-Currency Liabilities", as such quoted 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 by reason of any Regulatory Change against (a) any category of liabilities which includes deposits by reference to which the LIBOR Rate is to be determined as provided in this Agreement or (b) any category of extensions of credit or other assets which includes loans the interest rate on which is determined on the basis of rates referred to in the definition of "LIBOR Rate" set forth above.

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment for collateral purposes, deposit arrangement, lien (statutory or other), or other security agreement or charge of any kind or nature whatsoever of any third party (excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction to evidence any of the foregoing).

"Loan" and "Loans" have the respective meanings specified in Section 2.01.

"Loan Allocation" (i) \$14,000,000 with respect to the Bloomfield Town Square Property and (ii) \$12,000,000 with respect to the Walnut Hill Plaza Property.

"Loan Commitment" means, with respect to each Lender, the obligation to make a Loan in the principal amount set forth below (subject to change in accordance with the terms of this Agreement):

	Lender	Loan Commitment
	-----	-----
The Dime		\$26,000,000

"Loan Documents" means this Agreement, the Notes, the Mortgage and related Uniform Commercial Code financing statements for each Property, the Indemnity for each Property, the Authorization Letter and the Solvency Certificate.

"Major Lease" means any lease demising 10% or more of gross leasable area or more of the Improvements on any Property.

"Majority Lenders" means, at any time, those Lenders having Pro Rata Shares aggregating greater than 50%; provided, however, that during the existence of an Event of Default, the "Majority Lenders" shall be those Lenders holding greater than 66 2/3 of the then aggregate unpaid principal amount of the Loans.

"Material Adverse Change" means either (1) a material adverse change in the status of the business, results of operations, financial condition, property or prospects of Borrower or (2) any event or occurrence of whatever nature which is likely to (x) have a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents or (y) create, in the sole and absolute judgment (reasonably exercised) of Administrative Agent, a material risk of sale or forfeiture of any of the Mortgaged Property (other than an immaterial portion thereof) under any Mortgage or otherwise materially impair any of the Mortgaged Property under any Mortgage or Lenders' rights therein.

"Maturity Date" means January 1, 2007.

"Mortgage" means, for each Property, the Mortgage (or Deed of Trust), Assignment of Leases and Rents and Security Agreement in respect thereof, each dated the date hereof, from the respective Mortgagor for the benefit of Administrative Agent, as agent for Lenders, to secure the payment and performance of Borrower's obligations hereunder, under the Notes and otherwise in respect of the Loans.

"Mortgaged Property" means, for each Property, the Property, the Improvements thereon and all other property constituting the "Mortgaged Property", as said quoted term is defined in the applicable Mortgage.

"Multiemployer Plan" means a Plan defined as such in Section 3(37) of ERISA to which contributions have been made by Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA.

"Non-Excluded Taxes" has the meaning specified in Section 11.18.

"Note" and "Notes" have the respective meanings specified in Section 2.07.

"Obligations" means each and every obligation, covenant and agreement of Borrower, now or hereafter existing, contained in this Agreement, and any of the other Loan Documents, whether for principal, reimbursement obligations, interest, fees, expenses, indemnities or otherwise, and any amendments or supplements thereto, extensions or renewals thereof or replacements therefor, including, but not limited to, all indebtedness, obligations and liabilities of Borrower to Administrative Agent and any Lender now existing or hereafter incurred under or arising out of or in connection with the Notes, this Agreement, the other Loan Documents, and any documents or instruments executed in connection therewith; in each case whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, and including all indebtedness of Borrower, under any instrument now or hereafter evidencing or securing any of the foregoing.

"Parent" means, with respect to any Lender, any Person controlling such Lender.

"Participant" and "Participation" have the respective meanings specified in Section 11.05.

"Payor" and "Required Payment" have the respective meanings specified in Section 9.12.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

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

"Plan" means any employee benefit or other plan established or maintained, or to which contributions have been made, by Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA or to which Section 412 of the Code applies.

"Premises Documents" means, for each Property, any REA for such Property and the other "Premises Documents," as such term is defined in the Mortgage for such Property.

"presence", when used in connection with any Environmental Discharge or Hazardous Materials, means and includes presence, generation, manufacture, installation, treatment, use, storage, handling, repair, encapsulation, disposal, transportation, spill, discharge and release.

"Prime Based Rate" shall mean the greater of (a) the Federal Funds Rate plus one-half of one percent (1/2%) or (b) the prime commercial lending rate as announced from time to time by The Dime plus one half of one percent (1/2%) per annum, each change in said rates to be effective as of the date of such change.

"Prime Based Loan" means all or any portion (as the context requires) of a Lender's Loan which shall accrue interest at a rate determined in relation to the Prime Based Rate.

"Prime Rate" means that rate of interest from time to time announced by The Dime at its principal office in New York, New York as its prime commercial lending rate, it being understood that said "prime commercial lending rate" is a reference and does not necessarily represent the lowest or best rate being charged to customers.

"Principal Amount" means the aggregate principal amount advanced and outstanding under the Loan(s) from time to time.

"Principal of Borrower" means Acadia Realty Limited Partnership.

"Property" means, respectively, each of Bloomfield Town Square Property and Walnut Hill Plaza Property.

"Pro Rata Share" means, for purposes of this Agreement and with respect to each Lender, a fraction, the numerator of which is the amount of such Lender's Loan Commitment and the denominator of which is the Total Loan Commitment.

"Prohibited Transaction" means any transaction proscribed by Section 406 of ERISA or Section 4975 of the Code and to which no statutory or administrative exemption applies.

"Regulation D" and "Regulation U" mean, respectively, Regulation D and Regulation U of the Board of Governors of the Federal Reserve System.

"Regulatory Change" means, with respect to any Lender, any change after the date of this Agreement in federal, state, municipal or foreign laws or regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives or requests applying to a class of lenders including such Lender of or under any federal, state, municipal or foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Release Price" means (i) with respect to the Bloomfield Town Square Property 105% of the Loan Allocation advanced and outstanding in respect thereof and (ii) with respect to the Walnut Hill Plaza Property 105% of the Loan Allocation advanced and outstanding in respect thereof. Upon a release, any undisbursed portion of the Loan Allocation for the Property released shall no longer be available.

"Relevant Documents" has the meanings specified in Section 10.02.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. ss. 2615.

"Required Lenders" means, at any time, those Lenders having Pro Rata Shares aggregating more than 50%; provided, however, that during the existence of an Event of Default, the "Required Lenders" shall be those Lenders holding at least 66-2/3% of the then aggregate unpaid principal amount of the Loans.

"Solvency Certificate" means a certificate in the form of EXHIBIT D.

"Solvent" means, when used with respect to any Person, that the fair value of the property of such Person, on a going concern basis, is greater than the total amount of liabilities (including, without limitation, contingent liabilities) of such Person.

"Substitute Lender" and "Substitution Notice" have the respective meanings specified in Section 3.07.

"Term Sheet" means that certain Term Sheet, dated as of September 12, 2001, between Administrative Agent and Borrower.

"The Dime" means The Dime Savings Bank of New York, FSB.

"this Agreement" means this Term Loan Agreement.

"Title Insurer" means, for each Property, the issuer(s) of the title insurance policy(ies) insuring the Mortgage thereon.

"Total Loan Commitment" means an amount equal to the aggregate amount of all Loan Commitments.

"United States" and "U.S." mean the United States of America.

"Walnut Hill Plaza Property" means the real property owned by Borrower located in Woonsocket, Rhode Island.

Section 1.02 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, and all financial data required to be delivered hereunder shall be prepared in accordance with GAAP.

Section 1.03 Computation of Time Periods. Except as otherwise provided herein, in this Agreement, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and words "to" and "until" each means "to but excluding".

Section 1.04 Rules of Construction. Except as provided otherwise, when used in this Agreement, (i) "or" is not exclusive, (ii) a reference to a Law includes any amendment, modification or supplement to, or replacement of, such Law, (iii) a reference to a Person includes its permitted successors and permitted assigns, (iv) all terms defined in the singular shall have a correlative meaning when used in the plural and vice versa, (v) a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted by the Loan Documents, (vi) all references to Articles, Sections or Exhibits shall be to Articles, Sections and Exhibits of this Agreement unless otherwise indicated, (vii) "hereunder", "herein", "hereof" and the like refer to this Agreement as a whole and (viii) all Exhibits to this Agreement shall be incorporated herein. Any table of contents and the headings and captions hereunder are for convenience only and shall not affect the interpretation or construction hereof.

ARTICLE II

THE LOANS

Section 2.01 The Loans. Subject to the terms and conditions of this Agreement, each Lender severally agrees to make, and Borrower agrees to accept, a loan to Borrower (each such loan by a Lender, a "Loan"; such loans, collectively, the "Loans") in an amount equal to such Lender's Loan Commitment. The Loans shall be advanced in accordance with Section 2.04 upon Borrower's satisfaction of the conditions set forth in Section 4.01. The LIBOR Loan or the Prime Based Loan, as the case may be, of each Lender shall be maintained at such Lender's Applicable Lending Office.

Section 2.02 Nature of Lenders' Obligations. The obligations of Lenders under this Agreement are several, and no Lender shall be responsible for the failure of any other Lender to make any advance of a Loan to be made by such other Lender. However, the failure of any Lender to make any advance of the Loan to be made by it hereunder on the date specified therefor shall not relieve any other Lender of its obligation to make any advance of its Loan specified hereby to be made on such date.

Section 2.03 Purpose. Borrower shall use the proceeds of the Loans only for working capital and repayment of existing debt. In no event shall proceeds of the Loans be used, in whole or in part, for the purpose of purchasing or carrying "margin stock", as such quoted term is defined in Regulation U, or in connection with a hostile acquisition or for any illegal purpose.

Section 2.04 Procedures for Advances. Borrower shall submit to Administrative Agent a request for the advance of proceeds of the Loans (each, an "Advance", and the initial Advance made on the date hereof, the "Initial Advance") no later than 11:00 a.m. (New York time) on the date which is three (3) Business Days, prior to the date the advance is to be made. Administrative Agent, upon its receipt and approval of the request for advance, will so notify all Lenders either by telephone or by facsimile. Not later than 10:00 a.m. (New York time) on the date set for such advance, each Lender shall, through its Applicable Lending Office and subject to the conditions of this Agreement, make the amount to be advanced by it on such day available to Administrative Agent, at Administrative Agent's Office and in immediately available funds for the account of Borrower. The amount so received by Administrative Agent shall, subject to the conditions of this Agreement, be made available to Borrower, in immediately available funds, by Administrative Agent's crediting an account of Borrower designated by Borrower in its request for advance. Each Advance made pursuant to this Agreement shall be in an amount at least equal to \$5,000,000 and in integral multiples of \$100,000. All Advances made pursuant to this Agreement must be made on or prior to the date which is twelve (12) months from the date hereof. The Initial Advance made pursuant to this Agreement shall be in an amount at least equal to \$16,000,000. Amounts advanced hereunder and repaid shall not be readvanced.

Notwithstanding any other provisions hereof, the maximum amount available to be advanced hereunder shall be limited to \$25,400,000 until such time as Administrative Agent has received reasonable evidence (the "Remediation Evidence") that applicable "Governmental Authorities", as hereinafter defined, are satisfied that the environmental conditions identified in the Phase I Environmental Assessment dated October 12, 2001 prepared by EMG have been remediated such that no further action is required. In the event the Remediation Evidence is not received by the first anniversary of the date hereof (i) \$600,000 shall be advanced from the Loan on said date and shall be deposited in an interest-bearing account with Administrative Agent to be held as additional collateral for the Loan until receipt of the Remediation Evidence and (ii) the full amount of the Loan shall be available to be drawn subject to the satisfaction of the conditions of Section 4.01 hereof.

Section 2.05 Interest. Borrower shall pay interest to Administrative Agent for the account of the applicable Lender on the outstanding and unpaid principal amount of the Loans at the Applicable Interest Rate as follows:

- (i) On the date hereof, interest on the Principal Amount from the date hereof to December 31, 2001;

(ii) Thereafter, commencing on January 1, 2002 and on the first day of each calendar month thereafter to the Maturity Date, interest on the Principal Amount at the Applicable Interest Rate;

(iii) On the Maturity Date the entire outstanding and unpaid principal balance of the Loan, together with all accrued and unpaid interest at the Applicable Interest Rate, shall become due and payable in full;

(iv) In addition to interest on the Principal Amount at the Applicable Interest Rate, as aforesaid, there shall be payable at the time of each such interest payment commencing on February 1, 2002, an amount, as calculated by Administrative Agent, sufficient to repay the aggregate amount actually advanced hereunder through said date in 300 equal installments, said amount the Monthly Principal Payment. The amount of the Monthly Principal Payment shall, based upon the foregoing, be adjusted to reflect additional advances as and when made hereunder and Administrative Agent shall notify Borrower of the new Monthly Principal Payment amount in writing before the first day of the next month following each additional advance.

The interest payable under this Agreement and the Notes shall be computed by Administrative Agent on the basis of a three hundred sixty (360) day year. Principal, interest, and all other sums payable under this Agreement and under the Notes shall be paid in lawful money of the United States in immediately available funds, free and clear of, and without deduction or offset for, any present or future taxes, levies, imposts, charges, withholdings, or liabilities with respect thereto, and free and clear of any and all other defenses, offsets, claims, counterclaims, credits or deductions of any kind.

Nothing in this Agreement or in any other Loan Document shall require the payment or permit the collection by Administrative Agent for the account of Lenders of interest in an amount exceeding the maximum amount permitted under applicable law in commercial mortgage loan transactions between parties of the character of the parties hereto (the "Maximum Interest Amount"). Borrower shall not be obligated to pay to said holder any interest in excess of the Maximum Interest Amount, and the amount of interest payable to said holder under the Loan Documents shall under no circumstance be deemed to exceed the Maximum Interest Amount. To the extent that any payment made to said holder under the Loan Documents would cause the amount of interest charged to exceed the Maximum Interest Amount, such payment shall be deemed a prepayment of principal as to which no notice shall be required, notwithstanding anything to the contrary in this Agreement, the Notes or in any other Loan Document, or, if the amount of excess interest exceeds the unpaid principal balance of the Loans, such excess shall be refunded to Borrower .

Accrued interest shall be due and payable in arrears upon and with respect to any payment or prepayment of principal on the first Business Day of each calendar month; provided, however, that interest accruing at the Default Rate shall be due and payable on demand.

Section 2.06 Notes. The Loan made by each Lender under this Agreement shall be evidenced by, and repaid with interest in accordance with, a single promissory note of Borrower in the form of EXHIBIT B, duly completed and executed by Borrower, in a principal amount equal to such Lender's Loan Commitment, payable to such Lender for the account of its Applicable Lending Office (each such note, as the same may hereafter be amended, modified, extended, severed, assigned, renewed or restated from time to time, including any substitute notes pursuant to Section 3.07 or 11.05, a "Note"; all such Notes, collectively, the "Notes"). The Notes shall mature, and all outstanding principal and accrued interest and other sums thereunder shall be paid in full, on the Maturity Date, as the same may be accelerated.

Each Lender is hereby authorized by Borrower to endorse on the schedule attached to the Note held by it, the amount of each advance and each payment of principal received by such Lender for the account of its Applicable Lending Office(s) on account of its Loan, which endorsement shall, in the absence of manifest error, be conclusive as to the outstanding balance of the Loan made by such Lender. The failure by any Lender to make such notations with respect to its Loans or each advance or payment shall not limit or otherwise affect the obligations of Borrower under this Agreement or the Notes.

In case of any loss, theft, destruction or mutilation of any Lender's Note, Borrower shall, upon its receipt of an affidavit of an officer of such Lender as to such loss, theft, destruction or mutilation and an appropriate indemnification, execute and deliver a replacement Note to such Lender in the same principal amount and otherwise of like tenor as the lost, stolen, destroyed or mutilated Note.

Section 2.07 Prepayments. Borrower may prepay the Loans in whole or in part as specified below. During the first eighteen (18) months of the term of the Loans, Borrower may, upon ten (10) days' prior written notice, prepay the Loans in whole or in part subject to the payment of a prepayment charge equal to the greater of (i) 1% of the then-outstanding Principal Amount or (ii) any applicable Breakage Fees (as defined in Section 3.05 of this Agreement). From and after the nineteenth (19th) month through and including the Maturity Date of the Loan, Borrower may, upon ten (10) days prior written notice, prepay the Loan in whole or in part subject to the payment of a prepayment charge equal to any applicable Breakage Fees (any fee due and payable in connection with the prepayment of the Loans, hereinafter, a "Prepayment Charge"). Any notices of prepayment by Borrower shall be irrevocable.

Section 2.08 Method of Payment. Borrower shall make each payment under this Agreement and under the Notes not later than 11:00 a.m. (New York time) on the date when due in Dollars to Administrative Agent at Administrative Agent's Office in immediately available funds. Administrative Agent will thereafter, on the day of its receipt of each such payment, cause to be distributed to each Lender (i) such Lender's appropriate share (based upon the respective outstanding principal amounts and rate(s) of interest under the Notes of all Lenders) of the payments of principal and interest in like funds for the account of such Lender's Applicable Lending Office and (ii) fees payable to such Lender in accordance with the terms hereof. Payments by Borrower hereunder or under the Notes or other Loan Documents shall be made without setoff or counterclaim.

Except to the extent otherwise provided herein, whenever any payment to be made hereunder or under the Notes is due on any day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest and other fees, as the case may be.

Section 2.09 Application of Payments. All payments made under this Agreement and under the Notes other than with respect to Breakage Fees (as hereinafter defined) shall be applied as follows: first, to the payment of interest on the principal balance outstanding hereunder from time to time; second, to the payment of sums payable by Borrower to Administrative Agent for the account of lenders under any Loan Document other than on account of principal and interest; and third, to the payment of principal.

Section 2.10 Applicable Interest Rate. Borrower shall, subject to the terms and conditions hereinafter set forth, pay interest on the Principal Amount at the LIBOR Based Rate. All or any portions of the Principal Amount to which the LIBOR Based Rate is not or cannot pursuant to the terms hereof be applicable shall bear interest at the Prime Based Rate.

Notwithstanding anything herein to the contrary, if, at the time of or prior to the determination of the LIBOR Based Rate, the Administrative Agent determines (which determination shall be conclusive) that (i) by reason of circumstances affecting the London interbank market generally, adequate and fair means do not or will not exist for determining the LIBOR Based Rate applicable to an Interest Period or (ii) the LIBOR Rate, as determined by Administrative Agent, will not accurately reflect the cost to Administrative Agent of making or maintaining the Loan (or any portion thereof) at the LIBOR Based Rate, then Administrative Agent shall give Borrower prompt notice thereof, and the Principal Amount in question shall bear interest, or continue to bear interest, as the case may be, at the Prime Based Rate. If at any time subsequent to the giving of such notice, Administrative Agent determines that because of a change in circumstances the LIBOR Based Rate is again available to Borrower hereunder, Administrative Agent shall so advise Borrower and, within two (2) Business Days, the rate of interest payable hereunder shall be converted from the Prime Based Rate to the LIBOR Based Rate.

Section 2.11 Late Payment Premium. If all or a portion of any monthly payment required to be made to Administrative Agent for the account of Lenders (whether pursuant to this Agreement, the Notes or any other Loan Document) is not received on or before the tenth day after the date such payment is due (without reference to any grace period provided for in the Loan Documents), a late charge of four percent (4%) of the amount so overdue ("Late Charge") shall immediately be due to Administrative Agent for the account of Lenders. Any such Late Charge shall be secured by the security for the Loan, shall be paid no later than the due date of the next subsequent installment of interest payable under this Agreement and the Notes and, if not so paid, shall bear interest at the rate then in effect with respect to the Principal Amount as set forth in this Agreement. In addition, if Borrower shall fail to make timely payment in full of any sum payable under this Agreement, the Notes or any of the Loan Documents, Borrower shall pay all costs of collection, including, but not limited to, reasonable attorneys' fees and disbursements, whether or not suit is filed hereon. Notwithstanding anything to the contrary in this paragraph, the Late Charge shall not be applied to any portion of the Principal Amount due and payable on the Maturity Date (or, if the Maturity Date is extended, the Extended Maturity Date), which is overdue and not received.

ARTICLE III

YIELD PROTECTION; ILLEGALITY; ETC.

Section 3.01 Additional Costs. Borrower shall pay directly to each Lender from time to time on demand such amounts as such Lender may determine to be necessary to compensate it for any increased costs which such Lender determines are attributable to its making or maintaining a LIBOR Loan, or its obligation to make or maintain a LIBOR Loan, or if a Prime Based Loan must be converted into a LIBOR Loan in accordance with Section 2.11 of this Agreement, or any reduction in any amount receivable by such Lender hereunder in respect of its LIBOR Loan or such obligations (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), in each case resulting from any Regulatory Change which:

(1) changes the basis of taxation of any amounts payable to such Lender under this Agreement or the Notes in respect of any such LIBOR Loan (other than changes in the rate of general corporate, franchise, branch profit, net income or other income tax imposed on such Lender or its Applicable Lending Office by the jurisdiction in which such Lender has its principal office or such Applicable Lending Office); or

(2) (other than to the extent the LIBOR Reserve Requirement is taken into account in determining the LIBOR Rate at the commencement of the applicable Interest Period) imposes or modifies any reserve, special deposit, deposit insurance or assessment, minimum capital, capital ratio or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Lender (including any LIBOR Loan), or any commitment of such Lender (including such Lender's Loan Commitment hereunder); or

(3) imposes any other condition affecting this Agreement or the Notes (or any of such extensions of credit or liabilities).

Without limiting the effect of the provisions of the first paragraph of this Section, in the event that, by reason of any Regulatory Change, any Lender either (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender which includes deposits by reference to which the LIBOR Rate is determined as provided herein or a category of extensions of credit or other assets of such Lender which includes loans based on the LIBOR Rate or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets which it may hold, then, if such Lender so elects by notice to Borrower (with a copy to Administrative Agent), the obligation of such Lender to maintain the Loan (or portions thereof) at the LIBOR Based Rate (and Borrower's right to request same) shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such Regulatory Change ceases to be in effect.

Determinations and allocations by a Lender for purposes of this Section of the effect of any Regulatory Change pursuant to the first or second paragraph of this Section, on its costs or rate of return of making or maintaining its Loan or portions thereof or on amounts receivable by it in respect of its Loan or portions thereof, and the amounts required to compensate such Lender under this Section, shall be conclusive absent manifest error.

Notwithstanding any other provisions in the Note or this Agreement to the contrary, if the Additional Costs to Borrower pursuant to this Section 3.01 exceed 1% per annum, Borrower shall have the right to prepay this Loan during the first eighteen (18) months from the date hereof without a Prepayment Charge.

Section 3.02 Limitation on Types of Loans. Anything herein to the contrary notwithstanding, if on or prior to the determination of the LIBOR Rate for any Interest Period:

(1) Administrative Agent determines (which determination shall be conclusive) that quotations of interest rates for the relevant deposits referred to in the definition of "LIBOR Rate" in Section 1.01 are not being provided in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for the LIBOR Loans as provided herein; or

(2) a Lender determines (which determination shall be conclusive) and promptly notifies Administrative Agent that the relevant rates of interest referred to in the definition of "LIBOR Interest Rate" in Section 1.01 upon the basis of which the rate of interest for LIBOR Loans for such Interest Period is to be determined do not adequately cover the cost to such Lender of making or maintaining such LIBOR Loan for such Interest Period;

then Administrative Agent shall give Borrower prompt notice thereof, and so long as such condition remains in effect, Lenders (or, in the case of the circumstances described in clause (2) above, the affected Lender) shall be under no obligation to maintain the Loan at the LIBOR Based Rate and Borrower shall, on the last day of the then current Interest Period for the affected outstanding LIBOR Loans, either (x) prepay the affected LIBOR Loans or (y) convert the affected LIBOR Loans into Prime Based Loans in accordance with Section 2.11.

Section 3.03 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to honor its obligation to make or maintain a LIBOR Loan hereunder, to convert a Prime Based Loan into a LIBOR Loan in accordance with Section 2.11, then such Lender shall promptly notify Administrative Agent and Borrower thereof and such Lender's obligation to make or maintain a LIBOR Loan or to convert its Prime Based Loan into a LIBOR Loan shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such time as such Lender may again make and maintain a LIBOR Loan.

Section 3.04 Treatment of Affected Loans. If the obligations of any Lender to make or maintain a LIBOR Loan or to convert a Prime Based Loan into a LIBOR Loan, are suspended pursuant to Sections 3.01 or 3.03 (each LIBOR Loan so affected being herein called an "Affected Loan"), such Lender's Affected Loan shall be automatically converted into a Prime Based Loan on the last day of the then current Interest Period for the Affected Loan.

To the extent that such Lender's Affected Loan has been so Converted (or the interest rate thereon so converted), all payments and prepayments of principal which would otherwise be applied to such Lender's Affected Loan shall be applied instead to its Prime Based Loan. If subsequent to such suspension and conversion to a Prime Based Loan the reasons for such suspension have ceased to be in effect, Administrative Agent will so advise Borrower and, within two (2) Business Days, the rate of interest payable under this Agreement and the Notes with respect to the Principal Amount bearing interest at the Prime Based Rate shall be converted to the LIBOR Based Rate.

Section 3.05 Certain Compensation. Borrower shall pay to Administrative Agent, immediately upon request and notwithstanding contrary provisions contained in the Mortgage or other Loan Documents, such amounts (the "Breakage Fee") as shall, in the conclusive judgment of Administrative Agent, compensate Administrative Agent for the account of Lenders for any loss, cost or expense incurred by it as a result of (i) any payment or prepayment (under any circumstances whatsoever, whether voluntary or involuntary) of any portion of the Principal Amount bearing interest at the LIBOR Based Rate on a date other than the last day of an applicable Interest Period or (ii) the conversion (for any reason whatsoever, whether voluntary or involuntary) of the rate of interest payable hereunder from the LIBOR Based Rate, on a date other than the last day of an applicable Interest Period, which amounts shall include, without limitation, an amount equal to the excess, if any, of (x) the amount of interest that would have accrued at the LIBOR Based Rate on the amount so prepaid, converted, not advanced or not borrowed, as the case may be, for the period from the date of occurrence to the last day of the applicable Interest Period over (y) the amount of interest (as determined in good faith by Administrative Agent) that Administrative Agent for the account of Lenders would have paid to Borrower (and other customers) on a deposit placed by Administrative Agent with leading banks in the London interbank market for an amount comparable to the amount so prepaid, converted, not advanced or not borrowed, as the case may be, for the period from the date of occurrence to the last day of the applicable Interest Period.

Section 3.06 Capital Adequacy. If any Lender shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Lender (or its Parent) as a consequence of such Lender's obligations hereunder to a level below that which such Lender (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, within fifteen (15) days after demand by such Lender (with a copy to Administrative Agent), Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender (or its Parent) for such reduction. A certificate of any Lender claiming compensation under this Section, setting forth in reasonable detail the basis therefor, shall be conclusive absent manifest error.

Section 3.07 Substitution of Lenders. If any Lender (an "Affected Lender") (i) makes demand upon Borrower for (or if Borrower is otherwise required to pay) Additional Costs pursuant to Section 3.01 or (ii) gives notice to Borrower that such Lender is unable to make or maintain a LIBOR Loan as a result of a condition described in Section 3.03 or clause (2) of Section 3.02, Borrower may, within ninety (90) days of receipt of such demand or notice (or the occurrence of such other event causing Borrower to be required to pay Additional Costs or causing Section 3.03 or clause (2) of Section 3.02 to be applicable), as the case may be, give notice (a "Substitution Notice") to Administrative Agent and to each Lender of Borrower's intention either (x) to prepay in full the Affected Lender's Note and to terminate the Affected Lender's entire Loan Commitment or (y) to replace the Affected Lender with another financial institution (a "Substitute Lender") designated in such Substitution Notice.

In the event Borrower opts to give the notice provided for in clause (x) above, and if the Affected Lender shall not agree within thirty (30) days of its receipt thereof to waive the payment of the Additional Costs in question or the effect of the circumstances described in Section 3.03 or clause (2) of Section 3.02, then, so long as no Default or Event of Default shall exist, Borrower may terminate the Affected Lender's entire Loan Commitment, provided that in connection therewith it pays to the Affected Lender all outstanding principal and accrued and unpaid interest under the Affected Lender's Note, together with all other amounts, if any, due from Borrower to the Affected Lender, including all amounts properly demanded and unreimbursed under this Article III.

In the event Borrower opts to give the notice provided for in clause (y) above, and if (A) Administrative Agent shall, within thirty (30) days of its receipt of the Substitution Notice, notify Borrower and each Lender in writing that the proposed Substitute Lender is reasonably satisfactory to Administrative Agent and (B) the Affected Lender shall not, prior to the end of such thirty (30)-day period, agree to waive the payment of the Additional Costs in question or the effect of the circumstances described in Section 3.03 or clause (2) of Section 3.02, then the Affected Lender shall, so long as no Default or Event of Default shall exist, assign its Note and all of its rights and obligations under this Agreement to the Substitute Lender, and the Substitute Lender shall assume all of the Affected Lender's rights and obligations, pursuant to an agreement, substantially in the form of an Assignment and Assumption Agreement, executed by the Affected Lender and the Substitute Lender. In connection with such assignment and assumption, the Substitute Lender shall pay to the Affected Lender an amount equal to the outstanding principal amount under the Affected Lender's Note plus all interest accrued thereon, plus all other amounts, if any (other than the Additional Costs in question), then due and payable to the Affected Lender; provided, however, that prior to or simultaneously with any such assignment and assumption, Borrower shall have paid to such Affected Lender all amounts properly demanded and unreimbursed under this Article III. Upon the effective date of such

assignment and assumption and the payment by the Substitute Lender to Administrative Agent of a fee, for Administrative Agent's own account, in the amount of \$3,500, the Substitute Lender shall become a party to this Agreement and shall have all the rights and obligations of a Lender as set forth in such Assignment and Assumption Agreement, and the Affected Lender shall be released from its obligations hereunder, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section, a substitute Note shall be issued to the Substitute Lender by Borrower, in exchange for the return of the Affected Lender's Note. The obligations evidenced by such substitute note shall constitute "Obligations" for all purposes of this Agreement and the other Loan Documents and shall be secured by the Mortgages. In connection with Borrower's execution of substitute notes as aforesaid, Borrower shall deliver to Administrative Agent such evidence of the due authorization, execution and delivery of the substitute notes and any related documents as Administrative Agent may reasonably request. If the Substitute Lender is not incorporated under the Laws of the United States or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 9.13. Each Substitute Lender shall be deemed to have made the representations contained in, and shall be bound by the provisions of, Section 9.13.

Borrower, Administrative Agent and Lenders shall execute such modifications to the Loan Documents as shall be reasonably required in connection with and to effectuate the foregoing.

Section 3.08 "Lender" to Include Participants. For purposes of Sections 3.01 through 3.06 and of the definition of "Additional Costs", the term "Lender" shall, at each Lender's option, be deemed to include such Lender's present and future Participants in its Loan to the extent of each such Participant's actual Additional Costs or other losses, costs or expenses payable pursuant to this Article III.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01 Conditions Precedent. The obligations of Lenders hereunder and the obligation of each Lender to advance the proceeds of the Loans are subject to the condition precedent that Administrative Agent shall have received and approved on or before the date hereof each of the following documents (it being understood that the documents set forth in paragraphs (3) through (15) below are required for each Property), and each of the following requirements shall have been fulfilled:

(1) Fees and Expenses. The payment of (i) all fees and expenses incurred by The Dime, as Lender and Administrative Agent (including, without limitation, the reasonable fees and expenses of legal counsel, the Engineering Consultant and any valuation, environmental or insurance consultants); and (ii) a commitment fee of \$130,000 and a fee of .15% of the excess of \$26,000,000 over the amount of the Initial Advance;

(2) Notes. The Notes for The Dime and each of the other Lenders (if any) signatory hereto, each duly executed by Borrower;

(3) Mortgage and UCCs. The Mortgage, duly executed by Borrower and recorded in the appropriate land records, together with duly executed financing statements filed under the Uniform Commercial Code of all jurisdictions necessary or, in the reasonable opinion of Administrative Agent, desirable to perfect the lien created by each Mortgage;

(4) Indemnity. The Indemnity, duly executed by Borrower and Principal of Borrower;

(5) Title Policy. A paid title insurance policy in the amount of the Mortgage, in form approved by Administrative Agent and issued by the Title Insurer, which shall insure the Mortgage to be a valid first lien on Borrower's interests in the Property and Improvements, free and clear of all liens, defects, encumbrances and exceptions other than those previously approved by Administrative Agent, and shall contain (i) a reference to the survey but no survey exceptions, (ii) if such policy is dated earlier than the date of the advance of the proceeds of the Loans, an endorsement to such policy, in a form approved by Administrative Agent, setting forth no additional exceptions other than those approved by Administrative Agent and (iv) such affirmative insurance and endorsements as Administrative Agent may require; and shall be accompanied by such reinsurance agreements between the Title Insurer and title companies approved by Administrative Agent, in ALTA facultative form approved by Administrative Agent and with direct access provisions, as Administrative Agent may require;

(6) Survey. A current ALTA/ACSM survey, certified to Administrative Agent and the Title Insurer, showing (i) the location of the perimeter of the Property by courses and distances, (ii) all easements, rights-of-way, and utility lines referred to in the title policy required by this Agreement or which actually service or cross the Property (with instrument, book and page number indicated), (iii) the lines of the streets abutting the Property and the width thereof, and any established building lines (and that such roads have been dedicated for public use and are completed and have been accepted by all required Governmental Authorities), (iv) any encroachments and the extent thereof upon the Property, (v) locations of all portions (with the acreage thereof also identified) of the Property, if any, which are located in an area designated as a "flood prone area" as defined by U.S. Department of Housing and Urban Development pursuant to the Flood Disaster Protection Act of 1973 and (vi) the Improvements, and the relationship thereof by distances to the perimeter of the Property, established building lines and street lines;

(7) Appraisal. An independent M.A.I. appraisal, commissioned by Administrative Agent, of the value of the Property, which appraisal shall comply in all respects with the standards for real estate appraisals established pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989;

(8) Insurance Policies. The policies and certificates of hazard and other insurance required by the Mortgage, together with evidence of the payment of the premiums therefor;

(9) Hazardous Materials Report/Certification. A detailed report and certification by a properly qualified engineer with regard to Hazardous Materials affecting the Property, which shall include, inter alia, a certification that such engineer has examined a list of prior owners, tenants and other users of the Property, and has made an on-site physical examination of the Property and Improvements, and a visual observation of the surrounding areas, and disclosing the extent of past or present Hazardous Materials activities or of the presence of Hazardous Materials;

(10) Consultant's Report. A detailed report from the Engineering Consultant to the effect that (i) the Improvements are in satisfactory condition and have been constructed in accordance with the plans and specifications therefor approved by all applicable Governmental Authorities, (ii) the Improvements comply with all applicable zoning and other Laws, all Major Leases and the Premises Documents, (iii) all roads and utilities necessary for the full utilization of the Improvements for their intended purposes have been completed and (iv) there exists a sufficient number of parking spaces necessary to satisfy the requirements of the Premises Documents and any leases and all zoning and other applicable Laws with respect to the Property, and all required landscaping, sidewalks and other amenities, and all off-site improvements, related to the Improvements have been completed;

(11) Permits and Other Approvals. Copies of any and all authorizations, including plot plan and subdivision approvals, zoning variances, sewer, building and other permits, required by all Governmental Authorities for the use, occupancy and operation of the Property and/or Improvements in accordance with all applicable building, environmental, ecological, landmark, subdivision and zoning Laws;

(12) Leases. Copies, certified to be true and complete, of all executed leases of the Improvements, accompanied by notices of assignments in the form of EXHIBIT J and, in the case of Major Leases (i) estoppel certificates from the tenants thereunder, (ii) at Administrative Agent's option, subordination non-disturbance and attornment agreements to be provided to Administrative Agent within forty-five (45) days of the date hereof and if not received within such forty-five (45) day period, then no further advances of the loan will be made until such subordination non-disturbance and attornment agreements are received by Administrative Agent and (iii) certified copy of the standard form of lease Borrower is using in connection with the leasing of space in the Improvements, if any, and of the rent roll for each Property;

(13) Premises Documents. A copy, certified to be true and complete, of the Premises Documents, together with estoppel certificates with respect thereto from each of the parties thereto and, if available, current financial statements of such parties;

(14) Management and Leasing Contracts. Copies, certified to be true and complete, of all existing contracts providing for the management, maintenance, operation or leasing of the Property and Improvements, together with, in each case, such collateral assignments or "will-serve" letters as Administrative Agent may require;

(15) UCC Searches. Uniform Commercial Code searches with respect to Borrower and advice from the Title Insurer to the effect that searches of the proper public records disclose no leases of personalty or financing statements filed or recorded against Borrower or the Mortgaged Property;

(16) Financials of Borrower. Unaudited operating statements and aged accounts receivable reports for each Property, certified by the chief financial officer of Borrower's general partner;

(17) Organizational Documents. If Borrower or any general partner or member of Borrower is a corporation, current copies of the following documents with respect to each (unless otherwise indicated):

(i) a good-standing certificate from the jurisdiction of its incorporation,

(ii) a resolution, certified by the corporate secretary, of the shareholders or directors of the corporation authorizing the consummation of the transactions contemplated hereby and the execution, delivery and performance of the Loan Documents and other documents to be executed, delivered or performed by said corporation (including any substitute or replacement Notes to be executed and delivered pursuant to the terms hereof), and

(iii) a certificate of the corporate secretary as to the incumbency of the officers executing any of the documents required hereby,

and, if Borrower or any general partner or member of Borrower is a partnership, venture, limited liability company or trust:

(iv) the entity's organizational agreement and all amendments and attachments thereto, certified by a general partner, venturer, member or trustee to be true and complete,

(v) any certificates filed or required to be filed by the entity in the jurisdiction of its formation, and

(vi) evidence of the authorization of the consummation of the transactions contemplated hereby and the execution, delivery and performance of the Loan Documents and any other documents to be executed, delivered and performed by said entity (including any substitute or replacement Notes to be executed and delivered pursuant to the terms hereof), and including any required consents by partners, venturers, members, trustees or beneficiaries;

(18) Solvency Certificate. A duly executed Solvency Certificate;

(19) Opinion of Counsel for Borrower. A favorable opinion, dated the date hereof, of counsel for Borrower, as to such matters as Administrative Agent may reasonably request;

(20) Authorization Letter. The Authorization Letter, duly executed by Borrower;

(21) Request for Advance. A request for an advance in accordance with Section 2.04;

(22) Certificate. The following statements shall be true and Administrative Agent shall have received a certificate dated the date hereof signed by a duly authorized signatory of Borrower stating, to the best of the certifying party's knowledge, the following:

(i) All representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the date hereof as though made on and as of such date,

(ii) No Default or Event of Default has occurred and is continuing, or could result from the transactions contemplated by this Agreement and the other Loan Documents, and

(iii) None of the Improvements on any Property has been materially injured or damaged by fire or other casualty;

(23) Covenant Compliance. A covenant compliance certificate of the sort required by paragraph (3) of Section 6.09; and

(24) Additional Materials. Such other approvals, documents, instruments or opinions as Administrative Agent may reasonably request.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Administrative Agent and each Lender as follows:

Section 5.01 Due Organization. Borrower (and if Borrower is a partnership or limited liability company, its general partners or members, as the case may be) is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, has the power and authority to own its assets and to transact the business in which it is now engaged, and, if applicable, is duly qualified for the conduct of business and in good standing under the Laws of each jurisdiction where a Property is located and each other jurisdiction in which such qualification is required.

Section 5.02 Power and Authority; No Conflicts; Compliance With Laws. The execution, delivery and performance of the obligations required to be performed by Borrower under the Loan Documents does not and will not (i) require the consent or approval of its shareholders, partners or members, as the case may be, or such consent or approval has been obtained, (ii) contravene its certificate of incorporation, by-laws, partnership agreement or other organizational documents, (iii) violate any provision of, or require any filing, registration, consent or approval under, any Law (including, without limitation, Regulation U), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, (iv) result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which it may be a party or by which it or its properties may be bound or affected except for consents which have been obtained, (v) result in, or require, the creation or imposition of any Lien, upon or with respect to any of its properties now owned or hereafter acquired or (vi) cause it to be in default under any such Law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument; Borrower is in compliance with all Laws applicable to it and its properties.

Section 5.03 Legally Enforceable Agreements. Each Loan Document is a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally.

Section 5.04 Litigation. There are no actions, suits or proceedings pending or, to its knowledge, threatened against Borrower or any of its Affiliates, any Property, the Improvements thereon, the validity or enforceability of any Mortgage or the priority of the Lien thereof, at law or in equity, before any court or arbitrator or any Governmental Authority except actions, suits or proceedings which have been disclosed to Administrative Agent in writing and which are fully covered by insurance or would, if adversely determined, not substantially impair the ability of Borrower to pay when due any amounts which may become payable under the Notes or other Loan Documents or to otherwise pay and perform its obligations in connection with the Loans.

Section 5.05 Good Title to Properties. Borrower has good, marketable and legal title to all of the properties and assets each of them purports to own (including, without limitation, those reflected in the December 31, 2000 financial statements referred to in Section 5.13), only with exceptions which do not materially detract from the value of such property or assets or the use thereof in Borrower's business. Borrower enjoys peaceful and undisturbed possession of all leased property necessary in any material respect in the conduct of its businesses. All such leases are valid and subsisting and are in full force and effect.

Section 5.06 Taxes. Borrower has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments and governmental charges and levies due and payable without the imposition of a penalty, including interest and penalties, except to the extent they are the subject of a Good Faith Contest.

Section 5.07 ERISA. Borrower is in compliance in all material respects with all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred with respect to any Plan which could result in liability of Borrower; no notice of intent to terminate a Plan has been filed nor has any Plan been terminated within the past five (5) years; no circumstance exists which constitutes grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, a Plan, nor has the PBGC instituted any such proceedings; Borrower and the ERISA Affiliates have not completely or partially withdrawn under Sections 4201 or 4204 of ERISA from a Multiemployer Plan; Borrower and the ERISA Affiliates have met the minimum funding requirements of Section 412 of the Code and Section 302 of ERISA of each with respect to the Plans of each and there is no material "Unfunded Current Liability" (as such quoted term is defined in ERISA) with respect to any Plan established or maintained by each; and Borrower and the ERISA Affiliates have not incurred any liability to the PBGC under ERISA (other than for the payment of premiums under Section 4007 of ERISA). No part of the funds to be used by Borrower in satisfaction of its obligations under this Agreement constitute "plan assets" of any "employee benefit plan" within the meaning of ERISA or of any "plan" within the meaning of Section 4975(e)(1) of the Code, as interpreted by the Internal Revenue Service and the U.S. Department of Labor in rules, regulations, releases, bulletins or as interpreted under applicable case law. Neither the extension of credit evidenced by the Notes nor any other transaction contemplated under the Loan Documents constitutes a Prohibited Transaction.

Section 5.08 No Default on Outstanding Judgments or Orders. Borrower has satisfied all judgments which are not being appealed or which are not fully covered by insurance, and are not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, state, municipal or other Governmental Authority, commission, board, bureau, agency or instrumentality, domestic or foreign.

Section 5.09 No Defaults on Other Agreements. Except as disclosed to Administrative Agent in writing, Borrower is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any partnership, trust or other restriction which is likely to result in a Material Adverse Change. Borrower is not in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument which is likely to result in a Material Adverse Change.

Section 5.10 Government Regulation. Borrower is not subject to regulation under the Investment Company Act of 1940 or any statute or regulation limiting its ability to incur indebtedness for money borrowed as contemplated hereby.

Section 5.11 Environmental Protection. To the best of Borrower's knowledge, none of Borrower's properties contains any Hazardous Materials that, under any Environmental Law currently in effect, (i) would impose liability on Borrower that is likely to result in a Material Adverse Change or (ii) is likely to result in the imposition of a Lien on any assets of Borrower in each case if not properly handled in accordance with applicable Law. To the best of Borrower's knowledge, neither it nor any portion of any Property or the Improvements thereon is in violation of, or subject to any existing, pending or threatened investigation or proceeding by any Governmental Authority under, any Environmental Law. Borrower is not aware of any matter, claim, condition or circumstance which would reasonably cause a Person to make further inquiry with respect to such matters in order to ascertain whether any Hazardous Materials or their effects have been disposed of or released on or to any portion of any Property, the Improvements thereon or any surrounding areas; Borrower is not required by any Environmental Law to obtain any permits or license to construct or use any improvements, fixtures, or equipment with respect to any Property, or if such permit or license is required it has been obtained; and, to the best of Borrower's knowledge, the prior use of each Property has not resulted in the disposal or release of any Hazardous Materials on or to any portion of the Property or any surrounding areas in violation of applicable Law.

Section 5.12 Solvency. Borrower is, and upon consummation of the transactions contemplated by this Agreement, the other Loan Documents and any other documents, instruments or agreements relating thereto, will be, Solvent.

Section 5.13 Financial Statements. Borrower's financial statements most recently delivered to Lenders pursuant to the terms of this Agreement are in all material respects complete and correct and fairly present the financial condition of the subjects thereof as of the dates of and for the periods covered by such statements, all in accordance with GAAP. There has been no Material Adverse Change since the date of such most recently delivered Borrower's financial statements, and no borrowings which might give rise to a Lien or claim against all or any portion of the Mortgaged Property under any Mortgage or against the proceeds of the Loans have been made by Borrower or others since the dates of such most recently delivered Borrower's financial statements.

Section 5.14 Insurance. Borrower has in force paid insurance as required by the Mortgages and, generally, Borrower has in force paid insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same type of business and similarly situated.

Section 5.15 Accuracy of Information; Full Disclosure. Neither this Agreement nor any documents, financial statements, reports, notices, schedules, certificates, statements or other writings furnished by or on behalf of Borrower to Administrative Agent or any Lender in connection with the negotiation of this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby, or required herein or by the other Loan Documents to be furnished by or on behalf of Borrower (other than projections which are made by Borrower in good faith), contains any untrue or misleading statement of a material fact or omits a material fact necessary to make the statements herein or therein not misleading. There is no fact which Borrower has not disclosed to Administrative Agent and Lenders in writing which materially affects adversely or, so far as Borrower can now foresee, will materially affect adversely any of the Mortgaged Property under the Mortgages or the business, prospects, profits or financial condition of Borrower or the ability of Borrower to perform this Agreement and the other Loan Documents.

Section 5.16 Separate Tax and Zoning Lot. Each Property constitutes a distinct parcel for purposes of zoning and of taxes, assessments and impositions (public or private) and is not otherwise considered as part of a larger single lot for purposes of zoning or of taxes, assessments or impositions (public or private).

Section 5.17 Zoning and other Laws; Covenants and Restrictions. As to each Property, (i) the Improvements and the uses thereof comply with applicable zoning, environmental, ecological, landmark and other applicable Laws, and all requirements for such uses have been satisfied and (ii) Borrower and the Property are in compliance with all applicable restrictions and covenants.

Section 5.18 Utilities Available. As to each Property, all utility services necessary for the operation of the Improvements for their intended purposes are available and servicing the Property, including water supply, storm and sanitary sewer, gas, electric power and telephone facilities.

Section 5.19 Creation of Liens. It has entered into no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a Lien on all or part of the Mortgaged Property prior to any Mortgage.

Section 5.20 Roads. As to each Property, all roads necessary for the full utilization of the Improvements for their intended purposes have been completed and dedicated to public use and accepted by all appropriate Governmental Authorities.

Section 5.21 Premises Documents and Leases. As to each Property, the Premises Documents and all leases are unmodified and in full force and effect, there are no defaults under any thereof, and all conditions to the effectiveness and continuing effectiveness thereof required to be satisfied as of the date hereof have been satisfied.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any of the Notes shall remain unpaid or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Lender under any Loan Document or otherwise in respect of the Loans, Borrower shall:

Section 6.01 Maintenance of Existence. Preserve and maintain its legal existence and good standing in the jurisdictions of its organization and (in the case of Borrower only) where each Property is located, and qualify and remain qualified as a foreign entity in each other jurisdiction in which such qualification is required.

Section 6.02 Maintenance of Records. Keep adequate records and books of account, in which complete entries will be made reflecting all of its financial transactions, in accordance with GAAP.

Section 6.03 Maintenance of Insurance. At all times, maintain and keep in force (i) (in the case of Borrower only) the insurance required by each of the Mortgages and (ii) insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same type of business and similarly situated, which insurance shall be acceptable to Administrative Agent and may provide for reasonable deductibility from coverage thereof.

Section 6.04 Compliance with Laws; Payment of Taxes. Comply in all respects with all Laws applicable to it or to any of its properties or any part thereof, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property, except to the extent they are the subject of a Good Faith Contest.

Section 6.05 Right of Inspection. At any reasonable time and from time to time upon reasonable notice, permit Administrative Agent or any Lender or any agent or representative thereof to examine and make copies and abstracts from its records and books of account and visit and inspect its properties and to discuss its affairs, finances and accounts with the independent accountants of Borrower; and cooperate with the Engineering Consultant to enable it to perform its functions hereunder.

Section 6.06 Compliance With Environmental Laws. Comply in all material respects with all applicable Environmental Laws and timely pay or cause to be paid all costs and expenses incurred in connection with such compliance, except to the extent the same are the subject of a Good Faith Contest; and (in the case of Borrower only) at its sole cost and expense, promptly remove, or cause the removal of, any and all Hazardous Materials or the effects thereof at any time identified as being on, in, under or affecting any Property or the Improvements thereon in violation of applicable Environmental Law.

Section 6.07 Maintenance of Properties. Do all things reasonably necessary to maintain, preserve, protect and keep its properties in good repair, working order and condition.

Section 6.08 Payment of Costs. Pay all costs and expenses required for the satisfaction of the conditions of this Agreement, including, without limitation, (i) all document and stamp taxes, recording and filing expenses and fees and commissions lawfully due to brokers in connection with the transactions contemplated hereby and (ii) any taxes, assessments, impositions (public or private), insurance premiums, Liens, security interests or other claims or charges against any Property.

Section 6.09 Reporting and Miscellaneous Document Requirements. Furnish directly to each Lender:

(1) Annual Financial Statements. As soon as available and in any event within one hundred (100) days after the end of each Fiscal Year, financial statements of General Partner of Borrower as of the end of and for such Fiscal Year, in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the prior Fiscal Year, audited by its Accountants;

(2) Notice of Litigation. Promptly after the commencement and knowledge thereof, notice of all actions, suits, and proceedings before any court or arbitrator or any Governmental Authority, affecting (i) Borrower which, if determined adversely to Borrower are likely to result in a Material Adverse Change or (ii) all or any portion of the Mortgaged Property under any Mortgage;

(3) Notices of Defaults and Events of Default. As soon as possible and in any event within ten (10) days after Borrower becomes aware of the occurrence of a material Default or any Event of Default, a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken with respect thereto;

(4) Material Adverse Change. As soon as is practicable and in any event within five (5) days after knowledge of the occurrence of any event or circumstance which is likely to result in or has resulted in a Material Adverse Change, written notice thereof;

(5) Offices. Thirty (30) days' prior written notice of any change in the chief executive office or principal place of business of Borrower;

(6) Environmental and Other Notices. As soon as possible and in any event within ten (10) days after receipt, copies of (i) all Environmental Notices received by Borrower which are not received in the ordinary course of business and which relate to any Property or a situation which is likely to result in a Material Adverse Change and (ii) all reports of any official searches made by any Governmental Authority having jurisdiction over any Property or the Improvements thereon, and of any claims of violations thereof;

(7) Insurance Coverage. Promptly, such information concerning Borrower's insurance coverage as Administrative Agent may reasonably request;

(8) Bankruptcy of Tenants. Promptly after becoming aware of the same, written notice of the bankruptcy, insolvency or cessation of operations of any tenant in the Improvements on any Property to which 5% or more of the aggregate minimum rent from such Improvements is attributable;

(9) Leasing Reports and Property Information. As soon as available and in any event within ninety (90) days after the end of each Fiscal Year, a rent roll, leasing report, tenant sales report and operating and cash statements for each Property; and

(10) General Information. Promptly, such other information respecting the condition or operations, financial or otherwise, of Borrower or any properties of Borrower as Administrative Agent may from time to time reasonably request.

Section 6.10 Continuing Accuracy of Representations and Warranties. Cause all of the representations and warranties made to Administrative Agent or Lenders herein and in the other Loan Documents to be continuously true and correct.

Section 6.11 Premises Documents; Leases. As to each Property, deliver to Administrative Agent, promptly following the execution thereof, certified copies of (i) all amendments or supplements to any Premises Documents or any lease and (ii) all leases, together with (to the extent available) current financial statements of the tenants thereunder (and of any guarantors of such tenants' obligations), and, in the case of Major Leases, notices of assignment in the form of EXHIBIT J; keep all Premises Documents and leases in full force and effect and at all times do all things necessary to compel performance by the parties to the Premises Documents or the tenants under such leases, as the case may be, of all obligations, covenants and agreements by such parties or tenants, as the case may be, to be performed thereunder; and not enter into or modify (other than de minimis modifications) any Premises Documents or Major Lease without the prior written consent of Administrative Agent.

Section 6.12 Compliance with Covenants, Restrictions and Easements. Comply with all restrictions, covenants and easements affecting each Property or the Improvements thereon and cause the satisfaction of all conditions of this Agreement.

Section 6.13 Maintenance, Management, Service and Leasing Contracts. Deliver to Administrative Agent, as and when executed, certified copies of all management and leasing contracts entered into with respect to any Property, each of which shall be entered into with a party, and on terms and conditions, reasonably acceptable to Administrative Agent; and contemporaneously with entering into each such contract, at Administrative Agent's option, cause each of the foregoing to be collaterally assigned to Administrative Agent for the benefit of Lenders as additional security for the Loans and/or cause the service provider under each such contract to undertake, inter alia, to continue performance on Lenders' behalf without additional cost in the event of a Default; and keep in full force and effect and not materially modify the management and leasing agreement(s) approved pursuant to paragraph (14) of Section 4.01 without Administrative Agent's prior written consent.

Section 6.14 Remedial Work. Perform the Remedial Work to the satisfaction of the Engineering Consultant within two hundred seventy (270) days from the date hereof.

ARTICLE VII

NEGATIVE COVENANTS

So long as any of the Notes shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Lender under any Loan Document or otherwise in respect of the Loans, Borrower shall not do any or all of the following:

Section 7.01 Mergers Etc. Merge or consolidate with any Person without the prior written consent of Administrative Agent, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) (or enter into any agreement to do any of the foregoing) provided, however, that in the case of a merger or consolidation where the net worth of the entity following such merger or consolidation is equal to or greater than Borrower's net worth immediately prior thereto, Administrative Agent's consent shall not be unreasonably withheld.

Section 7.02 Secondary Financing. Enter into any junior financing arrangement with any Person with any Property as collateral therefor, without the prior written consent of Administrative Agent, which consent may be withheld at Administrative Agent's sole option.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.01 Events of Default. Any of the following events shall be an "Event of Default":

(1) If Borrower shall: fail to pay the principal of any Notes as and when due; or fail to pay interest accruing on any Notes as and when due, and such failure to pay shall continue unremedied for five (5) Business Days after the due date of such interest; or fail to pay any fee or any other amount due under this Agreement or any other Loan Document as and when due and such failure to pay shall continue unremedied for two (2) Business Days after notice by Administrative Agent of such failure to pay; or

(2) If any representation or warranty made by Borrower in this Agreement or in any other Loan Document or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with a Loan Document shall prove to have been incorrect in any material respect on or as of the date made; or

(3) If Borrower shall fail to perform or observe any term, covenant or agreement contained in this Agreement (other than obligations specifically referred to elsewhere in this Section 8.01) or any other Loan Document, or any other document executed by Borrower and delivered to Administrative Agent or Lenders in connection with the transactions contemplated hereby and such failure under this clause shall remain unremedied for thirty (30) consecutive days after notice thereof to Borrower (or such shorter cure period as may be expressly prescribed in the applicable document); provided, however, that if any such default under clause (ii) above cannot by its nature be cured within such thirty (30) day, or shorter, as the case may be, grace period and so long as Borrower shall have commenced cure within such thirty (30) day, or shorter, as the case may be, grace period and shall, at all times thereafter, diligently prosecute the same to completion, Borrower shall have an additional period, not to exceed sixty (60) days, to cure such default; in no event, however, is the foregoing intended to effect an extension of the Maturity Date; or

(4) If Borrower shall fail (i) to pay any Debt (other than the payment obligations described in paragraph (1) of this Section) in an amount equal to or greater than \$250,000 in any such case when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) after the expiration of any applicable grace period; or (ii) to perform or observe any material term, covenant, or condition under any agreement or instrument relating to any such Debt, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, after the giving of notice or the lapse of time, or both, the maturity of such Debt, or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled or otherwise required prepayment), prior to the stated maturity thereof; or

(5) If Borrower shall (i) generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; or (ii) make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it, all or any portion of any Property or a substantial part of its other assets; or (iii) commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation Law of any jurisdiction, whether now or hereafter in effect; or (iv) have had any such petition or application filed or any such proceeding shall have been commenced, against it or all or any portion of any Property, in which an adjudication or appointment is made or order for relief is entered, or which petition, application or proceeding remains undischarged or unstayed for a period of ninety (90) days or more; or (v) be the subject of any proceeding under which all or any portion of any Property or all or a substantial part of its other assets may be subject to seizure, forfeiture or divestiture; or (vi) by any act or omission indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any portion of any Property or all or any substantial part of its other property; or (vii) suffer any such custodianship, receivership or trusteeship for all or any portion of any Property or all or any substantial part of its other property, to continue undischarged for a period of ninety (90) days or more; or

(6) If one or more judgments, decrees or orders for the payment of money in excess of \$250,000 (excluding any such judgments, decrees or orders which are fully covered by insurance) in the aggregate shall be rendered against Borrower, and any such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal; or

(7) If any of the following events shall occur or exist with respect to Borrower or any ERISA Affiliate: (i) any Prohibited Transaction involving any Plan; (ii) any Reportable Event with respect to any Plan; (iii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (iv) any event or circumstance which would constitute grounds for the termination of, or for the appointment of a trustee to administer, any Plan under Section 4042 of ERISA, or the institution by the PBGC of proceedings for any such termination or appointment under Section 4042 of ERISA; or (v) complete or partial withdrawal under Section 4201 or 4204 of ERISA from a Multiemployer Plan or the reorganization, insolvency, or termination of any Multiemployer Plan; and in each case above, if such event or conditions, if any, could in the reasonable opinion of any Lender subject Borrower to any tax, penalty, or other liability to a Plan, Multiemployer Plan, the PBGC or otherwise (or any combination thereof) which in the aggregate exceeds or is likely to exceed \$50,000; or

(8) If any Mortgage shall at any time and for any reason cease to create a valid and perfected first priority Lien on the Mortgaged Property purported to be subject thereto or to be in full force and effect; or shall be declared null and void; or the validity or enforceability thereof shall be contested by any party thereto, or any party thereto shall deny any further liability or obligation thereunder; or

(9) If an "Event of Default" shall occur under any Mortgage (as such quoted term is defined therein).

Section 8.02 Remedies. If any Event of Default shall occur and be continuing, Administrative Agent shall, upon request of the Required Lenders, (i) declare the outstanding balance of the Notes, all interest thereon, and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon such balance, all such interest, and all such amounts due under this Agreement and under the other Loan Documents shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower and/or (ii) exercise any remedies provided in any of the Loan Documents or by Law.

ARTICLE IX

ADMINISTRATIVE AGENT; RELATIONS AMONG LENDERS

Section 9.01 Appointment, Powers and Immunities of

Administrative Agent. Each Lender hereby irrevocably appoints and authorizes Administrative Agent to act as its agent hereunder and under any other Loan Document with such powers as are specifically delegated to Administrative Agent by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto. Administrative Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and any other Loan Document or required by Law, and shall not by reason of this Agreement be a fiduciary or trustee for any Lender except to the extent that Administrative Agent acts as an agent with respect to the receipt or payment of funds (nor shall Administrative Agent have any fiduciary duty to Borrower nor shall any Lender have any fiduciary duty to Borrower or to any other Lender). No implied covenants, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against Administrative Agent. Neither Administrative Agent nor any of its directors, officers, employees, agents, attorneys-in-fact or Affiliates shall be responsible to any Lender for any recitals, statements, representations or warranties made by Borrower or any officer, partner or official of Borrower or any other Person contained in this Agreement or any other Loan Document, or in any certificate or other document or instrument referred to or provided for in, or received by any of them under, this Agreement or any other Loan Document, or for the value, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document or instrument referred to or provided for herein or therein, for the perfection or priority of any Lien securing the Obligations or for any failure by Borrower to perform any of its obligations hereunder or thereunder. Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither Administrative Agent nor any of its directors, officers, employees, agents, attorneys-in-fact or Affiliates shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct.

Section 9.02 Reliance by Administrative Agent. Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent. Administrative Agent may deem and treat each Lender as the holder of the Loan made by it for all purposes hereof and shall not be required to deal with any Person who has acquired a Participation in any Loan or Participation from a Lender. As to any matters not expressly provided for by this Agreement or any other Loan Document, Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Lenders, and such instructions of the Required Lenders and any action taken or failure to act pursuant thereto shall be binding on all Lenders and any other holder of all or any portion of any Loan or Participation.

Section 9.03 Defaults. Administrative Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default unless Administrative Agent has actual knowledge thereof or has received notice from a Lender or Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default." In the event that Administrative Agent has such actual knowledge or receives such a notice of the occurrence of a Default or Event of Default, Administrative Agent shall give prompt notice thereof to Lenders. Administrative Agent shall promptly send to each Lender a copy of any notice of Default or Event of Default that Administrative Agent sends to Borrower. Administrative Agent, following consultation with Lenders, shall (subject to Section 9.07) take such action with respect to such Default or Event of Default which is continuing as shall be directed by the Required Lenders; provided, however, that, unless and until Administrative Agent shall have received such directions, Administrative Agent may take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of Lenders. In no event shall Administrative Agent be required to take any such action which it determines to be contrary to the Loan Documents or to Law. Each Lender acknowledges and agrees that no individual Lender may separately enforce or exercise any of the provisions of any of the Loan Documents (including, without limitation, the Notes) other than through Administrative Agent.

Section 9.04 Rights of Administrative Agent as a Lender. With respect to its Loan Commitment and the Loan provided by it, Administrative Agent in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Administrative Agent, and the term "Lender" or "Lenders" shall include Administrative Agent in its capacity as a Lender. Administrative Agent and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to (on a secured or unsecured basis), and generally engage in any kind of banking, trust or other business with Borrower (and any Affiliates of Borrower) as if it were not acting as Administrative Agent.

Section 9.05 Sharing of Costs by Lenders; Indemnification of Administrative Agent. Each Lender shall pay its ratable share, based on the respective outstanding principal balances under its Note and the other Notes, of any expenses incurred (and not paid or reimbursed by Borrower after demand for payment is made by Administrative Agent) by or on behalf of Lenders in connection with any Default or Event of Default, including, without limitation, costs of enforcement of the Loan Documents and any advances to pay taxes or insurance premiums or otherwise to preserve the Lien of any of the Mortgages or to preserve or protect any Mortgaged Property. In the event a Lender fails to pay its share of expenses as aforesaid, and all or a portion of such unpaid amount is paid by Administrative Agent and/or one or more of the other Lenders, then the defaulting Lender shall reimburse Administrative Agent and/or the other Lender(s) for the portion of such unpaid amount paid by it or them, as the case may be, together with interest thereon at the Base Rate from the date of payment by Administrative Agent and/or the other Lender(s). In addition, each Lender agrees to indemnify Administrative Agent (to the extent not reimbursed under Section 11.04 or under other applicable provisions of any Loan Document, but without limiting the obligations of Borrower under Section 11.04 or such other provisions), for its ratable share, based upon the outstanding principal balances under its Note and the other Notes, of any and all liabilities,

obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Administrative Agent in any way relating to or arising out of this Agreement, any other Loan Document or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses which Borrower is obligated to pay under Section 11.04 or under any other applicable provisions of any other Loan Document) or the enforcement of any of the terms hereof or thereof or of any such other documents or instruments; provided, however, that no Lender shall be liable for (i) any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified, or (ii) any loss of principal or interest with respect to Administrative Agent's Loan.

Section 9.06 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance on Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own analysis of the collateral for the Loans and of the credit of Borrower, and its own decision to enter into this Agreement and that it will, independently and without reliance upon Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any other Loan Document. Administrative Agent shall not be required to keep itself informed as to the performance or observance by Borrower of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or to inspect the properties (including, without limitation, any Property) or books of Borrower. Except for notices, reports and other documents and information expressly required to be furnished to Lenders by Administrative Agent hereunder, Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of Borrower (or any Affiliate of Borrower) which may come into the possession of Administrative Agent or any of its Affiliates. Administrative Agent shall not be required to file this Agreement, any other Loan Document or any document or instrument referred to herein or therein, for record or give notice of this Agreement, any other Loan Document or any document or instrument referred to herein or therein, to anyone.

Section 9.07 Failure of Administrative Agent to Act. Except for action expressly required of Administrative Agent hereunder, Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have received further assurances (which may include cash collateral) of the indemnification obligations of Lenders under Section 9.05 in respect of any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. If any indemnity furnished to Administrative Agent for any purpose shall, in the opinion of Administrative Agent, be insufficient or become impaired, Administrative Agent may call for an additional indemnity and cease, or not commence, the action indemnified against until such additional indemnity is furnished.

Section 9.08 Resignation or Removal of Administrative Agent. Administrative Agent may resign on at least thirty (30) days' written notice to Lenders and Borrower or upon the occurrence of an Event of Default. Administrative Agent may be removed at any time with cause by the Required Lenders, provided that Borrower and the other Lenders shall be promptly notified thereof. Upon any such resignation or removal of Administrative Agent, the Required Lenders shall have the right to appoint a successor Administrative Agent which successor Administrative Agent, so long as it is reasonably acceptable to the Required Lenders, shall be that Lender then having the greatest Loan Commitment. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within twenty (20) days after the Required Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of Lenders, appoint a successor Administrative Agent, which shall be one of Lenders. The Required Lenders or the retiring Administrative Agent, as the case may be, shall upon the appointment of a successor Administrative Agent promptly so notify Borrower and the other Lenders. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's removal hereunder as Administrative Agent, the provisions of this Article IX shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Section 9.09 Amendments Concerning Agency Function. Notwithstanding anything to the contrary contained herein, Administrative Agent shall not be bound by any waiver, amendment, supplement or modification hereof or of any other Loan Document which affects its duties, rights, and/or functions hereunder or thereunder unless it shall have given its prior written consent thereto.

Section 9.10 Liability of Administrative Agent. Administrative Agent shall not have any liabilities or responsibilities to Borrower on account of the failure of any Lender to perform its obligations hereunder or to any Lender on account of the failure of Borrower to perform its obligations hereunder or under any other Loan Document.

Section 9.11 Transfer of Agency Function. Without the consent of Borrower or any Lender, Administrative Agent may at any time or from time to time transfer its functions as Administrative Agent hereunder to any of its offices wherever located in the United States, provided that Administrative Agent shall promptly notify Borrower and Lenders thereof.

Section 9.12 Non-Receipt of Funds by Administrative Agent; Adjustments.

(a) Unless Administrative Agent shall have received notice from a Lender or Borrower (either one as appropriate being the "Payor") prior to the date on which such Lender is to make payment hereunder to Administrative Agent of the proceeds of a Loan or Borrower is to make payment to Administrative Agent, as the case may be (either such payment being a "Required Payment"), which notice shall be effective upon receipt, that the Payor will not make the Required Payment in full to Administrative Agent, Administrative Agent may assume that the Required Payment has been made in full to Administrative Agent on such date, and Administrative Agent in its sole discretion may, but shall not be obligated to, in reliance upon such assumption, make the amount thereof available to the intended recipient on such date. If and to the extent the Payor shall not have in fact so made the Required Payment in full to Administrative Agent, the recipient of such payment shall repay to Administrative Agent forthwith on demand such amount made available to it together with interest thereon, for each day from the date such amount was so made available by Administrative Agent until the date Administrative Agent recovers such amount, at the Federal Funds Rate for three (3) Business Days and thereafter at the Prime Based Rate.

(b) If, after Administrative Agent has paid each Lender's share of any payment received or applied by Administrative Agent in respect of the Loan, that payment is rescinded or must otherwise be returned or paid over by Administrative Agent, whether pursuant to any bankruptcy or insolvency Law, sharing of payments clause of any loan agreement or otherwise, such Lender shall, at Administrative Agent's request, promptly return its share of such payment or application to Administrative Agent, together with such Lender's proportionate share of any interest or other amount required to be paid by Administrative Agent with respect to such payment or application. In addition, if a court of competent jurisdiction shall adjudge that any amount received and distributed by Administrative Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to Administrative Agent its share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court.

Section 9.13 Withholding Taxes. Each Lender represents that it is entitled to receive any payments to be made to it hereunder without the withholding of any tax and will furnish to Administrative Agent such forms, certifications, statements and other documents as Administrative Agent may request from time to time to evidence such Lender's exemption from the withholding of any tax imposed by any jurisdiction or to enable Administrative Agent or Borrower to comply with any applicable Laws relating thereto. Without limiting the effect of the foregoing, if any Lender is not created or organized under the Laws of the United States or any state thereof, such Lender will furnish to Administrative Agent a U.S. Internal Revenue Service Form W-8ECI in respect of all payments to be made to such Lender by Borrower or Administrative

Agent under this Agreement or any other Loan Document or a U.S. Internal Revenue Service Form W-8BEN establishing such Lender's complete exemption from United States withholding tax in respect of payments to be made to such Lender by Borrower or Administrative Agent under this Agreement or any other Loan Document, or such other forms, certifications, statements or documents, duly executed and completed by such Lender as evidence of such Lender's exemption from the withholding of U.S. tax with respect thereto. Administrative Agent shall not be obligated to make any payments hereunder to such Lender in respect of any Loan or Participation or such Lender's Loan Commitment or obligation to purchase Participations until such Lender shall have furnished to Administrative Agent the requested form, certification, statement or document.

Section 9.14 Pro Rata Treatment. Except to the extent otherwise provided, the advance of proceeds of the Loans shall be made by Lenders shall be made for the account of Lenders, ratably according to the amounts of their respective Loan Commitments.

Section 9.15 Sharing of Payments Among Lenders. If a Lender shall obtain payment of any principal of or interest on any Loan made by it through the exercise of any right of setoff, banker's lien or counterclaim, or by any other means (including direct payment), and such payment results in such Lender receiving a greater payment than it would have been entitled to had such payment been paid directly to Administrative Agent for disbursement to Lenders, then such Lender shall promptly purchase for cash from the other Lenders Participations in the Loans made by the other Lenders in such amounts, and make such other adjustments from time to time as shall be equitable to the end that all Lenders shall share ratably the benefit of such payment. To such end, Lenders shall make appropriate adjustments among themselves (by the resale of Participations sold or otherwise) if such payment is rescinded or must otherwise be restored.

Section 9.16 Possession of Documents. Each Lender shall keep possession of its own Note. Administrative Agent shall hold all the other Loan Documents and related documents in its possession and maintain separate records and accounts with respect thereto, and shall permit Lenders and their representatives access at all reasonable times to inspect such Loan Documents, related documents, records and accounts.

Section 9.17 Minimum Commitment by The Dime. Until the earlier to occur of (i) twelve (12) months from the date hereof or (ii) the date upon which the Loan has been fully funded or Borrower is otherwise no longer entitled to request Advances, The Dime agrees that, so long as there exists no Event of Default, it shall retain a Loan Commitment of \$26,000,000 and thereafter The Dime hereby agrees to maintain a Loan Commitment in an amount no less than \$10,000,000, and further agrees to hold and not to participate or assign any of such amount other than an assignment to a Federal Reserve Bank or to the Parent.

ARTICLE X

NATURE OF OBLIGATIONS

Section 10.01 Absolute and Unconditional Obligations. Borrower acknowledges and agrees that its obligations and liabilities under this Agreement and under the other Loan Documents shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of any of the Obligations, any Loan Documents or any agreement or instrument relating thereto, (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from any Loan Documents or any other documents or instruments executed in connection with or related to the Obligations, (iii) any exchange or release of any collateral, if any, or of any other Person from all or any of the Obligations or (iv) any other circumstances which might otherwise constitute a defense available to, or a discharge of, Borrower or any other Person in respect of the Obligations.

The Obligations shall not be conditioned or contingent upon the pursuit by any Lender or any other Person at any time of any right or remedy against Borrower or any other Person which may be or become liable in respect of all or any part of the Obligations or against any collateral or security or guarantee therefor or right of setoff with respect thereto.

Section 10.02 Exculpation. Neither Borrower nor any Principal of Borrower shall be personally liable for payment of the principal of the Note or interest thereon, and in the event of any failure by Borrower to pay any portion of such principal or interest, Lenders will look, with respect to the then outstanding balance of such principal and interest, solely to the Mortgaged Property and such other collateral as has been, or hereafter shall be, given to secure payment of the Note. The foregoing limitation on liability shall not impair or otherwise affect the validity or enforceability of (a) the debt evidenced by the Note or the Loan Agreement or of any other obligations evidenced by the Note, the Loan Agreement, the Mortgage or any of the Loan Documents or (b) Lenders' liens, security interests, rights and remedies (including, without limitation, the remedies of foreclosure and/or sale) with respect to the Mortgaged Property or any other property, security, collateral and/or assets (including the proceeds thereof) encumbered, pledged or assigned by the Mortgages or any other security for the Loan. In addition, the foregoing limitation on liability shall not limit anyone's obligations or be applicable with respect to: (i) liability under any guaranty(ies) or indemnity(ies) delivered or afforded to Lenders; (ii) any fraud or material misrepresentation; (iii) taxes of any kind (whether characterized as transfer, gains or other taxes) payable in connection with the foreclosure sale of the Mortgaged Property, irrespective of who pays such taxes; (iv) application of any proceeds of the Loan to any purpose other than as provided in the Loan Documents; (v) the application of any insurance or condemnation proceeds or other funds or payments other than strictly in accordance with the Loan Documents; (vi) the misapplication of any security deposits; (vii) rents, sales proceeds, or other sums received after default under the Loan Documents which are not applied to expenses of operating the Mortgaged Property or paid to Administrative Agent for the account of Lenders or a duly appointed receiver of the Premises; (viii) any

failure to deliver to Administrative Agent or Lenders, after demand therefor, any agreements relating to the operation, management, leasing, use, occupancy or construction of the Mortgaged Property; (ix) any intentional physical waste in respect of the Mortgaged Property; (x) any failure to pay or discharge any real estate tax, other tax, assessment, fine, penalty or lien against the Mortgaged Property to the extent revenue from leases of the Mortgaged Property was available to pay same; (xi) liability to Lenders for the reimbursement to Administrative Agent, for the account of Lenders, together with interest as provided in the Loan Documents, of all sums advanced or expended by Lenders after or in respect of any default under the Loan Documents; (xii) liability as landlord under any lease(s) relating to the Mortgaged Property which Lenders are or become obligated for by virtue of Lenders succeeding to the interests of Borrower; (xiii) liability under any agreement relating to the operation or maintenance of the Mortgaged Property which Lenders are or become obligated for by virtue of Lenders succeeding to the interests of Borrower; (xiv) liability to pay for the premiums on and keep in full force and effect insurance in respect of the Mortgaged Property in accordance with the Loan Documents to the extent revenue from leases of the Mortgaged Property was available to pay same; or (xv) liability for Hazardous Substances that may exist upon or be discharged from the Mortgaged Property. Borrower and any Principal of Borrower shall in any event be and shall remain personally liable for each of the matters to which reference is made in the preceding sentence and Lenders may seek, obtain and enforce one or more money judgments in any appropriate proceeding(s) with respect thereto. The limitation on personal liability contained in this paragraph shall become automatically null and void and shall be of no further force or effect, and Borrower and each Principal of Borrower shall be and remain personally liable for payment of the principal of the Note and interest thereon, in accordance with the terms and provisions of this Loan Agreement, in the event that Borrower, or anyone acting on behalf of Borrower, shall (A) file a petition or answer seeking any relief of any kind under the bankruptcy laws of the United States (or if an Insolvency Event shall otherwise occur), (B) assert in writing or in any legal proceedings of any kind that any provisions of any of the Loan Documents are in whole or in part unenforceable, invalid or not legally binding, or (C) fail fully to cooperate with Administrative Agent or a receiver in Administrative Agent's or such receiver's efforts to collect Rents directly from tenants after a default under the Loan Documents.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Binding Effect of Request for Advance. By its acceptance of the advance of proceeds of the Loans under this Agreement, Borrower shall be bound in all respects by the request for advance submitted on its behalf in connection therewith with the same force and effect as if Borrower had itself executed and submitted the request for advance and whether or not the request for advance is executed and/or submitted by an authorized person.

Section 11.02 Amendments and Waivers. No amendment or material waiver of any provision of this Agreement or any other Loan Document nor consent to any material departure by Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by the Required Lenders and, solely for purposes of its acknowledgment thereof, Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all Lenders do any of the following: (i) reduce the principal of, or interest on, the Notes or any fees due hereunder or any other amount due hereunder or under any other Loan Document; (ii) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees due hereunder or under any other Loan Document; (iii) change the definition of Required Lenders; (iv) amend this Section or any other provision requiring the consent of all Lenders; (v) waive any default under paragraph (5) of Section 8.01; (vi) release, in whole or in part, any guarantor of Borrower's obligations under the Loans other than in accordance with the Loan Documents; or (vii) release any material portion of the Mortgaged Property under any Mortgage or of any other collateral now or hereafter given for the Loans other than in accordance with the Loan Documents. Any advance of proceeds of the Loans made prior to or without the fulfillment by Borrower of all of the conditions precedent thereto, whether or not known to Administrative Agent and Lenders, shall not constitute a waiver of the requirement that all conditions, including the non-performed conditions, shall be required with respect to all future advances, if any. No failure on the part of Administrative Agent or any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by Law.

All communications from Administrative Agent to Lenders requesting Lenders' determination, consent, approval or disapproval (x) shall be given in the form of a written notice to each Lender, (y) shall be accompanied by or include a description or copy of the matter or thing as to which such determination, approval, consent or disapproval is requested and (z) shall include Administrative Agent's recommended course of action or determination in respect thereof. Each Lender shall reply promptly, but in any event within ten (10) Business Days (or five (5) Business Days with respect to any decision to accelerate or stop acceleration of the Loans) after receipt of the request therefor by Administrative Agent (the "Lender Reply Period"). Unless a Lender shall give written notice to Administrative Agent that it objects to the recommendation or determination of Administrative Agent (together with a written explanation of the reasons behind such objection) within the Lender Reply Period, such Lender shall be deemed to have approved or consented to such recommendation or determination.

Section 11.03 Usury. Anything herein to the contrary notwithstanding, the obligations of Borrower under this Agreement and the Notes shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of Law applicable to a Lender limiting rates of interest which may be charged or collected by such Lender.

Section 11.04 Expenses; Indemnification. Borrower covenants and agrees to pay all reasonable costs, expenses and charges (including, without limitation, all reasonable fees and expenses of counsel, engineers, appraisers and consultants) incurred by Administrative Agent in connection with (i) the preparation for and consummation of the transactions contemplated hereby or for the performance hereof and of the other Loan Documents, and for any services which may be required in addition to those normally and reasonably contemplated hereby and (ii) the enforcement hereof or of any or all of the other Loan Documents; provided, however, that Borrower shall not be responsible for (x) the fees and expenses of legal counsel for any Lender other than The Dime incurred in connection with said counsel's review of this Agreement and the other Loan Documents prior to execution and (y) costs, expenses and charges incurred by Administrative Agent and Lenders in connection with the administration or syndication of the Loan. In connection with the foregoing, Lenders agree, to the extent practicable, to appoint a single counsel and local counsel, selected by Administrative Agent, to act on behalf of all Lenders in connection with the enforcement of the Loan Documents. If Borrower fails to pay promptly any costs, charges or expense required to be paid by it as aforesaid, and Administrative Agent or any Lender pays such costs, charges or expenses, Borrower shall reimburse Administrative Agent or such Lender, as appropriate, on demand for the amounts so paid, together with interest thereon at the Default Rate for Prime Based Loans from the date of demand. Borrower agrees to indemnify Administrative Agent and each Lender and their respective directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of (A) any claims by brokers due to acts or omissions by Borrower or (B) any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to any actual or proposed use by Borrower of the proceeds of the Loans, including without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

The obligations of Borrower under this Section and under Article III shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments.

Section 11.05 Assignment; Participation. This Agreement shall be binding upon, and shall inure to the benefit of, Borrower, Administrative Agent, Lenders and their respective successors and permitted assigns. Borrower may not assign or transfer its rights or obligations hereunder.

Any Lender may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Loan ("Participations"). In the event of any such grant by a Lender of a Participation to a Participant, whether or not Borrower or Administrative Agent was given notice, such Lender shall remain responsible for the performance of its obligations hereunder, and Borrower and Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder. Any agreement pursuant to which any Lender may grant a Participation shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of Borrower hereunder and under any other Loan Document, including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided, however, that such participation agreement may provide that such Lender will not agree to any modification, amendment or waiver described in clauses (i) through (vii) of Section 11.02 without the consent of the Participant.

Subject to the provisions of Section 9.17, any Lender may at any time assign to any bank or other institution with the consent of Administrative Agent and, provided there exists no Event of Default, of Borrower, which consents shall not be unreasonably withheld or delayed, or to one or more banks or other institutions which are majority owned subsidiaries of a Lender or of the Parent of a Lender (each such consented to bank or other institution, or subsidiary bank or institution, an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement and its Note, and such Assignee shall assume rights and obligations, pursuant to an Assignment and Assumption Agreement executed by such Assignee and the assigning Lender, provided that, in each case, after giving effect to such assignment the Assignee's Loan Commitment, and, in the case of a partial assignment, the assigning Lender's Loan Commitment, each will be equal to or greater than \$10,000,000; provided, further, however, that the assigning Lender shall not be required to maintain a Loan Commitment in the minimum amount aforesaid in the event it assigns all of its rights and obligations under this Agreement and its Note. Upon (i) execution and delivery of such instrument, (ii) payment by such Assignee to the assigning Lender of an amount equal to the purchase price agreed between such Lender and such Assignee and (iii) payment by such Assignee to Administrative Agent of a fee, for Administrative Agent's own account, in the amount of \$3,500, such Assignee shall be a Lender under this Agreement and shall have all the rights and obligations of a Lender as set forth in such Assignment and Assumption Agreement, and the assigning Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this paragraph, substitute Notes shall be issued to the assigning Lender (in the case of a partial assignment) and Assignee by Borrower, in exchange for the return of the original Note of the assigning Lender. The obligations evidenced by such substitute notes shall constitute "Obligations" for all purposes of this Agreement and the other Loan Documents and shall be secured by the Mortgages. In connection with Borrower's execution of substitute notes as aforesaid, Borrower shall deliver to Administrative Agent such evidence of the due authorization, execution and delivery of the substitute notes and any related documents as Administrative Agent may reasonably request. If the Assignee is not incorporated under the Laws of the United States or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 9.13. Each Assignee shall be deemed to have made the representations contained in, and shall be bound by the provisions of, Section 9.13.

Any Lender may at any time freely assign all or any portion of its rights under this Agreement and its Note to a Federal Reserve Bank. No such assignment shall release the transferor Lender from its obligations hereunder.

Borrower recognizes that in connection with a Lender's selling of Participations or making of assignments, any or all documentation, financial statements, appraisals and other data, or copies thereof, relevant to Borrower or the Loans may be exhibited to and retained by any such Participant or assignee or prospective Participant or assignee. In connection with a Lender's delivery of any financial statements and appraisals to any such Participant or assignee or prospective Participant or assignee, such Lender shall also indicate that the same are delivered on a confidential basis. Borrower agrees to provide all assistance reasonably requested by a Lender to enable such Lender to sell Participations or make assignments of its Loan as permitted by this Section. Upon request, each Lender agrees to provide Administrative Agent and Borrower with notice of all Participations sold by such Lender.

Section 11.06 Documentation Satisfactory. All documentation required from or to be submitted on behalf of Borrower in connection with this Agreement and the documents relating hereto shall be subject to the prior approval of, and be satisfactory in form and substance to, Administrative Agent, its counsel and, where specifically provided herein, Lenders. In addition, the persons or parties responsible for the execution and delivery of, and signatories to, all of such documentation, shall be acceptable to, and subject to the approval of, Administrative Agent and its counsel.

Section 11.07 Notices. Except as expressly provided otherwise, all notices, demands, consents, approvals and statements required or permitted hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally, three (3) days after mailing by registered or certified mail, postage prepaid, or one (1) day after delivery to a nationally recognized overnight courier service providing evidence of the date of delivery, addressed to a party at its address on the signature page hereof or of the applicable Assignment and Assumption Agreement, or at such other address of which a party shall have notified the party giving such notice in writing in accordance with the foregoing requirements.

Section 11.08 Setoff. In addition to (and without limitation of) any right of setoff, bankers' lien or counterclaim a Lender may otherwise have, Administrative Agent and each Lender shall be entitled, at its option, to offset balances (general or special, time or demand, provisional or final) held by it for the account of Borrower at any of Administrative Agent's or such Lender's offices, in Dollars or in any other currency, against any amount payable by Borrower to Administrative Agent or such Lender under this Agreement or such Lender's Note or any other Loan Document which is not paid when due (regardless of whether such balances are then due to Borrower), in which case it shall promptly notify Borrower and (in the case of setoff by a Lender) Administrative Agent thereof; provided, however, that failure to give such notice shall not affect the validity thereof.

Section 11.09 Severability. The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 11.10 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

Section 11.11 Integration. The Loan Documents set forth the entire agreement among the parties hereto relating to the transactions contemplated thereby and supersede any prior oral or written statements or agreements with respect to such transactions; provided, however, that the terms of the Term Sheet shall survive execution of this Loan Agreement and remain in full force and effect.

Section 11.12 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the Laws of the State of New York (without giving effect to New York's principles of conflicts of law).

Section 11.13 Waivers. In connection with the obligations and liabilities as aforesaid, Borrower hereby waives (i) promptness and diligence, (ii) notice of any actions taken by Administrative Agent or any Lender under this Agreement, any other Loan Document or any other agreement or instrument relating hereto or thereto except to the extent otherwise provided herein, (iii) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section, might constitute grounds for relieving Borrower of its obligations hereunder, (iv) any requirement that Administrative Agent or any Lender protect, secure, perfect or insure any Lien on all or any portion of the Mortgaged Property under any Mortgage or on any other collateral or exhaust any right or take action against Borrower or any other Person or against all or any portion of the Mortgaged Property under any Mortgage or any other collateral, (v) any right or claim of right to cause a marshalling of the assets of Borrower and (vi) all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under the Federal Bankruptcy Code) or otherwise by reason of payment by Borrower, either jointly or severally, pursuant to this Agreement or any other Loan Document.

Section 11.14 Jurisdiction; Immunities. Borrower, Administrative Agent and each Lender hereby irrevocably submit to the jurisdiction of any New York State or U.S. federal court sitting in New York City over any action or proceeding arising out of or relating to this Agreement, the Notes or any other Loan Document. Borrower, Administrative Agent, and each Lender irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or U.S. federal court. Borrower, Administrative Agent, and each Lender irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Borrower, Administrative Agent or each Lender, as the case may be, at the addresses specified herein. Borrower, Administrative Agent and each Lender agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Borrower, Administrative Agent and each Lender further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of forum non conveniens.

Nothing in this Section shall affect the right of Borrower, Administrative Agent or any Lender to serve legal process in any other manner permitted by Law.

To the extent that Borrower, Administrative Agent or any Lender have or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Borrower, Administrative Agent and each Lender hereby irrevocably waive such immunity in respect of its obligations under this Agreement, the Notes and any other Loan Document.

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

Section 11.15 Gross-Up For Taxes. All payments made by Borrower under this Agreement and the Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding income taxes and franchise or other taxes (imposed in lieu of income taxes) imposed on a Lender as a result of a present or former connection between such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from such Lender's having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or its Note). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any amounts payable to such Lender hereunder or under its Note, the amounts so payable to such Lender shall be increased to the extent necessary to yield to such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable with respect to the its Loan at the rates or in the amounts specified in this Agreement and its Note; provided, however, that Borrower shall not be required to increase any such amounts payable to such Lender if such Lender is not organized under the Laws of the United States or a state thereof and such Lender fails to comply with the requirements of Section 9.13. Whenever any Non-Excluded Taxes are payable by Borrower, as promptly as possible thereafter Borrower shall send to Administrative Agent for the account of such Lender a certified copy of an original official receipt received by Borrower showing payment thereof. If Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to Administrative Agent the required receipts or other required documentary evidence, Borrower shall indemnify such Lender for any incremental taxes, interest or penalties that may become payable by such Lender as a result of any such failure. The agreements in this Section shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

Section 11.16 Exculpation of Trustees. This Loan Agreement is executed by certain Trustees of Acadia Realty Trust (the "Trust"), the general partner of Borrower, not individually, but solely in their representative capacities as trustees of the Trust. Administrative Agent waives any rights to bring a cause of action against the individuals executing this Loan Agreement as trustees of the Trust (except for any cause of action based upon lack of authority or fraud), and Administrative Agent agrees to look solely to the Mortgaged Property or, if permitted under this Loan Agreement or any other Loan Document, the other assets of Borrower, for the enforcement of any claim Administrative Agent at any time may have under this Loan Agreement or under the Loan Documents.

Section 11.17 Release of Collateral. Provided no Default or Event of Default exists, Borrower shall have the right to obtain the release of any of the Properties from the Mortgage encumbering the same, at Borrower's expense, so long as (i) Borrower pays to Administrative Agent, for the account of the Lenders, an amount equal to the lesser of (x) the Release Price for the Property that is the subject of such release or (y) the then outstanding principal amount of the Loan, which amount shall be applied to the reduction of outstanding principal under the Loan, (ii) the Property not so released is generating net income available for debt service equal to 140% of debt service on the sums of (a) the Loan as reduced by the Release Price and (b) any Loan Allocation available in respect of the Property not being released as determined by Lender in its reasonable judgment, (iii) Administrative Agent receives an endorsement to the title insurance policy insuring that the lien of the Mortgages not so released will not be impaired by virtue of said release and (iv) Administrative Agent receives such other documents, opinions and assurances as Administrative Agent may reasonably request. Upon any such release of a Property, such Property shall no longer constitute a "Property" hereunder and the Total Loan Commitment shall be reduced by the amount of the Loan Allocation for such Property.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

RD WOONSOCKET ASSOCIATES LIMITED
PARTNERSHIP, a Delaware limited partnership
(as Borrower)

By: Acadia Property Holdings, LLC, its general partner

By: Acadia Realty Limited Partnership,
its sole member

By: Acadia Realty Trust, a
Maryland real estate
investment trust, its general
partner

By

Name:
Title:

RD BLOOMFIELD ASSOCIATES LIMITED
PARTNERSHIP, a Delaware limited partnership
(as Borrower)

By: Acadia Property Holdings, LLC, its general
partner

By: Acadia Realty Limited Partnership,
its sole member

By: Acadia Realty Trust, a
Maryland real estate
investment trust, its general
partner

By _____
Name:
Title:

Address for notices:

c/o Acadia Realty Trust
20 Soundview Marketplace
Port Washington, New York 11050
Attention: Robert Masters, Esq.
Telephone: 516/767-8830, ext. 339
Telecopy: 516/767-8839

THE DIME SAVINGS BANK OF NEW YORK,
FSB (as Lender and Administrative Agent)

By

Name:
Title:

Address for notices, Administrative Agent's Office
and Applicable Lending Office:

The Dime Savings Bank of New York, FSB
EAB Plaza, 13th Floor
Uniondale, New York 11556
Attention: Mr. Arthur Bellini
Telephone: 212/642-7434
Telecopy: 212/642-7460

The undersigned joins in the execution and authorizes the
delivery of this Loan Agreement for the purpose of accepting and agreeing to the
provisions of paragraph 10.02 hereof.

ACADIA REALTY LIMITED PARTNERSHIP

By: Acadia Realty Trust, a Maryland real
estate investment trust, its general
partner

By

Name:
Title:

EXHIBIT A
AUTHORIZATION LETTER

_____, 2001

[Name and address of Administrative Agent]

Re: Term Loan Agreement dated as of _____, 2001 (the "Loan Agreement"; capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement) among us, as Borrower, the Lenders named therein, and you, as Administrative Agent for said Lenders

Dear Sir/Madam:

In connection with the captioned Loan Agreement, we hereby designate any of the following persons to give to you instructions, including notices required pursuant to the Loan Agreement, orally, by telephone or teleprocess, or in writing:

[NAMES]

Instructions may be honored on the oral, telephonic, teleprocess or written instructions of anyone purporting to be any one of the above designated persons even if the instructions are for the benefit of the person delivering them. We will furnish you with written confirmation of each such instruction signed by any person designated above (including any telecopy which appears to bear the signature of any person designated above) on the same day that the instruction is provided to you, but your responsibility with respect to any instruction shall not be affected by your failure to receive such confirmation or by its contents.

Without limiting the foregoing, we hereby unconditionally authorize any one of the above-designated persons to execute and the request for advance of proceeds of the Loans to you under the Loan Agreement with the identical force and effect in all respects as if executed and submitted by us.

You and Lenders shall be fully protected in, and shall incur no liability to us for, acting upon any instructions which you in good faith believe to have been given by any person designated above, and in no event shall you or Lenders be liable for special, consequential or punitive damages. In addition, we agree to hold you and Lenders and your and their respective agents harmless from any and all liability, loss and expense arising directly or indirectly out of instructions that we provide to you in connection with the Loan Agreement except for liability, loss or expense occasioned by your gross negligence or willful misconduct.

Upon notice to us, you may, at your option, refuse to execute any instruction, or part thereof, without incurring any responsibility for any loss, liability or expense arising out of such refusal if you in good faith believe that the person delivering the instruction is not one of the persons designated above or if the instruction is not accompanied by an authentication method that we have agreed to in writing.

We will promptly notify you in writing of any change in the persons designated above and, until you have actually received such written notice and have had a reasonable opportunity to act upon it, you are authorized to act upon instructions, even though the person delivering them may no longer be authorized.

Very truly yours,

[BORROWER]

By

Name:

Title:

EXHIBIT B

NOTE

\$ _____

New York, New York
_____, 2001

For value received, [BORROWER] a _____ ("Borrower"), hereby promises to pay to the order of _____ or its successors or assigns (collectively, "Lender"), at the principal office of _____ located at _____ ("Administrative Agent") for the account of the Applicable Lending Office of Lender, the principal sum of _____ Dollars (\$ _____), or if less, the amount loaned by Lender under its Loan to Borrower pursuant to the Loan Agreement (as defined below) and actually outstanding, in lawful money of the United States and in immediately available funds, in accordance with the terms set forth in the Loan Agreement. Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, in like money, at said office for the account of said Applicable Lending Office, at the time and at a rate per annum as provided in the Loan Agreement. The Loan Agreement provides in certain cases for the accrual of interest at the Default Rate.

The date and amount of the advance of the Loan made by Lender to Borrower under the Loan Agreement, and each payment of said Loan, shall be recorded by Lender on its books and, prior to any transfer of this Note (or, at the discretion of Lender, at any other time), may be endorsed by Lender on the schedule attached hereto and any continuation thereof.

This Note is one of the Notes referred to in the Term Loan Agreement dated as of _____, 2001 (as the same may be amended from time to time, the "Loan Agreement") among Borrower, the "Lenders" named therein (including Lender) and Administrative Agent, as administrative agent for Lenders. All of the terms, conditions and provisions of the Loan Agreement are hereby incorporated by reference. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Loan Agreement.

This Note is secured by the various Mortgages which contain, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events. Reference to each of the Mortgage is hereby made for a description of the "Mortgaged Property" encumbered thereby and the rights of Borrower and Lenders (including Lender) with respect to such Mortgaged Property. In addition, the Loan Agreement contains, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events.

Borrower agrees that it shall be bound by any agreement extending the time or modifying the terms of payment set forth above and in the Loan Agreement, made by or on behalf of Lenders and the owner or owners of any of the Mortgaged Property under any of the Mortgages, whether with or without notice to Borrower, and Borrower shall continue liable to pay the amount due hereunder in accordance with the terms set forth herein and in the Loan Agreement, but with interest at a rate no greater than the rate of interest provided therein, according to the terms of any such agreement of extension or modification.

Should the indebtedness represented by this Note or any part thereof be collected at law or in equity, or in bankruptcy, receivership or any other court proceeding (whether at the trial or appellate level), or should this Note be placed in the hands of attorneys for collection upon default, Borrower agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all costs of collecting or attempting to collect this Note, including reasonable attorneys' fees and expenses.

No recourse shall be had under this Note against Principal of Borrower except as and to the extent set forth in Section 10.02 of the Loan Agreement.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note shall be governed by, and construed and enforced in accordance with, the Laws of the State of New York (without giving effect to New York's principles of conflicts of law); provided that, as to the maximum lawful rate of interest which may be charged or collected, if the Laws applicable to Lender permit it to charge or collect a higher rate than the Laws of the State of New York, then such Law applicable to Lender shall apply to Lender under this Note.

[BORROWER]

By _____
Name:
Title:

Date	Amount of Advance	Amount of Payment	Balance Outstanding	Notation by
----	-----	-----	-----	-----

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of _____, 2001, between [insert name of assigning Lender] ("Assignor") and [insert name of Assignee] ("Assignee").

Preliminary Statement

1. This Assignment and Assumption Agreement (this "Agreement") relates to the Term Loan Agreement dated _____, 2001 (as the same may be amended from time to time, the "Loan Agreement") among _____ ("Borrower"), the lenders party thereto (each a "Lender" and, collectively, "Lenders") and _____, as administrative agent for Lenders ("Administrative Agent"). All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Loan Agreement.

2. Subject to the terms and conditions set forth in the Loan Agreement, Assignor has made a Loan Commitment to Borrower in an aggregate principal amount of \$_____ ("Assignor's Loan Commitment").

3. The aggregate outstanding principal amount of Assignor's Loan made pursuant to Assignor's Loan Commitment at commencement of business on the date hereof is \$_____.

4. Assignor desires to assign to Assignee all of the rights of Assignor under the Loan Agreement in respect of a portion of its Loan and Loan Commitment thereunder in an amount equal to \$_____ (collectively, the "Assigned Loan and Commitment"); and Assignee desires to accept assignment of such rights and assume the corresponding obligations from Assignor on such terms.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Assignment. Assignor hereby assigns and sells to Assignee all of the rights of Assignor under the Loan Agreement in and to the Assigned Loan and Commitment, and Assignee hereby accepts such assignment from Assignor and assumes all of the obligations of Assignor under the Loan Agreement with respect to the Assigned Loan and Commitment. Upon the execution and delivery hereof by Assignor, Assignee, Administrative Agent (and, if applicable, Borrower), and the payment of the amount specified in Section 2 hereof required to be paid on the date hereof, (1) Assignee shall, as of the commencement of business on the date hereof, succeed to the rights and obligations of a Lender under the Loan Agreement with a Loan and a Loan Commitment in amounts equal to the Assigned Loan and Commitment and (2) the Loan and Loan Commitment of Assignor shall, as of the commencement of business on the date hereof, be reduced correspondingly and Assignor released from its obligations under the Loan Agreement to the extent such obligations have been assumed by Assignee. Assignor represents and warrants that it (x) owns the Assigned Loan and Commitment free and clear of all liens and other encumbrances and (y) is legally authorized to enter into and perform this Agreement. Except as provided in the immediately preceding sentence, the assignment provided for herein shall be without representation or warranty by, or recourse to, Assignor.

SECTION 2. Payments. As consideration for the assignment and sale contemplated in Section 1 hereof, Assignee shall pay to Assignor on the date hereof in immediately available funds an amount equal to \$_____.

Except as otherwise agreed by Assignor and Assignee, it is understood that any fees paid to Assignor under the Loan Agreement are for the account of Assignor. Each of Assignor and Assignee hereby agrees that if it receives any amount under the Loan Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

SECTION 3. Consents; Execution and Delivery of Notes. This Agreement is conditioned upon the consent of Administrative Agent and, provided there exists no Event of Default, of Borrower pursuant to Section 11.05 of the Loan Agreement. The execution of this Agreement by Borrower (if required) and Administrative Agent is evidence of this consent. [Consents not required for certain assignments to entities related to a Lender.] Pursuant to Section 11.05 of the Loan Agreement, Borrower has agreed to execute and deliver Notes payable to the respective orders of Assignee and Assignor to evidence the assignment and assumption provided for herein.

SECTION 4. Non-Reliance on Assignor. Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition, or statements of Borrower or any other party to any Loan Document, or the validity and enforceability of the obligations of Borrower or any other party to a Loan Document in respect of the Loan Agreement or any other Loan Document. Assignee acknowledges that it has, independently and without reliance on Assignor, and based on such documents and information as it has deemed appropriate, made its own analysis of the collateral for the Loans, credit analysis of Borrower and the other parties to the Loan Documents, and decision to enter into this Agreement, and will continue to be responsible for making its own independent appraisal of the collateral, if any, for the Loans and of the business, affairs and financial condition of Borrower and the other parties to the Loan Documents.

SECTION 5. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the Laws of the State of New York (without giving effect to New York's principles of conflicts of law).

SECTION 6. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 7. Certain Representations and Agreements by Assignee. Assignee represents and warrants that it is legally authorized to enter into and perform this Agreement. In addition, Assignee hereby represents that it is entitled to receive any payments to be made to it under the Loan Agreement or hereunder without the withholding of any tax and agrees to furnish the evidence of such exemption as specified therein and otherwise to comply with the provisions of Section 9.13 of the Loan Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

(as Assignor)

By

Name:
Title:

By

Name:
Title:

(as Assignee)

By

Name:
Title:

By

Name:
Title:

Applicable Lending Office and Address for notices:

Attention: _____
Telephone: _____
Telecopy: _____

(as Administrative Agent)

By -----
Name:
Title:

By -----
Name:
Title:

(as Borrower)

By -----
Name:
Title:

EXHIBIT D

SOLVENCY CERTIFICATE

The person executing this certificate is the _____ of [BORROWER], a _____ ("Borrower"), and is familiar with its properties, assets and businesses, and is duly authorized to execute this certificate on behalf of Borrower pursuant to Section 4.01(18) of the Term Loan Agreement dated the date hereof (the "Loan Agreement") among Borrower, the lenders party thereto (each a "Lender" and collectively, "Lenders") and _____, as administrative agent for Lenders (in such capacity, together with its successors in such capacity, "Administrative Agent"). In executing this Certificate, such person is acting solely in his or her capacity as the _____ of Borrower, and not in his or her individual capacity. Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as therein defined.

The undersigned further certifies that he or she has carefully reviewed the Loan Agreement and the other Loan Documents and the contents of this Certificate and, in connection herewith, has made such investigation and inquiries as he or she deems reasonably necessary and prudent therefor. The undersigned further certifies that the financial information and assumptions which underlie and form the basis for the representations made in this Certificate were reasonable when made and were made in good faith and continue to be reasonable as of the date hereof.

The undersigned understands that Administrative Agent and Lenders are relying on the truth and accuracy of this Certificate in connection with the transactions contemplated by the Loan Agreement.

The undersigned certifies that Borrower is Solvent.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on _____, 2001.

By _____
Name:
Title:

EXHIBIT E

NOTICE-OF-ASSIGNMENT OF LEASE
(On Letterhead of Borrower)

_____, 2001

[Name and Address of Tenant]

Re: Lease Dated:
Mortgagee: _____ (as administrative
agent for itself and other lenders)
Address of Mortgagee:
Mortgage Dated:

Dear Sir/Madam:

The undersigned has assigned by a mortgage or deed of trust (the "Mortgage") dated as shown above to the Mortgagee identified above (hereinafter "Mortgagee") all its estate, right, title and interest in, to and under the Lease between you and the undersigned dated as set forth above, as said Lease may have been heretofore modified or amended (the "Lease"), together with all right, title and interest of the undersigned as lessor thereunder, including, without limitation, the right upon the occurrence of an Event of Default (as defined in the Mortgage) to collect and receive all earnings, revenues, rents, issues, profits and income of the property subject to the Mortgage.

*Certain provisions of the Mortgage, the text of which are attached hereto, restrict some of the undersigned's rights under the Lease. However, said assignment does not impair or diminish any of our obligations to you under the provisions of the Lease, nor are any such obligations imposed upon Mortgagee or upon the lenders for whom Mortgagee is acting as administrative agent, or their respective successors or assigns.

Pursuant to said assignment you are hereby notified that in the event of a demand on you by Mortgagee or its successors and assigns for the payment to it of the rents due under the Lease, you may, and are hereby authorized and directed to, pay said rent to Mortgagee and we hereby agree that the receipt by you of such a demand shall be conclusive evidence of Mortgagee's right to the receipt thereof and that the payment of the rents by you to Mortgagee pursuant to such demand shall constitute performance in full of your obligation under the Lease for the payment of rent to the undersigned.

- - - - -
NOTE: To be sent in accordance with notice requirements of the Lease.
- - - - -

* To be used if property located in New York.

Kindly indicate your receipt of this letter and your agreement to the effect set forth below by signing the enclosed copy thereof and mailing it to Mortgagee at its address identified above to the attention of its Real Estate Finance Office.

[BORROWER]

By _____
Name:
Title:

The undersigned acknowledges receipt of the original of this letter and agrees for the benefit of Mortgagee that it shall notify Mortgagee of any default on the part of the landlord under the Lease which would entitle the undersigned to cancel the Lease or to abate the rent payable thereunder, and further agrees that, notwithstanding any provision of the Lease, no notice of cancellation thereof shall be effective unless Mortgagee has received the notice aforesaid and has failed within 30 days of the date thereof to cure, or if the default cannot be cured within 30 days has failed to commence and to diligently prosecute the cure, of landlord's default which gave rise to the right to cancel.

[NAME OF TENANT]

By: _____
_____,
its authorized officer

SCHEDULE A
Remedial Work

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SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the "Agreement") is entered into as of April 6, 2001, by and between Joel Braun, an individual residing in the State of New York ("Senior Officer") and Acadia Realty Trust, a Maryland real estate investment trust with offices at 20 Soundview Marketplace, Port Washington, New York 11050 (the "Trust").

RECITALS

WHEREAS, The Trust desires to continue the employment of Senior Officer as Senior Vice President, Acquisitions, and Senior Officer desires to be employed by the Trust as Senior Vice President, Acquisitions; and

WHEREAS, Senior Officer has requested the Trust to enter into a severance agreement and the Trust is willing to do so.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreement set forth herein, the parties hereby agree as follows:

1. Termination of Employment and Change in Control.

(a) Senior Officer's employment hereunder may be terminated at any time under the following circumstances:

- (i) Cause. The Trust shall have the right to terminate Senior Officer's employment for Cause upon Senior Officer's: (A) willful and continued failure substantially to perform his duties hereunder (other than any such failure resulting from Senior Officer's incapacity due to physical or mental illness) which failure continues for a period of ten (10) days after written demand for substantial performance is delivered by the Trust specifically identifying the manner in which the Trust believes the Senior Officer has not substantially performed his duties; (B) willful misconduct or (C) conviction of, or plea of guilty to a felony. For purposes of this subparagraph, no act, or failure to act, on Senior Officer's part shall be considered "willful" unless done, or omitted to be done, by him (i) not in good faith and (ii) without reasonable belief that his action or omission was in furtherance of the interests of the Trust.
- (ii) Death. Senior Officer's employment hereunder shall terminate upon his death.
- (iii) Disability. The Trust shall have the right to terminate Senior Officer's employment due to "Disability" in the event that there is a determination by the Trust that the Senior Officer has become physically or mentally

incapable of performing his duties under this Agreement and such disability has disabled the Senior Officer for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

- (iv) Good Reason. The Senior Officer shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Trust which shall include but not be limited to: a material, adverse alteration in the nature of Senior Officer's duties, responsibilities, or authority; (B) upon a reduction in Senior Officer's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, or a failure to pay such amounts when due which is not cured by the Trust within ten (10) days after written notice of such default by the Senior Officer, (C) if the Trust relocates Senior Officer's office requiring the Senior Officer to increase his commuting time by more than one hour, then the Senior Officer shall have the right to terminate his employment, which termination shall be deemed for Good Reason.
- (v) Without Cause. The Trust shall have the right to terminate the Senior Officer's employment hereunder Without Cause subject to the terms and conditions of this Agreement.
- (vi) Change in Control. The Senior Officer shall have the right to terminate his employment hereunder on or within three (3) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Trust, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act (irrespective of any vesting or waiting periods) of (i) Common Shares or any class of stock convertible into Common Shares and/or (ii) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to thirty (30%) percent or more of the sum total of the Common Shares and the Common OP Units (treating all classes of outstanding Common Shares, units or other securities convertible into Common Shares as if they were converted into Common Shares or Common OP Units, as the case may be, and then treating Common Shares and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; or (B) the dissolution or liquidation of the Trust or the consummation of any merger or

consolidation of the Trust if the shareholders of the Trust and unit holders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring Trust and partnership taken as a whole; or (C) any sale or other disposition of all or substantially all of its assets, or a sale or other disposition of at least 51% (based upon gross asset value) of the core assets (defined as those properties formerly marketed by Credit Suisse First Boston as the core portfolio of the Company) or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination Any termination of Senior Officer's employment by the Trust or any such termination by the Senior Officer (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Senior Officer's employment under the provision so indicated. In the event of the termination of Senior Officer's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

2. Compensation Upon Termination of Employment By the Trust for Cause or Voluntarily By The Senior Officer.

In the event the Trust terminates Senior Officer's employment for Cause, or the Senior Officer voluntarily terminates his employment, the Trust shall pay the Senior Officer any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination and any accrued vacation pay ("Unpaid Accrued Salary"). In addition, in such event, the Senior Officer shall be entitled to exercise any options which, as of the date of termination, have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan. All options and all restricted stock granted to the Senior Officer which have not vested on the date of termination shall automatically terminate.

Except for any rights which the Senior Officer may have to Unpaid Accrued Salary through and including the date of termination, and vested options and stock, the Trust shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

3. Compensation Upon Termination of Employment Upon Disability, Without Cause or By Senior Officer for Good Reason.

In the event of termination of Senior Officer's employment as a result of Senior Officer's Disability, Without Cause or by Senior Officer for Good Reason, the Trust shall pay to the Senior Officer, the following:

- (i) any Unpaid Accrued Salary through and including the date of termination; plus
- (ii) an amount equal to one year's salary at the then current annual base salary (before any reductions) (the "Severance Salary"); plus
- (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"); plus
- (iv) the Senior Officer's car allowance, if any, for one year (the "Car Allowance"); plus
- (v) a pro rata portion of Senior Officer's bonus (based upon the average of the last two years' bonuses); plus

In the event of termination of or resignation by Senior Officer because of a Change in Control, in addition to the above amounts,

- (vi) the Trust shall pay to the Senior Officer an amount equal to six months' base salary (the "Change of Control Retention Payment"); and
- (vii) the Trust shall continue Senior Officer's base salary and medical benefits for a period not to exceed the earlier of (a) six months from the date of such termination or (b) the date when Senior Officer becomes reemployed.

Notwithstanding anything to the contrary contained herein, if the Senior Officer's employment is terminated Without Cause, or the Senior Officer terminates his employment for Good Reason prior to a Change of Control and subsequently an event is announced within six months of his termination which, when consummated, would constitute a Change of Control, then the Senior Officer shall be entitled to the payment described in Section 3(vi) upon consummation.

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule, including without limitation restricted stock, phantom stock, units and any loan forgiveness arrangements granted to the Senior Officer ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to the Senior Officer shall immediately vest as of the date of such termination (the "Vested Options") and the Senior Officer shall be entitled at the option of the Senior Officer, his estate or his personal representative, within three years of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of the Agreement, the applicable option grant agreement or the current Acadia stock option plan (the "Plan")) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees.

Except for any rights which the Senior Officer may have to all of the above including unpaid Accrued Salary, Severance Salary, Vested Incentive Compensation, Vested Options, Expense Reimbursement, the Car Allowance and the Bonus, the Trust shall have no further obligations hereunder following such termination.

The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Senior Officer's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to the Senior Officer.

4. Change in Control.

(a) Options. Any options granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require the Senior Officer to exercise any options.

(b) Restricted Stock. Any restricted stock granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. In the event of a conflict between any restricted stock agreement or the Plan and this Agreement, the terms of this Agreement shall control.

(c) Upon Termination. If the surviving entity terminates Senior's Officer's employment Without Cause, the Trust shall pay to the Senior Officer, and the Senior Officer shall be entitled to, all the payments and rights the Senior Officer would have had if the Senior Officer had terminated his employment with Good Reason as set forth in Paragraph 3, including the payments due under Paragraph 3.(vi) and (vii), but less the value of any severance payments Senior Officer receives from the surviving entity after the date of the Change of Control. The rights described herein are subject to the provisions of Section 6(b).

5. Indemnification/Legal Fees.

(a) Indemnification. In the event the Senior Officer is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Senior Officer's employment with or serving as an officer of the Trust, whether or not the basis of such Proceeding is alleged action in an official capacity, the Trust shall indemnify, hold harmless and defend Senior Officer to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Senior Officer in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Senior Officer) and such indemnification shall continue as to Senior Officer even after Senior Officer is no longer employed by the Trust and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Senior Officer in connection with any Proceeding shall be paid by the Trust in advance upon request of Senior Officer that the Trust pay such expenses; but only in the event that Senior Officer shall have delivered in writing to the Trust an undertaking to reimburse

the Trust for expenses with respect to which Senior Officer is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Senior Officer under any separate agreement, or the by-laws of the Trust since it is intended that this Agreement shall expand and extend the Senior Officer's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Trust and Senior Officer regarding or as a result of any provision of this Agreement, the Trust shall reimburse Senior Officer for all legal fees and expenses reasonably incurred by Senior Officer in connection with such contest or dispute, but only if Senior Officer is successful in respect of substantially all of Senior Officer's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

6. Successors and Assigns, Term.

(a) The Trust shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Trust, by agreement in form and substance satisfactory to Senior Officer, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Trust would be required to perform it if no such succession had taken place. Failure of the Trust to obtain any such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Senior Officer to compensation from the Trust in the same amount and on the same terms as he would be entitled to hereunder if Senior Officer terminated his employment for Good Reason hereunder in accordance with the terms as set forth in Paragraph 1.(a)(iv), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Trust" shall mean the Trust as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the Agreement provided for in this Paragraph 6 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Senior Officer pursuant to this Paragraph 6 shall be paid to Senior Officer in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor. Nothing in this Paragraph 6(a) shall be construed to interfere with the Trust's right to implement or pursue such succession.

(b) Notwithstanding anything to the contrary contained herein, this Agreement, including the obligations described in Section 4.(c), shall terminate and be of no further force and effect 18 months from the date of a Change of Control.

7. Timing of and No Duplication of Payments.

All payments payable to Senior Officer pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Senior Officer shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

8. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Trust or Senior Officer in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Trust or Senior Officer of any such right or remedy shall preclude other or further exercise thereof. A waiver of right to remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Senior Officer's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

9. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Trust at the address set forth above or Senior Officer at his address as set forth in the Trust records (or to such other address as shall have been previously provided in accordance with this Paragraph 10).

10. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of New York.

11. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

12. Legal Representation.

Each of the Trust and Senior Officer has had an opportunity to discuss this Agreement with counsel.

13. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same Agreement.

14. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

15. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

16. Survival of Agreements.

The covenants made in Paragraphs 1 through 5 each shall survive the termination of this Agreement.

17. Binding Effect.

This Agreement shall be binding on the Trust, its successors and assigns, including any surviving entity resulting from a merger, consolidation or other corporate reorganization.

18. Senior Officer's Covenants.

Senior Officer covenants and agrees that in the event he receives any compensation (other than compensation upon termination of employment by the Trust for Cause or voluntarily by the Senior Officer) pursuant to this Agreement, he shall not solicit for employment any personnel employed by the Trust at the time of his termination for a period of two years from his Date of Termination as long as such personnel is still employed by the Trust. Nothing contained herein to the contrary, however, shall prevent Senior Officer from providing a reference for any such personnel.

19. Confidentiality.

Senior Officer and the Trust agree to keep this Agreement confidential to the extent permitted by law. Senior Officer agrees to keep confidential all information in his possession regarding the Company, its properties and its plans, which is not generally known to the public.

20. Excess Parachute Payments

Any provision of this Agreement to the contrary notwithstanding, if any of the payments or benefits provided for in this Agreement, together with any other payments which Employee has a right to receive from the Company or any of its affiliates, constitute a "parachute payment", as defined in Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), payments pursuant to this Agreement shall be reduced, if necessary to the largest amount as will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code, all as determined by the Company's regularly engaged independent public accountants.

21. Prior Understandings.

This Agreement embodies the entire contract between the parties hereto with respect to employment and severance and supersedes any and all prior agreements and understandings, written or oral, formal or informal by and between the Trust and the Senior Officer.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

ACADIA REALTY TRUST

By: -----
Kenneth F. Bernstein
President

Name: Joel Braun
Title: Senior Vice President

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the "Agreement") is entered into as of April 6, 2001, by and between Joseph Hogan, an individual residing in the State of New York ("Senior Officer") and Acadia Realty Trust, a Maryland real estate investment trust with offices at 20 Soundview Marketplace, Port Washington, New York 11050 (the "Trust").

RECITALS

WHEREAS, The Trust desires to continue the employment of Senior Officer as Senior Vice President, Director of Construction, and Senior Officer desires to be employed by the Trust as Senior Vice President, Director of Construction; and

WHEREAS, Senior Officer has requested the Trust to enter into a severance agreement and the Trust is willing to do so.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreement set forth herein, the parties hereby agree as follows:

1. Termination of Employment and Change in Control.

(a) Senior Officer's employment hereunder may be terminated at any time under the following circumstances:

- (i) Cause. The Trust shall have the right to terminate Senior Officer's employment for Cause upon Senior Officer's: (A) willful and continued failure substantially to perform his duties hereunder (other than any such failure resulting from Senior Officer's incapacity due to physical or mental illness) which failure continues for a period of ten (10) days after written demand for substantial performance is delivered by the Trust specifically identifying the manner in which the Trust believes the Senior Officer has not substantially performed his duties; (B) willful misconduct or (C) conviction of, or plea of guilty to a felony. For purposes of this subparagraph, no act, or failure to act, on Senior Officer's part shall be considered "willful" unless done, or omitted to be done, by him (i) not in good faith and (ii) without reasonable belief that his action or omission was in furtherance of the interests of the Trust.
- (ii) Death. Senior Officer's employment hereunder shall terminate upon his death.
- (iii) Disability. The Trust shall have the right to terminate Senior Officer's employment due to "Disability" in the event that there is a determination by the Trust that the Senior Officer has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled the Senior Officer for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

- (iv) Good Reason. The Senior Officer shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Trust which shall include but not be limited to: a material, adverse alteration in the nature of Senior Officer's duties, responsibilities, or authority; (B) upon a reduction in Senior Officer's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, or a failure to pay such amounts when due which is not cured by the Trust within ten (10) days after written notice of such default by the Senior Officer, (C) if the Trust relocates Senior Officer's office requiring the Senior Officer to increase his commuting time by more than one hour, then the Senior Officer shall have the right to terminate his employment, which termination shall be deemed for Good Reason.
- (v) Without Cause. The Trust shall have the right to terminate the Senior Officer's employment hereunder Without Cause subject to the terms and conditions of this Agreement.
- (vi) Change in Control. The Senior Officer shall have the right to terminate his employment hereunder on or within three (3) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Trust, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act (irrespective of any vesting or waiting periods) of (i) Common Shares or any class of stock convertible into Common Shares and/or (ii) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to thirty (30%) percent or more of the sum total of the Common Shares and the Common OP Units (treating all classes of outstanding Common Shares, units or other securities convertible into Common Shares as if they were converted into Common Shares or Common OP Units, as the case may be, and then treating Common Shares and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; or (B) the dissolution or liquidation of the Trust or the consummation of any merger or consolidation of the Trust if the shareholders of the Trust and unit holders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring Trust and partnership taken as a whole; or (C) or any sale or

other disposition of all or substantially all of its assets, or a sale or other disposition of at least 51% (based upon gross asset value) of the core assets (defined as those properties formerly marketed by Credit Suisse First Boston as the core portfolio of the Company) or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination Any termination of Senior Officer's employment by the Trust or any such termination by the Senior Officer (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Senior Officer's employment under the provision so indicated. In the event of the termination of Senior Officer's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

2. Compensation Upon Termination of Employment By the Trust for Cause or Voluntarily By The Senior Officer.

In the event the Trust terminates Senior Officer's employment for Cause, or the Senior Officer voluntarily terminates his employment, the Trust shall pay the Senior Officer any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination and any accrued vacation pay ("Unpaid Accrued Salary"). In addition, in such event, the Senior Officer shall be entitled to exercise any options which, as of the date of termination, have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan. All options and all restricted stock granted to the Senior Officer which have not vested on the date of termination shall automatically terminate.

Except for any rights which the Senior Officer may have to Unpaid Accrued Salary through and including the date of termination, and vested options and stock, the Trust shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

3. Compensation Upon Termination of Employment Upon Disability, Without Cause or By Senior Officer for Good Reason.

In the event of termination of Senior Officer's employment as a result of Senior Officer's Disability, Without Cause or by Senior Officer for Good Reason, the Trust shall pay to the Senior Officer, the following:

- (i) any Unpaid Accrued Salary through and including the date of termination; plus
- (ii) an amount equal to one year's salary at the then current annual base salary (before any reductions) (the "Severance Salary"); plus
- (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"); plus
- (iv) the Senior Officer's car allowance, if any, for one year (the "Car Allowance"); plus
- (v) a pro rata portion of Senior Officer's bonus (based upon the average of the last two years' bonuses); plus

In the event of termination of or resignation by Senior Officer because of a Change in Control, in addition to the above amounts,

- (vi) the Trust shall pay to the Senior Officer an amount equal to six months' base salary (the "Change of Control Retention Payment"); and
- (vii) the Trust shall continue Senior Officer's base salary and medical benefits for a period not to exceed the earlier of (a) six months from the date of such termination or (b) the date when Senior Officer becomes reemployed.

Notwithstanding anything to the contrary contained herein, if the Senior Officer's employment is terminated Without Cause, or the Senior Officer terminates his employment for Good Reason prior to a Change of Control and subsequently an event is announced within six months of his termination which, when consummated, would constitute a Change of Control, then the Senior Officer shall be entitled to the payment described in Section 3(vi) upon consummation.

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule, including without limitation restricted stock, phantom stock, units and any loan forgiveness arrangements granted to the Senior Officer ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to the Senior Officer shall immediately vest as of the date of such termination (the "Vested Options") and the Senior Officer shall be entitled at the option of the Senior Officer, his estate or his personal representative, within three years of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of the Agreement, the applicable option grant agreement or the current Acadia stock option plan (the "Plan")) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees.

Except for any rights which the Senior Officer may have to all of the above including unpaid Accrued Salary, Severance Salary, Vested Incentive Compensation, Vested Options, Expense Reimbursement, the Car Allowance and the Bonus, the Trust shall have no further obligations hereunder following such termination.

The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Senior Officer's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to the Senior Officer.

4. Change in Control.

(a) Options. Any options granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require the Senior Officer to exercise any options.

(b) Restricted Stock. Any restricted stock granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. In the event of a conflict between any restricted stock agreement or the Plan and this Agreement, the terms of this Agreement shall control.

(c) Upon Termination. If the surviving entity terminates Senior's Officer's employment Without Cause, the Trust shall pay to the Senior Officer, and the Senior Officer shall be entitled to, all the payments and rights the Senior Officer would have had if the Senior Officer had terminated his employment with Good Reason as set forth in Paragraph 3, including the payments due under Paragraph 3.(vi) and (vii), but less the value of any severance payments Senior Officer receives from the surviving entity after the date of the Change of Control. The rights described herein are subject to the provisions of Section 6(b).

5. Indemnification/Legal Fees.

(a) Indemnification. In the event the Senior Officer is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Senior Officer's employment with or serving as an officer of the Trust, whether or not the basis of such Proceeding is alleged action in an official capacity, the Trust shall indemnify, hold harmless and defend Senior Officer to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Senior Officer in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Senior Officer) and such indemnification shall continue as to Senior Officer even after Senior Officer is no longer employed by the Trust and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Senior Officer in connection with any Proceeding shall be paid by the Trust in advance upon request of Senior Officer that the Trust pay such expenses; but only in the event that Senior Officer shall have delivered in writing to the Trust an undertaking to reimburse the Trust for expenses with respect to which Senior Officer is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Senior Officer under any separate agreement, or the by-laws of the Trust since it is intended that this Agreement shall expand and extend the Senior Officer's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Trust and Senior Officer regarding or as a result of any provision of this Agreement, the Trust shall reimburse Senior Officer for all legal fees and expenses reasonably incurred by Senior Officer in connection with such contest or dispute, but only if Senior Officer is successful in respect of substantially all of Senior Officer's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

6. Successors and Assigns, Term.

(a) The Trust shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Trust, by agreement in form and substance satisfactory to Senior Officer, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Trust would be required to perform it if no such succession had taken place. Failure of the Trust to obtain any such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Senior Officer to compensation from the Trust in the same amount and on the same terms as he would be entitled to hereunder if Senior Officer terminated his employment for Good Reason hereunder in accordance with the terms as set forth in Paragraph 1.(a)(iv), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Trust" shall mean the Trust as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the Agreement provided for in this Paragraph 6 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Senior Officer pursuant to this Paragraph 6 shall be paid to Senior Officer in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor. Nothing in this Paragraph 6(a) shall be construed to interfere with the Trust's right to implement or pursue such succession.

(b) Notwithstanding anything to the contrary contained herein, this Agreement, including the obligations described in Section 4.(c), shall terminate and be of no further force and effect 18 months from the date of a Change of Control.

7. Timing of and No Duplication of Payments.

All payments payable to Senior Officer pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Senior Officer shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

8. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Trust or Senior Officer in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Trust or Senior Officer of any such right or remedy shall preclude other or further exercise thereof. A waiver of right to remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Senior Officer's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

9. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Trust at the address set forth above or Senior Officer at his address as set forth in the Trust records (or to such other address as shall have been previously provided in accordance with this Paragraph 10).

10. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of New York.

11. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

12. Legal Representation.

Each of the Trust and Senior Officer has had an opportunity to discuss this Agreement with counsel.

13. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same Agreement.

14. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

15. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

16. Survival of Agreements.

The covenants made in Paragraphs 1 through 5 each shall survive the termination of this Agreement.

17. Binding Effect.

This Agreement shall be binding on the Trust, its successors and assigns, including any surviving entity resulting from a merger, consolidation or other corporate reorganization.

18. Senior Officer's Covenants.

Senior Officer covenants and agrees that in the event he receives any compensation (other than compensation upon termination of employment by the Trust for Cause or voluntarily by the Senior Officer) pursuant to this Agreement, he shall not solicit for employment any personnel employed by the Trust at the time of his termination for a period of two years from his Date of Termination as long as such personnel is still employed by the Trust. Nothing contained herein to the contrary, however, shall prevent Senior Officer from providing a reference for any such personnel.

19. Confidentiality.

Senior Officer and the Trust agree to keep this Agreement confidential to the extent permitted by law. Senior Officer agrees to keep confidential all information in his possession regarding the Company, its properties and its plans, which is not generally known to the public.

20. Excess Parachute Payments

Any provision of this Agreement to the contrary notwithstanding, if any of the payments or benefits provided for in this Agreement, together with any other payments which Employee has a right to receive from the Company or any of its affiliates, constitute a "parachute payment", as defined in Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), payments pursuant to this Agreement shall be reduced, if necessary to the largest amount as will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code, all as determined by the Company's regularly engaged independent public accountants.

21. Prior Understandings.

This Agreement embodies the entire contract between the parties hereto with respect to employment and severance and supersedes any and all prior agreements and understandings, written or oral, formal or informal by and between the Trust and the Senior Officer.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

ACADIA REALTY TRUST

By: _____
Kenneth F. Bernstein
President

Name: Joseph Hogan
Title: Senior Vice President

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the "Agreement") is entered into as of April 6, 2001, by and between Perry Kamerman, an individual residing in the State of New York ("Senior Officer") and Acadia Realty Trust, a Maryland real estate investment trust with offices at 20 Soundview Marketplace, Port Washington, New York 11050 (the "Trust").

RECITALS

WHEREAS, The Trust desires to continue the employment of Senior Officer as Senior Vice President, Chief Financial Officer, and Senior Officer desires to be employed by the Trust as Senior Vice President, Chief Financial Officer; and

WHEREAS, Senior Officer has requested the Trust to enter into a severance agreement and the Trust is willing to do so.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreement set forth herein, the parties hereby agree as follows:

1. Termination of Employment and Change in Control.

(a) Senior Officer's employment hereunder may be terminated at any time under the following circumstances:

- (i) Cause. The Trust shall have the right to terminate Senior Officer's employment for Cause upon Senior Officer's: (A) willful and continued failure substantially to perform his duties hereunder (other than any such failure resulting from Senior Officer's incapacity due to physical or mental illness) which failure continues for a period of ten (10) days after written demand for substantial performance is delivered by the Trust specifically identifying the manner in which the Trust believes the Senior Officer has not substantially performed his duties; (B) willful misconduct or (C) conviction of, or plea of guilty to a felony. For purposes of this subparagraph, no act, or failure to act, on Senior Officer's part shall be considered "willful" unless done, or omitted to be done, by him (i) not in good faith and (ii) without reasonable belief that his action or omission was in furtherance of the interests of the Trust.
- (ii) Death. Senior Officer's employment hereunder shall terminate upon his death.
- (iii) Disability. The Trust shall have the right to terminate Senior Officer's employment due to "Disability" in the event that there is a determination by the Trust that the Senior Officer has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled the Senior Officer for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

- (iv) Good Reason. The Senior Officer shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Trust which shall include but not be limited to: a material, adverse alteration in the nature of Senior Officer's duties, responsibilities, or authority; (B) upon a reduction in Senior Officer's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, or a failure to pay such amounts when due which is not cured by the Trust within ten (10) days after written notice of such default by the Senior Officer, (C) if the Trust relocates Senior Officer's office requiring the Senior Officer to increase his commuting time by more than one hour, then the Senior Officer shall have the right to terminate his employment, which termination shall be deemed for Good Reason.
- (v) Without Cause. The Trust shall have the right to terminate the Senior Officer's employment hereunder Without Cause subject to the terms and conditions of this Agreement.
- (vi) Change in Control. The Senior Officer shall have the right to terminate his employment hereunder on or within three (3) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Trust, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act (irrespective of any vesting or waiting periods) of (i) Common Shares or any class of stock convertible into Common Shares and/or (ii) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to thirty (30%) percent or more of the sum total of the Common Shares and the Common OP Units (treating all classes of outstanding Common Shares, units or other securities convertible into Common Shares as if they were converted into Common Shares or Common OP Units, as the case may be, and then treating Common Shares and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; or (B) the dissolution or liquidation of the Trust or the consummation of any merger or consolidation of the Trust if the shareholders of the Trust and unit holders of the

Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring Trust and partnership taken as a whole; or (C) or any sale or other disposition of all or substantially all of its assets, or a sale or other disposition of at least 51% (based upon gross asset value) of the core assets (defined as those properties formerly marketed by Credit Suisse First Boston as the core portfolio of the Company) or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination Any termination of Senior Officer's employment by the Trust or any such termination by the Senior Officer (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Senior Officer's employment under the provision so indicated. In the event of the termination of Senior Officer's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

2. Compensation Upon Termination of Employment By the Trust for Cause or Voluntarily By The Senior Officer.

In the event the Trust terminates Senior Officer's employment for Cause, or the Senior Officer voluntarily terminates his employment, the Trust shall pay the Senior Officer any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination and any accrued vacation pay ("Unpaid Accrued Salary"). In addition, in such event, the Senior Officer shall be entitled to exercise any options which, as of the date of termination, have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan. All options and all restricted stock granted to the Senior Officer which have not vested on the date of termination shall automatically terminate.

Except for any rights which the Senior Officer may have to Unpaid Accrued Salary through and including the date of termination, and vested options and stock, the Trust shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

3. Compensation Upon Termination of Employment Upon Disability, Without Cause or By Senior Officer for Good Reason.

In the event of termination of Senior Officer's employment as a result of Senior Officer's Disability, Without Cause or by Senior Officer for Good Reason, the Trust shall pay to the Senior Officer, the following:

- (i) any Unpaid Accrued Salary through and including the date of termination; plus
- (ii) an amount equal to one year's salary at the then current annual base salary (before any reductions) (the "Severance Salary"); plus
- (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"); plus
- (iv) the Senior Officer's car allowance, if any, for one year (the "Car Allowance"); plus
- (v) a pro rata portion of Senior Officer's bonus (based upon the average of the last two years' bonuses); plus

In the event of termination of or resignation by Senior Officer because of a Change in Control, in addition to the above amounts,

- (vi) the Trust shall pay to the Senior Officer an amount equal to six months' base salary (the "Change of Control Retention Payment"); and
- (vii) the Trust shall continue Senior Officer's base salary and medical benefits for a period not to exceed the earlier of (a) six months from the date of such termination or (b) the date when Senior Officer becomes reemployed.

Notwithstanding anything to the contrary contained herein, if the Senior Officer's employment is terminated Without Cause, or the Senior Officer terminates his employment for Good Reason prior to a Change of Control and subsequently an event is announced within six months of his termination which, when consummated, would constitute a Change of Control, then the Senior Officer shall be entitled to the payment described in Section 3(vi) upon consummation.

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule, including without limitation restricted stock, phantom stock, units and any loan forgiveness arrangements granted to the Senior Officer ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to the Senior Officer shall immediately vest as of the date of such termination (the "Vested Options") and the Senior Officer shall be entitled at the option of the Senior Officer, his estate or his personal representative, within three years of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of the Agreement, the applicable option grant agreement or the current Acadia stock option plan (the "Plan")) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees.

Except for any rights which the Senior Officer may have to all of the above including unpaid Accrued Salary, Severance Salary, Vested Incentive Compensation, Vested Options, Expense Reimbursement, the Car Allowance and the Bonus, the Trust shall have no further obligations hereunder following such termination.

The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Senior Officer's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to the Senior Officer.

4. Change in Control.

(a) Options. Any options granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require the Senior Officer to exercise any options.

(b) Restricted Stock. Any restricted stock granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. In the event of a conflict between any restricted stock agreement or the Plan and this Agreement, the terms of this Agreement shall control.

(c) Upon Termination. If the surviving entity terminates Senior's Officer's employment Without Cause, the Trust shall pay to the Senior Officer, and the Senior Officer shall be entitled to, all the payments and rights the Senior Officer would have had if the Senior Officer had terminated his employment with Good Reason as set forth in Paragraph 3, including the payments due under Paragraph 3.(vi) and (vii), but less the value of any severance payments Senior Officer receives from the surviving entity after the date of the Change of Control. The rights described herein are subject to the provisions of Section 6(b).

5. Indemnification/Legal Fees.

(a) Indemnification. In the event the Senior Officer is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Senior Officer's employment with or serving as an officer of the Trust, whether or not the basis of such Proceeding is alleged action in an official capacity, the Trust shall indemnify, hold harmless and defend Senior Officer to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Senior Officer in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Senior Officer) and such indemnification shall continue as to Senior Officer even after Senior Officer is no longer employed by the Trust and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Senior Officer in connection with any Proceeding shall be paid by the Trust in advance upon request of Senior Officer that the Trust pay such expenses; but only in the event that Senior Officer shall have delivered in writing to the Trust an undertaking to reimburse the Trust for expenses with respect to which Senior Officer is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Senior Officer under any separate agreement, or the by-laws of the Trust since it is intended that this Agreement shall expand and extend the Senior Officer's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Trust and Senior Officer regarding or as a result of any provision of this Agreement, the Trust shall reimburse Senior Officer for all legal fees and expenses reasonably incurred by Senior Officer in connection with such contest or dispute, but only if Senior Officer is successful in respect of substantially all of Senior Officer's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

6. Successors and Assigns, Term.

(a) The Trust shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Trust, by agreement in form and substance satisfactory to Senior Officer, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Trust would be required to perform it if no such succession had taken place. Failure of the Trust to obtain any such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Senior Officer to compensation from the Trust in the same amount and on the same terms as he would be entitled to hereunder if Senior Officer terminated his employment for Good Reason hereunder in accordance with the terms as set forth in Paragraph 1.(a)(iv), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Trust" shall mean the Trust as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the Agreement provided for in this Paragraph 6 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Senior Officer pursuant to this Paragraph 6 shall be paid to Senior Officer in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor. Nothing in this Paragraph 6(a) shall be construed to interfere with the Trust's right to implement or pursue such succession.

(b) Notwithstanding anything to the contrary contained herein, this Agreement, including the obligations described in Section 4.(c), shall terminate and be of no further force and effect 18 months from the date of a Change of Control.

7. Timing of and No Duplication of Payments.

All payments payable to Senior Officer pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Senior Officer shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

8. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Trust or Senior Officer in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Trust or Senior Officer of any such right or remedy shall preclude other or further exercise thereof. A waiver of right to remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Senior Officer's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

9. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Trust at the address set forth above or Senior Officer at his address as set forth in the Trust records (or to such other address as shall have been previously provided in accordance with this Paragraph 10).

10. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of New York.

11. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

12. Legal Representation.

Each of the Trust and Senior Officer has had an opportunity to discuss this Agreement with counsel.

13. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same Agreement.

14. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

15. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

16. Survival of Agreements.

The covenants made in Paragraphs 1 through 5 each shall survive the termination of this Agreement.

17. Binding Effect.

This Agreement shall be binding on the Trust, its successors and assigns, including any surviving entity resulting from a merger, consolidation or other corporate reorganization.

18. Senior Officer's Covenants.

Senior Officer covenants and agrees that in the event he receives any compensation (other than compensation upon termination of employment by the Trust for Cause or voluntarily by the Senior Officer) pursuant to this Agreement, he shall not solicit for employment any personnel employed by the Trust at the time of his termination for a period of two years from his Date of Termination as long as such personnel is still employed by the Trust. Nothing contained herein to the contrary, however, shall prevent Senior Officer from providing a reference for any such personnel.

19. Confidentiality.

Senior Officer and the Trust agree to keep this Agreement confidential to the extent permitted by law. Senior Officer agrees to keep confidential all information in his possession regarding the Company, its properties and its plans, which is not generally known to the public.

20. Excess Parachute Payments

Any provision of this Agreement to the contrary notwithstanding, if any of the payments or benefits provided for in this Agreement, together with any other payments which Employee has a right to receive from the Company or any of its affiliates, constitute a "parachute payment", as defined in Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), payments pursuant to this Agreement shall be reduced, if necessary to the largest amount as will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code, all as determined by the Company's regularly engaged independent public accountants.

21. Prior Understandings.

This Agreement embodies the entire contract between the parties hereto with respect to employment and severance and supersedes any and all prior agreements and understandings, written or oral, formal or informal by and between the Trust and the Senior Officer.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

ACADIA REALTY TRUST

By: _____
Kenneth F. Bernstein
President

Name: Perry Kamerman
Title: Senior Vice President

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the "Agreement") is entered into as of January _____, 2000, by and between Timothy J. Bruce, an individual residing in the State of New York ("Senior Officer") and Acadia Realty Trust, a Maryland real estate investment trust with offices at 20 Soundview Marketplace, Port Washington, New York 11050 (the "Trust").

RECITALS

WHEREAS, The Trust desires to continue the employment of Senior Officer as Senior Vice President of Finance, and Senior Officer desires to be employed by the Trust as Senior Vice President of Finance; and

WHEREAS, Senior Officer has requested the Trust to enter into a severance agreement and the Trust is willing to do so.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreement set forth herein, the parties hereby agree as follows:

1. Termination of Employment and Change in Control.

(a) Senior Officer's employment hereunder may be terminated at any time under the following circumstances:

- (i) Cause. The Trust shall have the right to terminate Senior Officer's employment for Cause upon Senior Officer's: (A) willful and continued failure substantially to perform his duties hereunder (other than any such failure resulting from Senior Officer's incapacity due to physical or mental illness) which failure continues for a period of ten (10) days after demand for substantial performance is delivered by the Trust specifically identifying the manner in which the Trust believes the Senior Officer has not substantially performed his duties; (B) willful misconduct or (C) conviction of, or plea of guilty to a felony.
- (ii) Death. Senior Officer's employment hereunder shall terminate upon his death.
- (iii) Disability. The Trust shall have the right to terminate Senior Officer's employment due to "Disability" in the event that there is a determination by the Trust that the Senior Officer has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled the Senior Officer for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

- (iv) Good Reason. The Senior Officer shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Trust which shall include but not be limited to: a material, adverse alteration in the nature of Senior Officer's duties, responsibilities, or authority; (B) upon a reduction in Senior Officer's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due which is not cured by the Trust within ten (10) days written notice of such default by the Senior Officer, and (C) on or within three (3) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in subparagraph 1(a)(vi) hereof.
- (v) Without Cause. The Trust shall have the right to terminate the Senior Officer's employment hereunder Without Cause subject to the terms and conditions of this Agreement.
- (vi) Change in Control. (a) The Senior Officer shall have the right to terminate his employment hereunder on or within three (3) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Trust, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act (respective of any vesting or waiting periods) of (i) Common Shares or any class of stock convertible into Common Shares and/or (ii) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to thirty (30%) percent or more of the sum total of the Common Shares and the Common OP Units (treating all classes of outstanding Common Shares, units or other securities convertible into Common Shares as if they were converted into Common Shares or Common OP Units, as the case may be, and then treating Common Shares and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; (B) the dissolution or liquidation of the Trust or the consummation of any merger or consolidation of the Trust or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Trust and unit holders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring Trust and partnership taken as a whole; or (C) a turnover, during any two (2) year period, of the majority of the members of the Board, without the

consent of the remaining members of the Board as to the appointment of the new Board members. Notwithstanding anything to the contrary set forth above, a "Change of Control" shall not be deemed to exist if 1(iv)A and B have not occurred and Kenneth F. Bernstein or Ross Dworman remain as senior executive officer(s) of the Trust or of a newly re-formed ownership entity whether public or private, including but not be limited to a leveraged buy-out or other recapitalization of the Trust with supervisory authority over the Senior Officer.

- (b) If the Trust relocates Senior Officer's office requiring the Senior Officer to increase his commuting time by more than one hour, then the Senior Officer shall have the right to terminate his employment, which termination shall be deemed for Good Reason.

(b) Notice of Termination Any termination of Senior Officer's employment by the Trust or any such termination by the Senior Officer (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Senior Officer's employment under the provision so indicated. In the event of the termination of Senior Officer's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

2. Compensation Upon Termination of Employment By the Trust for Cause or Voluntarily By The Senior Officer.

In the event the Trust terminates Senior Officer's employment for Cause, or the Senior Officer voluntarily terminates his employment, the Trust shall pay the Senior Officer any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination ("Unpaid Accrued Salary"). In addition, in such event, the Senior Officer shall be entitled to exercise any options which, as of the date of termination, have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan. All options and all restricted stock granted to the Senior Officer which have not vested on the date of termination shall automatically terminate.

Except for any rights which the Senior Officer may have to Unpaid Accrued Salary through and including the date of termination, and vested options and stock, the Trust shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

3. Compensation Upon Termination of Employment Upon Disability, Without Cause or By Senior Officer for Good Reason.

In the event of termination of Senior Officer's employment as a result of Senior Officer's Disability, Without Cause or by Senior Officer for Good Reason, the Trust shall pay to the Senior Officer, the following:

- (i) any Unpaid Accrued Salary through and including the date of termination; plus
- (ii) an amount equal to one year's salary at the then current annual base salary (the "Severance Salary"); plus
- (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"); plus
- (iv) the Senior Officer's car allowance, if any, for one year (the "Car Allowance"); plus

In the event of termination of Senior Officer due to a Change in Control, in addition to the above amounts:

- (v) an amount equal to six month's base salary (the "Change of Control Retention Payment").

The aforesaid amounts shall be payable immediately.

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including without limitation restricted stock, phantom stock, units and any loan forgiveness arrangements granted to the Senior Officer ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to the Senior Officer shall immediately vest as of the date of such termination (the "Vested Options") and the Senior Officer shall be entitled at the option of the Senior Officer, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of the Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Trust (upon written notice delivered within one hundred (180) days following the date of Senior Officer's termination, to repurchase all or any portion of Senior Officer's vested options to purchase shares of Common Shares at a price equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the Common Shares for which the options to be repurchased are exercisable and the exercise price of such options as of the date of Senior Officer's termination of employment (the "Vested Option Exercise Election"). In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control. For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange on which the Common Shares are primarily traded) of the Common Shares on each of the trading days within the twenty (20) days immediately preceding the date of termination of Senior Officer's employment.

Except for any rights which the Senior Officer may have to all of the above including unpaid Accrued Salary, Severance Salary, Vested Incentive Compensation, Vested Options, Expense Reimbursement, the Car Allowance and the Bonus, the Trust shall have no further obligations hereunder following such termination.

The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Senior Officer's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to the Senior Officer.

4. Change in Control.

(a) Options. Any options granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require the Senior Officer to exercise any options. In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) Restricted Stock. Any restricted stock granted to the Senior Officer that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. In the event of a conflict between any restricted stock agreement or plan and this Agreement, the terms of this Agreement shall control.

(c) Upon Termination. In the event the Senior Officer terminates his employment in accordance with the terms set forth in sub-paragraph 1(a)(iv)(d), or if the surviving entity terminates his employment Without Cause, the Trust shall pay to the Senior Officer, and the Senior Officer shall be entitled to, all the payments and rights the Senior Officer would have had if the Senior Officer had terminated his employment with Good Reason as set forth in Paragraph 3.

5. Indemnification/Legal Fees.

(a) Indemnification. In the event the Senior Officer is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Senior Officer's employment with or serving as an officer of the Trust, whether or not the basis of such Proceeding is alleged action in an official capacity, the Trust shall indemnify, hold harmless and defend Senior Officer to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Senior Officer in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Senior Officer) and such indemnification shall continue as to Senior Officer even after Senior Officer is no longer employed by the Trust and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Senior Officer in connection with any Proceeding shall be paid by the Trust in advance upon request of Senior Officer that the Trust pay such expenses; but only in the event that Senior Officer shall have delivered in writing to the Trust an undertaking to reimburse the Trust for expenses with respect to which Senior Officer is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Senior Officer under any separate agreement, or the by-laws of the Trust since it is intended that this Agreement shall expand and extend the Senior Officer's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Trust and Senior Officer regarding or as a result of any provision of this Agreement, the Trust shall reimburse Senior Officer for all legal fees and expenses reasonably incurred by Senior Officer in connection with such contest or dispute, but only if Senior Officer is successful in respect of substantially all of Senior Officer's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

6. Successors and Assigns.

The Trust shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Trust, by agreement in form and substance satisfactory to Senior Officer, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Trust would be required to perform it if no such succession had taken place. Failure of the Trust to obtain any such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Senior Officer to compensation from the Trust in the same amount and on the same terms as he would be entitled to hereunder if Senior Officer terminated his employment for Good Reason hereunder in accordance with the terms as set forth in Paragraph 1.(a)(iv), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Trust" shall mean the Trust as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the Agreement provided for in this Paragraph 6 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Senior Officer pursuant to this Paragraph 6 shall be paid to Senior Officer in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor. Nothing in this Paragraph 6(a) shall be construed to interfere with the Trust's right to implement or pursue such succession.

7. Timing of and No Duplication of Payments.

All payments payable to Senior Officer pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Senior Officer shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

8. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Trust or Senior Officer in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Trust or Senior Officer of any such right or remedy shall preclude other or further exercise thereof. A waiver of right to remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Senior Officer's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

9. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Trust at the address set forth above or Senior Officer at his address as set forth in the Trust records (or to such other address as shall have been previously provided in accordance with this Paragraph 10).

10. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of New York.

11. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

12. Legal Representation.

Each of the Trust and Senior Officer has had an opportunity to discuss this Agreement with counsel.

13. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same Agreement.

14. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

15. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

16. Survival of Agreements.

The covenants made in Paragraphs 1 through 5 each shall survive the termination of this Agreement.

17. Binding Effect.

This Agreement shall be binding on the Trust, its successors and assigns, including any surviving entity resulting from a merger, consolidation or other corporate reorganization.

18. Senior Officer's Covenants.

Senior Officer covenants and agrees that in the event he receives any compensation pursuant to this Agreement, he shall not solicit for employment any personnel employed by the Trust at the time of his termination for a period of two years from his Date of Termination as long as such personnel is still employed by the Trust. Nothing contained herein to the contrary, however, shall prevent Senior Officer from providing a reference for any such personnel.

19. Confidentiality.

Senior Officer and the Trust agree to keep this Agreement confidential to the extent permitted by law. Senior Officer agrees to keep confidential all information in his possession regarding the Company, its properties and its plans, which is not generally known to the public.

20. Prior Understandings.

This Agreement embodies the entire contract between the parties hereto with respect to employment and severance and supersedes any and all prior agreements and understandings, written or oral, formal or informal by and between the Trust and the Senior Officer.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

ACADIA REALTY TRUST

By: _____
Kenneth F. Bernstein
President

Timothy J. Bruce

LIST OF SUBSIDIARIES OF
ACADIA REALTY TRUST

Acadia Realty Limited Partnership
Acadia Realty Trust
Acadia Property Holdings, LLC
Acadia Realty Services, Inc.
Acadia Realty Acquisition I, LLC
Acadia Strategic Opportunity Fund, L.P.
Acadia Bartow Avenue, LLC

239 Greenwich Associates Limited Partnership
Crossroads Joint Venture
Crossroads II
RD Abington Associates Limited Partnership
RD Absecon Associates, L.P.
RD Absecon, Inc.
RD Bloomfield Associates Limited Partnership
RD Branch Associates L.P.
RD Columbia Associates, L.P.
RD Elmwood Associates, L.P.

Hampton Roads Development, LLC
Heathcote Associates, L.P.
Acadia Heathcote, LLC
RD Hendon Realty, Inc.
RD Hobson Associates, L.P.
Acadia Mad River Property LLC

Acadia Merrillville Realty, L.P.
Acadia Merrillville Realty, Inc.
RD Methuen Associates Limited Partnership
Pacesetter/Ramapo Associates
Acadia Pacesetter LLC
Port Bay Associates, LLC
RD Smithtown, LLC
Sound View Management LLC
Acadia Town Line, LLC
RD Village Associates Limited Partnership
RD Whitegate Associates, L.P.
RD Woonsocket Associates Limited Partnership

Blackman Fifty L.P.
Blackman Fifty Realty Corp.
Mark Four Realty, L.P.
Mark Four Realty Corp.
Mark Kings Fairground, L.P.
Mark Kings Fairground Realty, Inc.
Mark M.P.N.M. Limited Partnership
Mark M.P.N.M. Realty, Inc.
Mark Manahawkin, L.P.
Mark Manahawkin Realty Corp.
Mark Martintown, L.P.
Mark Martintown Realty, Inc.
Mark New Smyrna Limited Partnership
Mark New Smyrna Realty, Inc.
Mark Park Plaza, L.P.
Mark Park Plaza Realty, Inc.
Mark Plaza Fifty L.P.
Mark Plaza Fifty Realty Corp.
Mark Shillington, L.P.
Mark Shillington Realty Corp.
Mark Three Realty, L.P.
Mark Three Realty Corp.
Mark Troy, L.P.
Mark Troy Realty, Inc.
Mark Twelve Associates, L.P.
New Castle Fifty Realty Corp.
Mark 25th Street, L.P.
Mark 25th Street Realty Corp.

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-95966) pertaining to the 1999 Share Incentive Plan of Acadia Realty Trust, in the Registration Statement (Form S-3 No. 33-85190) of Acadia Realty Trust, and in the Registration Statement (Form S-3 No. 333-31630) of Acadia Realty Trust, of our report dated February 22, 2002, with respect to the consolidated financial statements and schedule of Acadia Realty Trust included in this Annual Report on Form 10-K for the year ended December 31, 2001.

/s/ ERNST & YOUNG LLP

New York, New York
March 26, 2002