

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001
OR

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

For the transition period from _____ to _____
Commission file number 1-13274

Mack-Cali Realty Corporation

(Exact name of registrant as specified in its charter)

Maryland

22-3305147

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

11 Commerce Drive, Cranford, New Jersey 07016-3501

(Address or principal executive office)
(Zip Code)

(908) 272-8000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since
last report)

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 twelve (12) months (or such shorter period that the
Registrant was required to file such report) YES X NO and (2) has been subject
to such filing requirements for the past ninety (90) days YES X NO .

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of April 30, 2001, there were 56,993,884 shares of \$0.01 par value common
stock outstanding.

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MACK-CALI REALTY CORPORATION

FORM 10-Q

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MACK-CALI REALTY CORPORATION

PART I - FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

The accompanying unaudited consolidated balance sheets, statements of operations, of changes in stockholders' equity, and of cash flows and related notes, have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. The financial statements reflect all adjustments consisting only of normal, recurring adjustments, which are in the opinion of management, necessary for a fair presentation for the interim periods.

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in Mack-Cali Realty Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000.

The results of operations for the three months ended March 31, 2001 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

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<TABLE>
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 MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	(UNAUDITED) March 31,	December
31,	2001	2000
ASSETS		

<S>	<C>	<C>
Rental property		
Land and leasehold interests	\$ 475,923	\$ 542,841
Buildings and improvements	2,615,080	2,934,383
Tenant improvements	108,466	106,208
Furniture, fixtures and equipment	6,732	6,445

	3,206,201	3,589,877
Less - accumulated depreciation and amortization	(294,786)	(302,932)

Rental property held for sale, net	2,911,415	3,286,945
	469,320	107,458

Net investment in rental property	3,380,735	3,394,403
Cash and cash equivalents	11,720	13,179
Investments in unconsolidated joint ventures	117,389	101,438
Unbilled rents receivable, net	54,274	50,499
Deferred charges and other assets, net	100,197	102,655
Restricted cash	7,521	6,557
Accounts receivable, net of allowance for doubtful accounts of \$838 and \$552	9,223	8,246

Total assets	\$3,681,059	\$3,676,977
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		

Senior unsecured notes	\$1,096,477	\$ 798,099
Revolving credit facilities	85,000	348,840
Mortgages and loans payable	480,707	481,573
Dividends and distributions payable	43,483	43,496
Accounts payable and accrued expenses	52,392	53,608
Rents received in advance and security deposits	35,347	31,146
Accrued interest payable	10,118	17,477

Total liabilities	1,803,524	1,774,239

MINORITY INTERESTS:		
Operating Partnership	444,848	447,523
Partially-owned properties	--	1,925

Total minority interests	444,848	449,448

Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Preferred stock, 5,000,000 shares authorized, none issued	--	--
Common stock, \$0.01 par value, 190,000,000 shares authorized, 56,961,704 and 56,980,893 shares outstanding	570	570
Additional paid-in capital	1,512,330	1,513,037
Dividends in excess of net earnings	(75,161)	(57,149)
Unamortized stock compensation	(5,052)	(3,168)

Total stockholders' equity	1,432,687	1,453,290

Total liabilities and stockholders' equity	\$3,681,059	\$3,676,977
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

	Three Months Ended March 31,	
REVENUES	2001	2000

<S>	<C>	<C>
Base rents	\$125,376	\$121,598

shares of common stock	6	--	166	--	-
- 166					
Proceeds from stock options exercised	20	--	508	--	--
508					
Deferred compensation plan for directors	--	--	39	--	--
39					
Issuance of Restricted Stock Awards	94	1	2,526	--	
(2,527)	--				
Amortization of stock compensation	--	--	--	--	301
301					
Adjustment to fair value of restricted stock	--	--	(142)	--	142
--					
Cancellation of Restricted Stock Awards	(7)	--	(200)	--	200
--					
Repurchase of common stock	(132)	(1)	(3,604)	--	--
(3,605)					

Balance at March 31, 2001	56,962	\$570	\$1,512,330	\$ (75,161)	
\$(5,052) \$1,432,687					
=====					

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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MAC-K-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES	Three Months Ended March 31,	
	2001	2000

<S>	<C>	<C>
Net income	\$ 16,738	\$ 36,615
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,484	22,182
Amortization of stock compensation	301	165
Amortization of deferred financing costs and debt discount	1,230	901
Equity in earnings of unconsolidated joint ventures	(3,409)	(1,137)
Realized and unrealized loss/(gain) on disposition of rental property	20,563	(2,248)
Minority interests	6,224	11,066
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable	(3,775)	(2,133)
Increase in deferred charges and other assets, net	(3,582)	(2,857)
Increase in accounts receivable, net	(977)	(2,045)
Decrease in accounts payable and accrued expenses	(1,216)	(12,720)
Increase in rents received in advance and security deposits	4,392	2,245
Decrease in accrued interest payable	(7,359)	(10,996)

Net cash provided by operating activities	\$ 52,614	\$ 39,038
=====		

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to rental property	\$ (49,382)	\$ (39,801)
Repayment of mortgage note receivable	5,983	--
Investments in unconsolidated joint ventures	(11,244)	(2,625)
Distributions from unconsolidated joint ventures	17,146	1,299
Proceeds from sales of rental property	--	4,179
(Increase) decrease in restricted cash	(964)	691

Net cash used in investing activities	\$ (38,461)	\$ (36,257)
=====		

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from senior unsecured notes	\$ 298,269	\$ --
Proceeds from revolving credit facilities	65,497	67,876

Repayments of revolving credit facilities	(329,337)	(28,668)
Repayments of mortgages and loans payable	(866)	(869)
Distributions to minority interest in partially-owned properties	--	(1,193)
Repurchase of common stock	(3,605)	--
Payment of financing costs	(2,582)	(42)
Proceeds from stock options exercised	508	117
Payment of dividends and distributions	(43,496)	(42,499)

Net cash used in financing activities	\$ (15,612)	\$ (5,278)
=====		
Net decrease in cash and cash equivalents	\$ (1,459)	\$ (2,497)
Cash and cash equivalents, beginning of period	13,179	8,671

Cash and cash equivalents, end of period	\$ 11,720	\$ 6,174
=====		

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE/UNIT AMOUNTS)

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty Corporation, a Maryland corporation, and subsidiaries (the "Company") is a fully-integrated, self-administered, self-managed real estate investment trust ("REIT") providing leasing, management, acquisition, development, construction and tenant-related services for its properties. As of March 31, 2001, the Company owned or had interests in 268 properties plus developable land (collectively, the "Properties"). The Properties aggregate approximately 28.6 million square feet, and are comprised of 165 office buildings and 90 office/flex buildings totaling approximately 28.2 million square feet (which includes eight office buildings and one office/flex building aggregating 1.4 million square feet, owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two multi-family residential complexes consisting of 451 units, two stand-alone retail properties and three land leases. The Properties are located in 11 states, primarily in the Northeast, plus the District of Columbia.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include all accounts of the Company, its majority-owned and/or controlled subsidiaries, which consist principally of Mack-Cali Realty, L.P. ("Operating Partnership"). See Investments in Unconsolidated Joint Ventures in Note 2 for the Company's treatment of unconsolidated joint venture interests. All significant intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

RENTAL
PROPERTY

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition and development of rental properties are capitalized. Capitalized development costs include interest, property taxes, insurance and other project costs incurred during the period of development. Included in total rental property is construction-in-progress of \$119,173 and \$188,077 as of March 31, 2001 and December 31, 2000, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

<TABLE>	<S>	<C>	Remaining lease
term	Leasehold interests		
--			
--	Buildings and improvements		5 to 40 years
life	Tenant improvements		The shorter of the term of the related lease or useful
--			
--	Furniture, fixtures and equipment		5 to 10 years

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On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. Management does not believe that the value of any of its rental properties is impaired.

When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets which have been identified for sale is less than the net book value of the assets, a valuation allowance is established. See Note 7.

INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence, but does not control these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Any difference between the carrying amount of these investments on the balance sheet of the Company and the underlying equity in net assets is amortized as an adjustment to equity in earnings of unconsolidated joint ventures over 40 years. See Note 4.

PARTIALLY-OWNED PROPERTIES

The Company controlled operations of the partially-owned properties and has consolidated the financial position and results of operations of partially-owned properties in the financial statements of the Company. The equity interests of the other members are reflected as minority interests: partially-owned properties in the consolidated financial statements of the Company.

CASH AND CASH EQUIVALENTS

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

DEFERRED FINANCING COSTS

Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs is included in interest expense and was \$1,121 and

\$901 for the three months ended March 31, 2001 and 2000, respectively.

DEFERRED
LEASING COSTS

Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Company provide leasing services to the Properties and receive compensation based on space leased. The portion of such compensation, which is capitalized and amortized, approximated \$740 and \$693 for the three months ended March 31, 2001 and 2000, respectively.

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REVENUE
RECOGNITION

Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Parking and other revenue includes income from parking spaces leased to tenants, income from tenants for additional services provided by the Company, income from tenants for early lease terminations and income from managing properties for third parties. Rental income on residential property under operating leases having terms generally of one year or less is recognized when earned.

Reimbursements are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 14.

INCOME AND
OTHER TAXES

The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company generally will not be subject to corporate federal income tax on net income that it currently distributes to its shareholders, provided that the Company, for its taxable years beginning prior to January 1, 2001, satisfies certain organizational and operational requirements including the requirement to distribute at least 95 percent of its REIT taxable income to its shareholders. For its taxable years beginning after December 31, 2000, as a result of recent amendments to the Code, the Company is required to distribute at least 90 percent of its REIT taxable income to its shareholders. Effective January 1, 2001, the Company has elected to treat certain of its corporate subsidiaries as taxable REIT subsidiaries ("TRS"). In general, a TRS of the Company may perform additional services for tenants of the Company and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the providing to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The Company is subject to certain state and local taxes.

INTEREST RATE
CONTRACTS

Interest rate contracts are utilized by the Company to reduce interest rate risks. The Company does not hold or issue derivative financial instruments for trading purposes. The differentials to be received or paid under contracts designated as hedges are recognized over the life of the contracts as adjustments to interest expense.

In certain situations, the Company uses forward treasury lock agreements to mitigate the potential effects of changes in interest rates for prospective transactions. Gains and losses are deferred and amortized as

adjustments to interest expense over the remaining life of the associated debt to the extent that such debt remains outstanding.

EARNINGS
PER SHARE

In accordance with the Statement of Financial Accounting Standards No. 128 ("FASB No. 128"), the Company presents both basic and diluted earnings per share ("EPS"). Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount.

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DIVIDENDS AND
DISTRIBUTIONS
PAYABLE

The dividends and distributions payable at March 31, 2001 represents dividends payable to shareholders of record as of April 4, 2001 (56,967,704 shares), distributions payable to minority interest common unitholders (7,957,525 common units) on that same date and preferred distributions payable to preferred unitholders (220,340 preferred units) for the first quarter 2001. The first quarter 2001 dividends and common unit distributions of \$0.61 per share and per common unit, as well as the first quarter preferred unit distribution of \$17.6046 per preferred unit, were approved by the Board of Directors on March 16, 2001 and paid on April 23, 2001.

The dividends and distributions payable at December 31, 2000 represents dividends payable to shareholders of record as of January 4, 2001 (56,982,893 shares), distributions payable to minority interest common unitholders (7,963,725 common units) on that same date and preferred distributions payable to preferred unitholders (220,340 preferred units) for the fourth quarter 2000. The fourth quarter 2000 dividends and common unit distributions of \$0.61 per share and per common unit, as well as the fourth quarter preferred unit distribution of \$17.6046 per preferred unit, were approved by the Board of Directors on December 20, 2000 and paid on January 22, 2001.

UNDERWRITING
COMMISSIONS
AND COSTS

Underwriting commissions and costs incurred in connection with the Company's stock offerings are reflected as a reduction of additional paid-in capital.

STOCK
OPTIONS

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations ("APB No. 25"). Under APB No. 25, compensation cost is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted closing market price of the Company's stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized under the Company's stock option plans for the granting of stock options. See Note 15.

RECLASSIFICATIONS

Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

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3. ACQUISITIONS AND OTHER TRANSACTIONS

OPERATING PROPERTY ACQUISITIONS

The Company acquired the following operating properties during the three months

ended March 31, 2001:

<TABLE>
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Acquisition by Date	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet	Investment Company (a)
<S> OFFICE/FLEX 2/14/01	<C> 31 & 41 Twosome Drive (b)	<C> Moorestown, Burlington County, NJ	<C> 2	<C> 127,250	<C> \$7,155
Total Operating Property Acquisitions:			2	127,250	\$7,155

</TABLE>

- (a) Transactions were funded primarily from net proceeds received in the sale of a rental property as well as the Company's cash reserves.
- (b) The properties were acquired through the exercise of a purchase option obtained in the initial acquisition of the McGarvey portfolio in January 1998.

PROPERTIES PLACED IN SERVICE

The Company placed in service the following properties through the completion of development during the three months ended March 31, 2001:

<TABLE>
<CAPTION>

Date Placed by in Service	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet	Investment Company (a)
<S> OFFICE 1/15/01	<C> 105 Eisenhower Parkway	<C> Roseland, Essex County, NJ	<C> 1	<C> 220,000	<C> \$41,781
3/01/01	8181 East Tufts Avenue	Denver, Denver County, CO	1	185,254	33,381
Total Properties Placed in Service			2	405,254	\$75,162

</TABLE>

- (a) Transactions were funded primarily through draws on the Company's revolving credit facilities and amounts presented are as of March 31, 2001.

LAND ACQUISITIONS

On January 5, 2001, the Company acquired approximately 7.1 acres of developable land located in Littleton, Arapahoe County, Colorado. The land was acquired for approximately \$2,711. When the Company committed itself to acquire the land, the Company had intended to develop the site consistent with its then business strategy. Due to a change in the Company's strategy, this land is now being held for sale (see Note 7).

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

PRU-BETA 3 (NINE CAMPUS DRIVE) On March 27, 1998, the Company acquired a 50 percent interest in an existing joint venture with The Prudential Insurance Company of America ("Prudential"), known as Pru-Beta 3, which owns and operates Nine Campus Drive, a 156,495 square-foot office building, located in the Mack-Cali Business Campus office complex in Parsippany, Morris County, New Jersey. The Company performs management and leasing services for the property owned by the joint venture and recognized \$37 and \$37 in fees for such services in the three months ended March 31, 2001 and 2000, respectively.

HPMC

On April 23, 1998, the Company entered into a joint venture agreement with HCG Development, L.L.C. and Summit Partners I, L.L.C. to form HPMC Development Partners, L.P. and, on July 21, 1998, entered into a second joint venture, HPMC Development Partners II, L.P. (formerly known as HPMC Lava Ridge Partners, L.P.), with these same parties. HPMC Development Partners, L.P.'s efforts have focused on two development projects, commonly referred to as Continental Grand II and Summit Ridge. HPMC Development Partners II, L.P.'s efforts have focused on three development projects, commonly referred to as Lava Ridge, Peninsula Gateway and Stadium Gateway. Among other things, the partnership agreements provide for a preferred return on the Company's

invested capital in each venture, in addition to 50 percent of such venture's profit above the preferred returns, as defined in each agreement.

CONTINENTAL GRAND II

Continental Grand II is a 239,085 square-foot office building located in El Segundo, Los Angeles County, California, which was constructed and placed in service by the venture.

SUMMIT RIDGE

Summit Ridge is an office complex of three one-story buildings aggregating 133,841 square feet located in San Diego, San Diego County, California, which was constructed and placed in service by the venture. On January 29, 2001, the venture sold the office complex for approximately \$17,450.

LAVA RIDGE

Lava Ridge is an office complex of three two-story buildings aggregating 183,200 square feet located in Roseville, Placer County, California, which was constructed and placed in service by the venture.

PENINSULA GATEWAY

Peninsula Gateway is a parcel of land purchased from the city of Daly City, located in San Mateo County, California, upon which the venture has commenced construction of an office building and theater and retail complex aggregating 471,379 square feet.

STADIUM GATEWAY

Stadium Gateway is a 1.5 acre site located in Anaheim, Orange County, California, acquired by the venture upon which it has commenced construction of a six-story 261,554 square-foot office building.

G&G MARTCO (CONVENTION PLAZA)

On April 30, 1998, the Company acquired a 49.9 percent interest in an existing joint venture, known as G&G Martco, which owns Convention Plaza, a 305,618 square-foot office building, located in San Francisco, San Francisco County, California. A portion of its initial investment was financed through the issuance of common units, as well as funds drawn from the Company's credit facilities. Subsequently, on June 4, 1999, the Company acquired an additional 0.1 percent interest in G&G Martco through the issuance of common units. The Company performs management and leasing services for the property owned by the joint venture and recognized \$54 and \$52 in fees for such services in the three months ended March 31, 2001 and 2000, respectively.

AMERICAN FINANCIAL EXCHANGE L.L.C.

On May 20, 1998, the Company entered into a joint venture agreement with Columbia Development Company, L.L.C. to form American Financial Exchange L.L.C. The venture was initially formed to acquire land for future development, located on the Hudson River waterfront in Jersey City, Hudson County, New Jersey, adjacent to the Company's Harborside Financial Center office complex. The Company holds a 50 percent interest in the joint venture. Among other things, the partnership agreement provides for a preferred return on the Company's invested capital in the venture, in addition to the Company's proportionate share of the venture's profit, as defined in the agreement. The joint venture acquired land on which it constructed a parking facility, which is currently leased to a parking operator under a 10-year agreement. Such parking facility serves a ferry service between the Company's Harborside property and Manhattan. In the fourth quarter 2000, the Company started construction of a 575,000 square-foot office building and terminated the parking agreement on certain of the land owned by the venture. The total costs of the project are currently projected to be approximately \$140,000. The project, which is currently 100 percent pre-leased, is anticipated to be completed in third quarter 2002.

RAMLAND REALTY ASSOCIATES L.L.C. (ONE RAMLAND ROAD)

On August 20, 1998, the Company entered into a joint venture agreement with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square-foot office/flex building plus adjacent developable land, located in Orangeburg, Rockland County, New York. In August 1999, the joint venture completed redevelopment of the property and placed the office/flex building in service. The Company holds a 50 percent interest in the joint venture. The Company performs

management, leasing and other services for the property owned by the joint venture and recognized \$18 and \$123 in fees for such services in the three months ended March 31, 2001 and 2000, respectively.

ASHFORD LOOP ASSOCIATES L.P. (1001 SOUTH DAIRY ASHFORD/2100 WEST LOOP SOUTH)

On September 18, 1998, the Company entered into a joint venture agreement with Prudential to form Ashford Loop Associates L.P. The venture was formed to own, manage and operate 1001 South Dairy Ashford, a 130,000 square-foot office building acquired on September 18, 1998 and 2100 West Loop South, a 168,000 square-foot office building acquired on November 25, 1998, both located in Houston, Harris County, Texas. The Company holds a 20 percent interest in the joint venture. The joint venture may be required to pay additional consideration due to earn-out provisions in the acquisition contracts. Subsequently, through March 31, 2001, the venture paid \$19,907 (\$3,943 representing the Company's share) in accordance with earn-out provisions in the acquisition contracts. The Company performs management and leasing services for the properties owned by the joint venture and recognized \$47 and \$30 in fees for such services in the three months ended March 31, 2001 and 2000, respectively.

ARCAP INVESTORS, L.L.C.

On March 18, 1999, the Company invested in ARCap Investors, L.L.C., a joint venture with several participants, which was formed to invest in sub-investment grade tranches of commercial mortgage-backed securities ("CMBS"). The Company has invested \$20,000 in the venture. William L. Mack, Chairman of the Board of Directors of the Company and an equity holder in the Operating Partnership, is a principal of the managing member of the venture. At March 31, 2001, the venture held approximately \$754,819 face value of CMBS bonds at an aggregate cost of \$390,680.

SOUTH PIER AT HARBORSIDE HOTEL DEVELOPMENT

On November 17, 1999, the Company entered into an agreement with Hyatt Corporation to develop a 350-room hotel on the Company's South Pier at Harborside Financial Center, Jersey City, Hudson County, New Jersey. In July 2000, the joint venture began development of the hotel project.

NORTH PIER AT HARBORSIDE RESIDENTIAL DEVELOPMENT

On August 5, 1999, the Company entered into an agreement which provided for the contribution of its North Pier at Harborside Financial Center, Jersey City, Hudson County, New Jersey to a joint venture with Lincoln Property Company Southwest, Inc., in exchange for cash and an equity interest in the venture. In April 2001, the Company sold the North Pier to the joint venture and retained an equity interest. The venture intends to develop residential housing on the property for rental.

MC-SJP MORRIS V REALTY, LLC AND MC-SJP MORRIS VI REALTY, LLC

On August 24, 2000, the Company entered into a joint venture with SJP Properties Company ("SJP Properties") to form MC-SJP Morris V Realty, LLC and MC-SJP Morris VI Realty, LLC, which acquired approximately 47.5 acres of developable land located in Parsippany, Morris County, New Jersey. The land was acquired for approximately \$16,193.

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SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of March 31, 2001 and December 31, 2000:

<TABLE>
<CAPTION>

	March 31, 2001					
			G&G	American	Ramland	
Ashford	Pru-Beta 3	HPMC	Martco	Exchange	Realty	
Loop						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS:						
Rental property, net	\$20,568	\$65,607	\$ 10,359	\$31,724	\$18,730	\$37,788
Other assets	1,756	29,266	3,020	3,076	4,513	
535						
Total assets	\$22,324	\$94,873	\$ 13,379	\$34,800	\$23,243	\$38,323
LIABILITIES AND PARTNERS'/						
MEMBERS' CAPITAL:						
Mortgages and loans payable	\$ --	\$54,401	\$ 50,000	\$ --	\$16,492	\$ --
Other liabilities	122	2,362	1,691	10,312	213	499
Partners'/members' capital	22,202	38,110	(38,312)	24,488	6,538	37,824
Total liabilities and						
partners'/members' capital	\$22,324	\$94,873	\$ 13,379	\$34,800	\$23,243	\$38,323

Company's net investment in unconsolidated joint ventures	\$15,502	\$36,727	\$ 3,809	\$25,500	\$ 2,841	\$ 7,913
---	----------	----------	----------	----------	----------	----------

<CAPTION>

December 31, 2000

Ashford	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	
Loop						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS:						
Rental property, net	\$20,810	\$ 78,119	\$ 10,589	\$12,546	\$18,947	\$37,665
Other assets	2,737	27,082	2,508	11,851	4,755	
849						
Total assets	\$23,547	\$105,201	\$ 13,097	\$24,397	\$23,702	\$38,514
LIABILITIES AND PARTNERS'/ MEMBERS' CAPITAL:						
Mortgages and loans payable	\$ --	\$ 63,486	\$ 50,000	\$ --	\$16,666	\$ --
Other liabilities	160	5,035	1,368	9,400	522	1,005
Partners'/members' capital	23,387	36,680	(38,271)	14,997	6,514	37,509
Total liabilities and partners'/members' capital	\$23,547	\$105,201	\$ 13,097	\$24,397	\$23,702	\$38,514
Company's net investment in unconsolidated joint ventures	\$16,110	\$ 35,079	\$ 3,973	\$15,809	\$ 2,782	\$ 7,874

<CAPTION>

March 31, 2001

	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Rental property, net	\$ --	\$17,271	\$22,270	\$224,317
Other assets	426,230	96	--	468,492
Total assets	\$426,230	\$17,367	\$22,270	\$692,809
LIABILITIES AND PARTNERS'/ MEMBERS' CAPITAL:				
Mortgages and loans payable	\$210,000	\$16,028	\$ 7,762	\$354,683
Other liabilities	755	--	4,353	20,307
Partners'/members' capital	215,475	1,339	10,155	317,819
Total liabilities and partners'/members' capital	\$426,230	\$17,367	\$22,270	\$692,809
Company's net investment in unconsolidated joint ventures	\$ 19,759	\$ 173	\$ 5,165	\$117,389

<CAPTION>

December 31, 2000

	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Rental property, net	\$ --	--	--	\$178,676
Other assets	310,342	--	--	360,124
Total assets	\$310,342	--	--	\$538,800
LIABILITIES AND PARTNERS'/				

Company's equity in earnings of unconsolidated joint ventures	\$ 216	\$ --	\$ 169	\$206	\$ 25	\$
121	\$ 400					

<CAPTION>

Three Months Ended March 31, 2001

	MC-SJP Morris Realty	Harborside South Pier	Combined Total
<S>	<C>	<C>	<C>
Total revenues	--	--	\$31,607
Operating and other expenses	--	--	(4,885)
Depreciation and amortization	--	--	(2,998)
Interest expense	--	--	(5,730)
Net income	--	--	\$17,994
Company's equity in earnings of unconsolidated joint ventures	--	--	\$3,409

<CAPTION>

Three Months Ended March 31, 2000

	MC-SJP Morris Realty	Harborside South Pier	Combined Total
<S>	<C>	<C>	<C>
Total revenues	--	--	\$14,137
Operating and other expenses	--	--	(2,901)
Depreciation and amortization	--	--	(1,520)
Interest expense	--	--	(2,340)
Net income	--	--	\$7,376
Company's equity in earnings of unconsolidated joint ventures	--	--	\$1,137

</TABLE>

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5. DEFERRED CHARGES AND OTHER ASSETS

<TABLE>
<CAPTION>

	March 31, 2001	December 31, 2000
<S>	<C>	<C>
Deferred leasing costs	\$ 82,968	\$ 80,667
Deferred financing costs	25,864	23,085
Accumulated amortization	108,832 (29,757)	103,752 (26,303)
Deferred charges, net	79,075	77,449
Prepaid expenses and other assets	21,122	25,206
Total deferred charges and other assets, net	\$100,197	\$102,655

</TABLE>

6. RESTRICTED CASH

Restricted cash includes security deposits for the Company's residential properties and certain commercial properties, and escrow and reserve funds for debt service, real estate taxes, property insurance, capital improvements, tenant improvements, and leasing costs established pursuant to certain mortgage

financing arrangements, and is comprised of the following:

<TABLE>
<CAPTION>

	March 31, 2001	December 31, 2000
<S>	<C>	<C>
Security deposits	\$7,436	\$6,477
Escrow and other reserve funds	85	80

Total restricted cash	\$7,521	\$6,557

</TABLE>

7. RENTAL PROPERTY HELD FOR SALE

As of March 31, 2001, the Company has identified 43 office properties, aggregating approximately 5.1 million square feet, a multi-family residential property and two land parcels as held for sale. These properties are located in Texas, Arizona, Colorado, Iowa, Florida and southern New Jersey. Such properties carried an aggregate book value of \$469,320, net of accumulated depreciation of \$36,110 and a valuation allowance of \$20,563.

As of December 31, 2000, the Company had identified 10 office properties, aggregating approximately 1.6 million square feet, and a land parcel as held for sale. These properties are located in San Antonio, Texas or Houston, Texas. Such properties carried an aggregate book value of \$107,458, net of accumulated depreciation of \$7,019.

The following is a summary of the condensed results of operations of the rental properties held for sale at March 31, 2001 for the three months ended March 31, 2001 and 2000:

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2001	2000
<S>	<C>	<C>
Total revenues	\$22,149	\$21,720
Operating and other expenses	(9,591)	(8,716)
Depreciation	(2,468)	(2,948)

Net income	\$10,090	\$10,056

</TABLE>

There can be no assurance if and when sales of the Company's rental properties held for sale will occur.

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During the three months ended March 31, 2001, the Company determined that the carrying amounts of certain properties identified as held for sale are not expected to be recovered from estimated net sale proceeds from these property sales and, accordingly, recognized a valuation allowance of \$20,563.

The following table summarizes realized and unrealized (loss)/gain on disposition of rental property:

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2001	2000
<S>	<C>	<C>
Realized gain on sale of land	\$ --	\$2,248
Valuation allowance on rental property held for sale	(20,563)	--

Total	\$(20,563)	\$2,248

</TABLE>

8. SENIOR UNSECURED NOTES

On January 29, 2001, the Operating Partnership issued \$300,000 face amount of 7.75 percent senior unsecured notes with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately \$296,300 were used primarily to pay down outstanding borrowings under the 2000 Unsecured Facility, as defined in Note 9. The senior unsecured notes were issued at a discount of approximately \$1,731, which is being amortized over the term as an adjustment to interest expense.

The Operating Partnership's senior unsecured notes are redeemable at any time at the option of the Company, subject to certain conditions including yield maintenance.

A summary of the terms of the senior unsecured notes (collectively, "Senior Unsecured Notes") outstanding as of March 31, 2001 and December 31, 2000 is as follows:

<TABLE>
<CAPTION>

	March 31 2001	December 31, 2000	Effective Rate (1)
<S>	<C>	<C>	<C>
7.180% Senior Unsecured Notes, due December 31, 2003	\$ 185,283	\$185,283	7.23%
7.000% Senior Unsecured Notes, due March 15, 2004	299,764	299,744	7.27%
7.250% Senior Unsecured Notes, due March 15, 2009	298,131	298,072	7.49%
7.835% Senior Unsecured Notes, due December 15, 2010	15,000	15,000	7.95%
7.750% Senior Unsecured Notes, due February 15, 2011	298,299	--	7.93%

Total Senior Unsecured Notes	\$1,096,477	\$798,099	7.51%
=====			

</TABLE>

(1) Includes the cost of terminated treasury lock agreements (if any), offering and other transaction costs and the discount on the notes, as applicable.

The terms of the Senior Unsecured Notes include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

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9. REVOLVING CREDIT FACILITIES

2000 UNSECURED FACILITY

On June 22, 2000, the Company obtained an unsecured revolving credit facility ("2000 Unsecured Facility") with a current borrowing capacity of \$800,000 from a group of 24 lenders. The interest rate on outstanding borrowings under the credit line is currently the London Inter-Bank Offered Rate ("LIBOR") (5.08 percent at March 31, 2001) plus 80 basis points. The Company may instead elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The 2000 Unsecured Facility also requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. In the event of a change in the Company's unsecured debt rating, the interest rate and facility fee will be changed on a sliding scale. Subject to certain conditions, the Company has the ability to increase the borrowing capacity of the credit line up to \$1,000,000. The 2000 Unsecured Facility matures in June 2003, with an extension option of one year, which would require a payment of 25 basis points of the then borrowing capacity of the credit line upon exercise.

The terms of the 2000 Unsecured Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90 percent of funds from operations (as defined) for such period, subject to certain other adjustments.

PRUDENTIAL FACILITY

The Company has a revolving credit facility ("Prudential Facility") with Prudential Securities Corp. ("PSC") in the amount of \$100,000, which currently

bears interest at 110 basis points over one-month LIBOR, with a maturity date of June 29, 2001. The Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Company's equity interest in Harborside Plazas 2 and 3. The Prudential Facility limits the ability of the Operating Partnership to make any distributions during any fiscal quarter in an amount in excess of 100 percent of the Operating Partnership's available funds from operations (as defined) for the immediately preceding fiscal quarter (except to the extent such excess distributions or dividends are attributable to gains from the sale of the Operating Partnership's assets or are required for the Company to maintain its status as a REIT under the Code); provided, however, that the Operating Partnership may make distributions and pay dividends in excess of 100 percent of available funds from operations (as defined) for the preceding fiscal quarter for not more than three consecutive quarters. In addition to the foregoing, the Prudential Facility limits the liens placed upon the subject property and certain collateral, the use of proceeds from the Prudential Facility, and the maintenance of ownership of the subject property and assets derived from said ownership. The Company has been notified that the Prudential Facility will not be renewed.

SUMMARY

As of March 31, 2001 and December 31, 2000, the Company had outstanding borrowings of \$85,000 and \$348,840, respectively, under its revolving credit facilities. The total outstanding borrowings were from the 2000 Unsecured Facility, with no outstanding borrowings under the Prudential Facility.

10. MORTGAGES AND LOANS PAYABLE

The Company has mortgages and loans payable which are comprised of various loans collateralized by certain of the Company's rental properties. Payments on mortgages and loans payable are generally due in monthly installments of principal and interest, or interest only.

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A summary of the Company's mortgages and loans payable as of March 31, 2001 and December 31, 2000 is as follows:

<TABLE>
<CAPTION>

PROPERTY NAME MATURITY	LENDER	EFFECTIVE INTEREST RATE	PRINCIPAL BALANCE AT MARCH 31, 2001	DECEMBER 31, 2000
<S>	<C>	<C>	<C>	<C>
101 & 225 Executive Drive 06/01/01	Sun Life Assurance Co.	6.27%	\$ 2,148	\$ 2,198
Mack-Cali Morris Plains 12/31/01	Corestates Bank	7.51%	2,151	2,169
Mack-Cali Willowbrook 10/01/03	CIGNA	8.67%	9,251	9,460
400 Chestnut Ridge 07/01/04	Prudential Insurance Co.	9.44%	13,361	13,588
Mack-Cali Centre VI 04/01/05	Principal Life Insurance Co.	6.87%	35,000	35,000
Various (a) 05/15/05	Prudential Insurance Co.	7.10%	150,000	150,000
Mack-Cali Bridgewater I 09/10/05	New York Life Ins. Co.	7.00%	23,000	23,000
Mack-Cali Woodbridge II 09/10/05	New York Life Ins. Co.	7.50%	17,500	17,500
Mack-Cali Short Hills 10/01/05	Prudential Insurance Co.	7.74%	25,743	25,911
500 West Putnam Avenue 10/10/05	New York Life Ins. Co.	6.52%	9,875	10,069
Harborside - Plaza 1 01/01/06	U.S. West Pension Trust	5.61%	55,247	54,370
Harborside - Plazas 2 and 3 01/01/06	Northwestern/Principal	7.32%	94,753	95,630
Mack-Cali Airport 04/01/07	Allstate Life Insurance Co.	7.05%	10,500	10,500
Kemble Plaza I 01/31/09	Mitsubishi Tr & Bk Co.	LIBOR+0.65%	32,178	32,178
Total Property Mortgages			\$480,707	\$481,573

=====
</TABLE>

- (a) The Company has the option to convert the mortgage loan, which is secured by 11 properties, to unsecured debt.

SCHEDULED PRINCIPAL PAYMENTS

Scheduled principal payments and related weighted average annual interest rates for the Company's Senior Unsecured Notes, revolving credit facilities and mortgages and loans payable as of March 31, 2001 are as follows:

<TABLE>

<CAPTION>

PERIOD	SCHEDULED AMORTIZATION	PRINCIPAL MATURITIES	TOTAL	WEIGHTED AVG. INTEREST RATE OF FUTURE REPAYMENTS (A)
<S>	<C>	<C>	<C>	<C>
April through December 2001	\$ 2,323	\$ 4,211	\$ 6,534	8.28%
2002	3,260	--	3,260	10.27%
2003	3,407	277,094	280,501	6.85%
2004	2,247	309,863	312,110	7.34%
2005	1,420	253,178	254,598	7.14%
Thereafter	(1,361)	806,542	805,181	7.51%
Totals/Weighted Average	\$11,296	\$1,650,888	\$1,662,184	7.32%

</TABLE>

- (a) Assumes weighted average LIBOR at March 31, 2001 of 5.01 percent in calculating revolving credit facility and other variable rate debt interest rates.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the three months ended March 31, 2001 and 2000 was \$37,917 and \$38,387, respectively. Interest capitalized by the Company for the three months ended March 31, 2001 and 2000 was \$3,350 and \$1,854, respectively.

SUMMARY OF INDEBTEDNESS

As of March 31, 2001, the Company's total indebtedness of \$1,662,184 (weighted average interest rate of 7.32 percent) was comprised of \$117,178 of revolving credit facility borrowings and other variable rate mortgage debt

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(weighted average rate of 5.76 percent) and fixed rate debt of \$1,545,006 (weighted average rate of 7.38 percent).

As of December 31, 2000, the Company's total indebtedness of \$1,628,512 (weighted average interest rate of 7.29 percent) was comprised of \$381,018 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 7.53 percent) and fixed rate debt of \$1,247,494 (weighted average rate of 7.25 percent).

11. MINORITY INTERESTS

Minority interests in the accompanying consolidated financial statements relate to (i) preferred units in the Operating Partnership ("Preferred Units"), common units in the Operating Partnership and warrants to purchase common units ("Unit Warrants"), held by parties other than the Company, and (ii) interests in consolidated partially-owned properties for the portion of such properties not owned by the Company.

The following table sets forth the changes in minority interests which relate to Preferred Units, common units and Unit Warrants in the Operating Partnership for the three months ended March 31, 2001:

<TABLE>

<CAPTION>

	Preferred Units	Common Units	Unit Warrants	Preferred Unitholders	Common Unitholders	Unit Warrants	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 2001	220,340	7,963,725	2,000,000	\$226,005	\$212,994	\$8,524	\$447,523
Net income	--	--	--	3,879	2,345	--	6,224
Distributions	--	--	--	(3,879)	(4,854)	--	(8,733)
Redemption of common units for shares of common stock	--	(6,200)	--	--	(166)	--	(6,366)
(166)							

Balance at March 31, 2001	220,340	7,957,525	2,000,000	\$226,005	\$210,319	\$8,524	\$444,848
---------------------------	---------	-----------	-----------	-----------	-----------	---------	-----------

</TABLE>

MINORITY INTEREST OWNERSHIP

As of March 31, 2001 and December 31, 2000, the minority interest common unitholders owned 12.3 percent (20.1 percent, including the effect of the conversion of Preferred Units into common units) and 12.3 percent (20.1 percent including the effect of the conversion of Preferred Units into common units) of the Operating Partnership, respectively (excluding any effect for the exercise of Unit Warrants).

12. EMPLOYEE BENEFIT PLAN

All employees of the Company who meet certain minimum age and period of service requirements are eligible to participate in a 401(k) defined contribution plan (the "401(k) Plan"). The 401(k) Plan allows eligible employees to defer up to 15 percent of their annual compensation, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management's discretion, may match employee contributions and/or make discretionary contributions. Management has approved, for the year ended December 31, 2001, a Company matching contribution to be paid under the 401(k) Plan equal to 50 percent of the first 3.5 percent of annual salary, as defined in the 401(k) Plan, contributed to the plan for 2001. Total expense recognized by the Company for both the three months ended March 31, 2001 and 2000 was \$100.

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13. COMMITMENTS AND CONTINGENCIES

GROUND LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Company is the lessee, as of March 31, 2001, are as follows:

<TABLE>
<CAPTION>

Period	Amount
April through December 2001	\$ 398
2002	531
2003	531
2004	534
2005	534
Thereafter	21,997
Total	\$24,525

</TABLE>

Ground lease expense incurred during both the three months ended March 31, 2001 and 2000 amounted to \$142.

OTHER

The Company is a defendant in certain litigation arising in the normal course of business activities. Management does not believe that the resolution of these matters will have a materially adverse effect upon the Company.

14. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2016. Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass through of charges for electrical usage.

15. STOCKHOLDERS' EQUITY

To maintain its qualification as a REIT, not more than 50 percent in value of the outstanding shares of the Company may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of any taxable year of the Company, other than its initial taxable year (defined to include certain entities), applying certain constructive ownership rules. To help ensure that

the Company will not fail this test, the Company's Articles of Incorporation provide for, among other things, certain restrictions on the transfer of the common stock to prevent further concentration of stock ownership. Moreover, to evidence compliance with these requirements, the Company must maintain records that disclose the actual ownership of its outstanding common stock and will demand written statements each year from the holders of record of designated percentages of its common stock requesting the disclosure of the beneficial owners of such common stock.

COMMON STOCK REPURCHASES

On September 13, 2000, the Board of Directors authorized the Company to purchase up to \$150,000 of the Company's outstanding common stock ("Repurchase Program"). The Company purchased for constructive retirement 2,026,300 shares of its outstanding common stock for an aggregate cost of approximately \$55,514 from September 30, 2000 through December 31, 2000.

Under the Repurchase Program, the Company purchased for constructive retirement 132,000 shares of its outstanding common stock for an aggregate cost of approximately \$3,605 for the three months ended March 31, 2001.

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STOCK OPTION PLANS

In September 2000, the Company established the 2000 Employee Stock Option Plan ("2000 Employee Plan") and the 2000 Director Stock Option Plan ("2000 Director Plan") under which a total of 2,700,000 shares (subject to adjustment) of the Company's common stock have been reserved for issuance (2,500,000 shares under the 2000 Employee Plan and 200,000 shares under the 2000 Director Plan). In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan ("Employee Plan") and the Mack-Cali Director Stock Option Plan ("Director Plan") under which a total of 5,380,188 shares (subject to adjustment) of the Company's common stock have been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). Stock options granted under the Employee Plan in 1994 and 1995 have become exercisable over a three-year period and those options granted under both the 2000 Employee Plan and Employee Plan in 1996, 1997, 1998, 1999 and 2000 become exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan become exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. There were no stock options granted for the three months ended March 31, 2001. As of March 31, 2001, stock options outstanding had a weighted average remaining contractual life of approximately 7.1 years.

Information regarding the Company's stock option plans is summarized below:

<TABLE>
<CAPTION>

	Shares Under Options	Weighted Average Exercise Price

<S>	<C>	<C>
Outstanding at January 1, 2001	4,633,319	\$30.14
Exercised	(20,420)	\$25.13
Lapsed or canceled	(64,565)	\$28.44

Outstanding at March 31, 2001	4,548,334	\$30.19
=====		
Options exercisable at March 31, 2001	2,740,163	\$31.02
Available for grant at March 31, 2001	2,323,131	

</TABLE>

STOCK WARRANTS

The Company has 360,000 warrants outstanding which enable the holders to purchase an equal number of shares of its common stock ("Stock Warrants") at \$33 per share (the market price at date of grant). Such warrants are all currently exercisable and expire on January 31, 2007.

The Company also has 389,976 Stock Warrants outstanding which enable the holders to purchase an equal number of its shares of common stock at \$38.75 per share (the market price at date of grant). Such warrants vest equally over a five-year period through December 31, 2001 and expire on December 12, 2007.

As of March 31, 2001, there were a total of 749,976 Stock Warrants outstanding. As of March 31, 2001, there were 671,980 Stock Warrants exercisable. For the three months ended March 31, 2001, no Stock Warrants were canceled. No Stock Warrants have been exercised through March 31, 2001.

STOCK COMPENSATION

In connection with stock awards granted to officers and certain other employees of the Company (collectively, "Restricted Stock Awards"), officers and certain other employees are to receive up to a total of 198,279 shares of the Company's common stock generally vesting over a three or five-year period. Certain Restricted Stock Awards are contingent upon the Company meeting certain performance and/or stock price appreciation objectives. The Restricted Stock Awards provided to the officers and certain other employees were granted under the 2000 Employee Plan and Employee Plan.

Effective January 1, 2001, 24,019 Restricted Stock Awards vested and therefore were released to the officers and certain other employees. For the three months ended March 31, 2001, 7,408 unvested Restricted Stock Awards were canceled.

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EARNINGS PER SHARE

FASB No. 128 requires a dual presentation of basic and diluted EPS on the face of the income statement for all companies with complex capital structures even where the effect of such dilution is not material. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

The following information presents the Company's results for the three months ended March 31, 2001 and 2000 in accordance with FASB No. 128:

<TABLE>
<CAPTION>

	Three Months Ended March 31,			
	2001		2000	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
<S>	<C>	<C>	<C>	<C>
Net income	\$16,738	\$16,738	\$36,615	\$36,615
Add: Net income attributable to				
Operating Partnership - common units	--	2,345	--	5,107
Net income attributable to				
Operating Partnership - preferred units	--	--	--	3,869
Adjusted net income	\$16,738	\$19,083	\$36,615	\$45,591
Weighted average shares	56,807	64,994	58,295	73,191
Per Share	\$ 0.29	\$ 0.29	\$ 0.63	\$ 0.62

</TABLE>

The following schedule reconciles the shares used in the basic EPS calculation to the shares used in the diluted EPS calculation:

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2001	2000
<S>	<C>	<C>
Basic EPS Shares:	56,807	58,295
Add: Operating Partnership - common units	7,960	8,133
Operating Partnership - preferred units		
(after conversion to common units)	--	6,618
Stock options	227	145
Diluted EPS Shares:	64,994	73,191

</TABLE>

Preferred Units outstanding in 2001 were not included in the 2001 computations of diluted EPS as such units were anti-dilutive during the period.

Through March 31, 2001, under the Repurchase Program, the Company purchased for constructive retirement, a total of 4,027,500 shares of its outstanding common stock for an aggregate cost of approximately \$111,681.

16. SEGMENT REPORTING

The Company operates in one business segment - real estate. The Company provides leasing, management, acquisition, development, construction and tenant-related services for its portfolio. The Company does not have any foreign operations. The accounting policies of the segments are the same as those described in Note

2, excluding straight-line rent adjustments, depreciation and amortization and non-recurring charges.

The Company evaluates performance based upon net operating income from the combined properties in the segment.

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Selected results of operations for the three months ended March 31, 2001 and 2000 and selected asset information as of March 31, 2001 and December 31, 2000 regarding the Company's operating segment are as follows:

<TABLE>
<CAPTION>

	Total Segment	Corporate & Other (e)	Total Company	

<S>	<C>	<C>	<C>	
TOTAL CONTRACT REVENUES (a):				
Three months ended:				
March 31, 2001	\$ 141,805	\$ 896	\$ 142,701	(f)
March 31, 2000	140,141	648	140,789	(g)
TOTAL OPERATING AND INTEREST EXPENSES (b):				
Three months ended:				
March 31, 2001	\$ 45,276	\$ 34,221	\$ 79,497	(h)
March 31, 2000	42,764	32,600	75,364	(i)
NET OPERATING INCOME (c):				
Three months ended:				
March 31, 2001	\$ 96,529	\$ (33,325)	\$ 63,204	(f)
(h)				
March 31, 2000	97,377	(31,952)	65,425	(g)
(i)				
TOTAL ASSETS:				
March 31, 2001	\$ 3,632,374	\$ 48,685	\$ 3,681,059	
December 31, 2000	3,623,107	53,870	3,676,977	
TOTAL LONG-LIVED ASSETS (d):				
March 31, 2001	\$ 3,526,423	\$ 25,975	\$ 3,552,398	
December 31, 2000	3,522,766	23,574	3,546,340	
=====				
==				

</TABLE>

- (a) Total contract revenues represent all revenues during the period (including the Company's share of net income from unconsolidated joint ventures), excluding adjustments for straight-lining of rents and the Company's share of straight-line rent adjustments from unconsolidated joint ventures. All interest income is excluded from segment amounts and is classified in Corporate and Other for all periods.
- (b) Total operating and interest expenses represent the sum of real estate taxes, utilities, operating services, general and administrative and interest expense. All interest expense (including for property-level mortgages) is excluded from segment amounts and classified in Corporate and Other for all periods.
- (c) Net operating income represents total contract revenues [as defined in Note (a)] less total operating and interest expenses [as defined in Note (b)] for the period.
- (d) Long-lived assets are comprised of total rental property, unbilled rents receivable and investments in unconsolidated joint ventures.
- (e) Corporate & Other represents all corporate-level items (including interest and other investment income, interest expense and non-property general and administrative expense) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.
- (f) Excludes \$3,770 of adjustments for straight-lining of rents and \$35 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (g) Excludes \$2,133 of adjustments for straight-lining of rents and \$57 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (h) Excludes \$23,484 of depreciation and amortization.
- (i) Excludes \$22,182 of depreciation and amortization.

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In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("FASB No. 133"). FASB No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The Company has adopted this statement as of January 1, 2001. Due to its limited use of derivative instruments, adoption of FASB No. 133 did not have a material impact on the Company's financial statements.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements of Mack-Cali Realty Corporation and the notes thereto. Certain defined terms used herein have the meaning ascribed to them in the Consolidated Financial Statements.

The following comparisons for the three months ended March 31, 2001 ("2001"), as compared to the three months ended March 31, 2000 ("2000"), make reference to the following: (i) the effect of the "Same-Store Properties," which represents all in-service properties owned by the Company at December 31, 1999, excluding Dispositions as defined below, (ii) the effect of the "Acquired Properties," which represents all properties acquired or placed in service by the Company from January 1, 2000 through March 31, 2001, and (iii) the effect of the "Dispositions", which represents results for each period for those rental properties sold by the Company during the same periods.

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

<TABLE>
<CAPTION>

(DOLLARS IN THOUSANDS)	Quarter Ended		Dollar Change	Percent Change
	2001	March 31, 2000		
<S>	<C>	<C>	<C>	<C>
REVENUE FROM RENTAL OPERATIONS:				
Base rents	\$125,376	\$121,598	\$ 3,778	3.1%
Escalations and recoveries from tenants	14,762	16,668	(1,906)	(11.4)
Parking and other	2,346	3,322	(976)	(29.4)
Sub-total	142,484	141,588	896	0.6
Equity in earnings of unconsolidated joint ventures	3,409	1,137	2,272	199.8
Interest income	613	254	359	141.3
Total revenues	146,506	142,979	3,527	2.5
PROPERTY EXPENSES:				
Real estate taxes	15,287	14,704	583	4.0
Utilities	11,956	10,379	1,577	15.2
Operating services	17,879	17,742	137	0.8
Sub-total	45,122	42,825	2,297	5.4
General and administrative	6,010	6,113	(103)	(1.7)
Depreciation and amortization	23,484	22,182	1,302	5.9
Interest expense	28,365	26,426	1,939	7.3
Total expenses	102,981	97,546	5,435	5.6
Income before realized and unrealized (loss)/gain on disposition of rental property and minority interests	43,525	45,433	(1,908)	(4.2)
Realized and unrealized (loss)/gain on disposition of rental property	(20,563)	2,248	(22,811)	(1,014.7)
Income before minority interests	22,962	47,681	(24,719)	(51.8)

MINORITY INTERESTS:				
Operating partnership	6,224	8,976	(2,752)	(30.7)
Partially-owned properties	--	2,090	(2,090)	(100.0)

Net income	\$ 16,738	\$ 36,615	\$ (19,877)	(54.3)%
------------	-----------	-----------	-------------	---------

=====

</TABLE>

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The following is a summary of the changes in revenue from rental operations and property expenses divided into Same-Store Properties, Acquired Properties and Dispositions (dollars in thousands):

	TOTAL COMPANY		SAME-STORE PROPERTIES		ACQUIRED PROPERTIES		DISPOSITIONS	
	Dollar	Percent	Dollar	Percent	Dollar	Percent	Dollar	Percent
	Change	Change	Change	Change	Change	Change	Change	Change

REVENUE FROM RENTAL OPERATIONS:								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Base rents	\$ 3,778	3.1%	\$5,108	4.2%	\$6,014	4.9%	\$ (7,344)	(6.0)%
Escalations and recoveries from from tenants	(1,906)	(11.4)	(724)	(4.3)	504	3.0	(1,686)	(10.1)
Parking and other	(976)	(29.4)	(673)	(20.3)	29	0.9	(332)	(10.0)

Total	\$ 896	0.6%	\$3,711	2.6%	\$6,547	4.6%	\$ (9,362)	(6.6)%
=====								
PROPERTY EXPENSES:								
Real estate taxes	\$ 583	4.0%	\$ 341	2.3%	\$ 923	6.3%	\$ (681)	(4.6)%
Utilities	1,577	15.2	1,445	13.9	769	7.4	(637)	(6.1)
Operating services	137	0.8	444	2.5	1,067	6.0	(1,374)	(7.7)

Total	\$ 2,297	5.4%	\$2,230	5.2%	\$2,759	6.5%	\$ (2,692)	(6.3)%
=====								

OTHER DATA:

Number of Consolidated Properties	259	248	11	7
Square feet (in thousands)	27,230	25,624	1,606	1,949

</TABLE>

Base rents for the Same-Store Properties increased \$5.1 million, or 4.2 percent, for 2001 as compared to 2000, due primarily to rental rate increases in 2001. Escalations and recoveries from tenants for the Same-Store Properties decreased \$0.7 million, or 4.3 percent, for 2001 over 2000, due to the recovery of a decreased amount of total property expenses, as well as increased settle-up billings in 2000. Parking and other income for the Same-Store Properties decreased \$0.7 million, or 20.3 percent, due primarily to fewer lease termination fees in 2001.

Real estate taxes on the Same-Store Properties increased \$0.3 million, or 2.3 percent, for 2001 as compared to 2000, due primarily to property tax rate increases in certain municipalities in 2001. Utilities for the Same-Store Properties increased \$1.4 million, or 13.9 percent, for 2001 as compared to 2000, due primarily to increased rates. Operating services for the Same-Store Properties increased \$0.4 million, or 2.5 percent, due primarily to an increase in snow removal costs in 2001.

Equity in earnings of unconsolidated joint ventures increased \$2.3 million, or 199.8 percent, for 2001 as compared to 2000. This is due primarily to properties developed by joint ventures being placed in service during 2000 and higher occupancies at certain properties (see Note 4 to the Financial Statements).

Interest income increased \$0.4 million, or 141.3 percent, for 2001 as compared to 2000. This increase was due primarily to the effect of net proceeds from certain property sales being invested in cash and cash equivalents for the period of time prior to which such proceeds were reinvested.

General and administrative decreased by \$0.1 million, or 1.7 percent, for 2001 as compared to 2000. This decrease is due primarily to decreased salaries in 2001.

Depreciation and amortization increased by \$1.3 million, or 5.9 percent, for 2001 over 2000. Of this increase, \$0.7 million, or 3.2 percent, is attributable

to the Same-Store Properties, and \$1.2 million, or 5.5 percent, is due to the Acquired Properties, partially offset by a decrease of \$0.6 million, or 2.8 percent, due to the Dispositions.

Interest expense increased \$1.9 million, or 7.3 percent, for 2001 as compared to 2000. This increase is due primarily to the replacement in 2001 of short-term credit facility borrowings with long-term fixed rate unsecured debt.

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Income before realized and unrealized (loss)/gain on disposition of rental property and minority interests decreased to \$43.5 million in 2001 from \$45.4 million in 2000. The decrease of approximately \$1.9 million is due to the factors discussed above.

Net income decreased by \$19.9 million, from \$36.6 million in 2000 to \$16.7 million in 2001. This decrease was a result of a valuation allowance on rental property held for sale of \$20.6 million in 2001, a decrease in income before realized and unrealized (loss)/gain on disposition of rental property and minority interests of \$1.9 million in 2001 as compared to 2000, and a realized gain on sale of land of \$2.2 million in 2000. This was partially offset by a decrease in minority interests of \$4.8 million in 2001.

LIQUIDITY AND CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

During the three months ended March 31, 2001, the Company generated \$52.6 million in cash flows from operating activities, and together with \$363.8 million in borrowings from the Company's senior unsecured notes and revolving credit facilities, \$17.1 million in distributions received from unconsolidated joint ventures, \$6.0 million in proceeds from repayment of mortgage note receivable, \$0.5 million in proceeds from stock options exercised and \$1.4 million from the Company's cash reserves, used an aggregate of approximately \$441.4 million to acquire properties and land parcels and pay for other tenant and building improvements totaling \$49.4 million, repay outstanding borrowings on its revolving credit facilities and other mortgage debt of \$330.2 million, pay quarterly dividends and distributions of \$43.5 million, invest \$11.2 million in unconsolidated joint ventures, pay financing costs of \$2.5 million, repurchase 132,000 shares of its outstanding common stock for \$3.6 million and add \$1.0 million to restricted cash.

CAPITALIZATION

The Company has a focused strategy geared to attractive opportunities in high-barrier-to-entry markets, primarily predicated on the Company's strong presence in the Northeast region and, to a lesser extent, certain markets in California. The Company plans to sell substantially all of its properties located in the Southwestern and Western regions, using such proceeds to invest in property acquisitions and development projects in its core Northeast markets, as well as to repay debt and fund stock repurchases.

Consistent with its strategy, in the fourth quarter 2000, the Company started construction of a 980,000 square-foot office property, to be known as Plaza 5, at its Harborside Financial Center office complex in Jersey City, Hudson County, New Jersey. The total cost of the project is currently projected to be approximately \$260 million and is anticipated to be completed in third quarter 2002. Additionally, in the fourth quarter 2000, the Company, through a joint venture, started construction of a 575,000 square-foot office property, to be known as Plaza 10, on land owned by the joint venture located adjacent to the Company's Harborside complex. The total cost of this project is currently projected to be approximately \$140 million and is anticipated to be completed in third quarter 2002. Plaza 10 is 100 percent pre-leased to Charles Schwab for a 15-year term. The lease agreement obligates the Company, among other things, to deliver space to the tenant by required timelines and offers expansion options, at the tenant's election, to additional space in any adjacent Harborside projects. Such options may obligate the Company to construct an additional building at Harborside if vacant space is not available in any of its existing Harborside properties. Should the Company be unable to or choose not to provide such expansion space, the Company could be liable to Schwab for its actual damages, in no event to exceed \$15.0 million. The Company expects to finance its funding requirements under both Plazas 5 and 10 projects through drawing on its revolving credit facilities, construction financing, or through joint venture arrangements.

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On August 6, 1998, the Board of Directors of the Company authorized a Repurchase Program under which the Company was permitted to purchase up to \$100.0 million of the Company's outstanding common stock. Under the Repurchase Program, the Company purchased for constructive retirement 1,869,200 shares of its outstanding common stock for an aggregate cost of approximately \$52.6 million through September 12, 2000.

On September 13, 2000, the Board of Directors authorized an increase to the Repurchase Program under which the Company is permitted to purchase up to an additional \$150.0 million of the Company's outstanding common stock above the \$52.6 million that had previously been purchased. From that date through April 30, 2001, the Company purchased for constructive retirement 2,158,300 shares of its outstanding common stock for an aggregate cost of approximately \$59.1 million under the Repurchase Program. The Company has authorization to repurchase up to an additional \$90.9 million of its outstanding common stock which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

As of March 31, 2000, the Company's total indebtedness of \$1.7 billion (weighted average interest rate of 7.32 percent) was comprised of \$117.2 million of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 5.76 percent) and fixed rate debt of \$1.5 billion (weighted average rate of 7.38 percent).

As of March 31, 2001, the Company had outstanding borrowings of \$85.0 million under its revolving credit facilities (with aggregate borrowing capacity of \$900.0 million). The total outstanding borrowings were from the 2000 Unsecured Facility, with no outstanding borrowings under the Prudential Facility. The interest rate on outstanding borrowings under the 2000 Unsecured Facility is currently LIBOR plus 80 basis points. The Company may instead elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The 2000 Unsecured Facility also requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. In the event of a change in the Company's unsecured debt rating, the interest and facility fee rate will be changed on a sliding scale. Subject to certain conditions, the Company has the ability to increase the borrowing capacity of the 2000 Unsecured Facility up to \$1.0 billion. The 2000 Unsecured Facility matures in June 2003, with an extension option of one year, which would require a payment of 25 basis points of the then borrowing capacity of the credit line upon exercise. The Company has been notified that the Prudential Facility, which carries an interest rate of 110 basis points over LIBOR and matures in June 2001, will not be renewed. The Company believes that the 2000 Unsecured Facility is sufficient to meet its revolving credit facility needs.

The terms of the 2000 Unsecured Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90 percent of funds from operations (as defined) for such period, subject to certain other adjustments.

On January 29, 2001, the Operating Partnership issued \$300.0 million face amount of 7.75 percent senior unsecured notes due February 15, 2011 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately \$296.3 million were used to pay down outstanding borrowings under the 2000 Unsecured Facility, as defined in Note 9 to the Financial Statements. The senior unsecured notes were issued at a discount of approximately \$1.7 million.

The terms of the Operating Partnership's unsecured corporate debt include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

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The Company has three investment grade credit ratings. Standard & Poor's Rating Services ("S&P") and Fitch, Inc. ("Fitch") have each assigned their BBB rating to existing and prospective senior unsecured debt of the Operating Partnership. S&P and Fitch have also assigned their BBB- rating to prospective preferred stock offerings of the Company. Moody's Investors Service has assigned its Baa3 rating to the existing and prospective senior unsecured debt of the Operating Partnership and its Ba1 rating to prospective preferred stock offerings of the Company.

As of March 31, 2001, the Company had 233 unencumbered properties, totaling 21.0 million square feet, representing 77.0 percent of the Company's total portfolio on a square footage basis.

The Company has an effective shelf registration statement with the SEC for an

aggregate amount of \$2.0 billion in equity securities of the Company. The Company and Operating Partnership also have an effective shelf registration statement with the SEC for an aggregate of \$2.0 billion in debt securities, preferred stock and preferred stock represented by depositary shares, under which the Operating Partnership has issued an aggregate of \$1.1 billion of unsecured corporate debt.

Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service and capital expenditures, excluding non-recurring capital expenditures. Management believes that the Company will have access to the capital resources necessary to expand and develop its business. To the extent that the Company's cash flow from operating activities is insufficient to finance its non-recurring capital expenditures such as property acquisition and construction project costs and other capital expenditures, the Company expects to finance such activities through borrowings under its revolving credit facilities and other debt and equity financing.

The Company expects to meet its short-term liquidity requirements generally through its working capital, net cash provided by operating activities and from the 2000 Unsecured Facility. The Company is frequently examining potential property acquisitions and construction projects and, at any given time, one or more of such acquisitions or construction projects may be under consideration. Accordingly, the ability to fund property acquisitions and construction projects is a major part of the Company's financing requirements. The Company expects to meet its financing requirements through funds generated from operating activities, proceeds from property sales, long-term or short-term borrowings (including draws on the Company's revolving credit facilities) and the issuance of additional debt or equity securities.

As of March 31, 2001, the Company's total debt had a weighted average term to maturity of approximately 5.6 years. The Company does not intend to reserve funds to retire the Company's unsecured corporate debt or its mortgages and loans payable upon maturity. Instead, the Company will seek to refinance such debt at maturity or retire such debt through the issuance of additional equity or debt securities. The Company is reviewing various refinancing options, including the issuance of additional unsecured debt, preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 2001. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distributions discussed below may be adversely affected.

To maintain its qualification as a REIT, the Company must make annual distributions to its stockholders of at least 90 percent of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains. Moreover, the Company intends to continue to make regular quarterly distributions to its stockholders which, based upon current policy, in the aggregate would equal approximately \$139.1 million on an annualized basis. However, any such distribution, whether for federal income tax purposes or otherwise, would only be paid out of available cash after meeting both operating requirements and scheduled debt service on mortgages and loans payable.

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FUNDS FROM OPERATIONS

The Company considers funds from operations ("FFO"), after adjustment for straight-lining of rents and non-recurring charges, one measure of REIT performance. Funds from operations is defined as net income (loss) before minority interest of unitholders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring, other extraordinary items, and realized and unrealized (loss)/gain on disposition of depreciable rental property, plus real estate-related depreciation and amortization. Funds from operations should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity. Funds from operations presented herein is not necessarily comparable to funds from operations presented by other real estate companies due to the fact that not all real estate companies use the same definition. However, the Company's funds from operations is comparable to the funds from operations of real estate companies that use the current definition of the National Association of Real Estate Investment Trusts ("NAREIT"), after the adjustment for straight-lining of rents and non-recurring charges.

Funds from operations for the three months ended March 31, 2001 and 2000, as calculated in accordance with NAREIT's definition as published in October 1999, after adjustment for straight-lining of rents and non-recurring charges, are summarized in the following table (IN THOUSANDS):

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2001	2000
<S>	<C>	<C>
Income before realized and unrealized (loss)/gain on disposition of rental property and minority interests	\$ 43,525	\$ 45,433
Add: Real estate-related depreciation and amortization (1)	24,003	22,718
Gain on sale of land	--	2,248
Deduct: Rental income adjustment for straight-lining of rents (2)	(3,805)	(2,190)
Minority interests: partially-owned properties	--	(2,090)
Funds from operations, after adjustment for straight-lining of rents and non-recurring charges	\$ 63,723	\$ 66,119
Deduct: Distributions to preferred unitholders	(3,879)	(3,869)
Funds from operations, after adjustment for straight-lining of rents and non-recurring charges, after distributions to preferred unitholders	\$ 59,844	\$ 62,250
Cash flows provided by operating activities	\$ 52,614	\$ 39,038
Cash flows used in investing activities	\$(38,461)	(36,257)
Cash flows used in financing activities	\$(15,612)	\$ (5,278)
Basic weighted averages shares/units outstanding (3)	64,767	66,428
Diluted weighted average shares/units outstanding (3)	71,353	73,191

</TABLE>

- (1) Includes the Company's share from unconsolidated joint ventures of \$721 and \$734 for the three months ended March 31, 2001 and 2000, respectively.
- (2) Includes the Company's share from unconsolidated joint ventures of \$35 and \$57 for the three months ended March 31, 2001 and 2000, respectively.
- (3) See calculations for the amounts presented in the following reconciliation.

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The following schedule reconciles the Company's basic weighted average shares to the basic and diluted weighted average shares/units presented above:

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2001	2000
<S>	<C>	<C>
Basic weighted average shares:	56,807	58,295
Add: Weighted average common units	7,960	8,133
Basic weighted average shares/units:	64,767	66,428
Add: Weighted average preferred units (after conversion to common units)	6,359	6,618
Stock options	227	145
Diluted weighted average shares/units:	71,353	73,191

</TABLE>

INFLATION

The Company's leases with the majority of its tenants provide for recoveries and escalation charges based upon the tenant's proportionate share of, and/or increases in, real estate taxes and certain operating costs, which reduce the Company's exposure to increases in operating costs resulting from inflation.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

The Company considers portions of this information to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements relate to, without limitation, the Company's future economic performance, plans and objectives for future operations and projections of revenue and other financial items. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "expect," "anticipate," "estimate" or "continue" or comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Although the Company believes that the expectations reflected in

such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. In pursuing its business plan, the primary market risk to which the Company is exposed is interest rate risk. Changes in the general level of interest rates prevailing in the financial markets may affect the spread between the Company's yield on invested assets and cost of funds and, in turn, our ability to make distributions or payments to our investors.

Approximately \$1.5 billion of the Company's long-term debt bears interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rate on the variable rate debt as of March 31, 2001 ranged from LIBOR plus 65 basis points to LIBOR plus 80 basis points.

MARCH 31, 2001

DEBT, INCLUDING CURRENT PORTION VALUE	4/1/01 - 12/31/01	2002	2003	2004	2005	THEREAFTER	TOTAL	FAIR
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fixed Rate \$1,560,428	\$6,534	\$3,260	\$195,501	\$312,110	\$254,598	\$773,003	\$1,545,006	
Average Interest Rate	8.28%	10.27%	7.31%	7.34%	7.14%	7.59%	7.44%	
Variable Rate 117,178			\$ 85,000			\$ 32,178	\$ 117,178	\$

While the Company has not experienced any significant credit losses, in the event of a significant rising interest rate environment and/or economic downturn, defaults could increase and result in losses to the Company which adversely affect its operating results and liquidity.

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MACK-CALI REALTY CORPORATION

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to "Other" in Note 13 (Commitments and Contingencies) to the Consolidated Financial Statements, which is specifically incorporated by reference herein.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not Applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

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

Not Applicable.

ITEM 5. OTHER INFORMATION

Not Applicable.

MACK-CALI REALTY CORPORATION

PART II - OTHER INFORMATION (CONTINUED)

ITEM 6 - EXHIBITS

(a) Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed:

EXHIBIT NUMBER	EXHIBIT TITLE
3.1	Restated Charter of Mack-Cali Realty Corporation dated June 2, 1999, together with Articles Supplementary thereto (filed as Exhibit 3.1 to the Company's Form 8-K dated June 10, 1999 and as Exhibit 4.2 to the Company's Form 8-K dated July 6, 1999 and each incorporated herein by reference).
3.2	Amended and Restated Bylaws of Mack-Cali Realty Corporation dated June 10, 1999 (filed as Exhibit 3.2 to the Company's Form 8-K dated June 10, 1999 and incorporated herein by reference).
3.3	Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated December 11, 1997, (filed as Exhibit 10.110 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.4	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.5	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. (filed as Exhibit 10.2 to the Company's Form 8-K dated July 6, 1999 and incorporated herein by reference).
4.1	Amended and Restated Shareholder Rights Agreement, dated as of March 7, 2000, between Mack-Cali Realty Corporation and EquiServe Trust Company, N.A., as Rights Agent (filed as Exhibit 4.1 to the Company's Form 8-K dated March 7, 2000 and incorporated herein by reference).
4.2	Amendment No. 1 to the Amended and Restated Shareholder Rights Agreement, dated as of June 27, 2000, by and among Mack-Cali Realty Corporation and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Form 8-K dated June 27, 2000).
4.3	Indenture dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, Mack-Cali Realty Corporation, as guarantor, and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Company's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.4	Supplemental Indenture No. 1 dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 16, 1999 and incorporated herein by reference).

EXHIBIT NUMBER	EXHIBIT TITLE
4.5	Supplemental Indenture No. 2 dated as of August 2, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).

- 4.6 Supplemental Indenture No. 3 dated as of December 21, 2000, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated December 21, 2000 and incorporated herein by reference).
- 4.7 Supplemental Indenture No. 4 dated as of January 29, 2001, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 29, 2001 and incorporated herein by reference).
- 10.1 Amended and Restated Employment Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
- 10.2 Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.3 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
- 10.3 Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
- 10.4 Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
- 10.5 Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.8 to the Company's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
- 10.6 Restricted Share Award Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.8 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
- 10.7 Restricted Share Award Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.9 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
- 10.8 Restricted Share Award Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.12 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
- 10.9 Restricted Share Award Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.13 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).

EXHIBIT
NUMBER

EXHIBIT TITLE

- 10.10* Restricted Share Award Agreement dated as of March 12, 2001 between Roger W. Thomas and Mack-Cali Realty Corporation.
- 10.11* Restricted Share Award Agreement dated as of March 12, 2001 between Michael Grossman and Mack-Cali Realty Corporation.
- 10.12 Amendment No. 3 to and Restatement of Revolving Credit Agreement dated as of June 22, 2000, by and among Mack-Cali Realty, L.P. and The Chase Manhattan Bank,

Fleet National Bank and Other Lenders Which May Become Parties Thereto with The Chase Manhattan Bank, as administrative agent, Fleet National Bank, as syndication agent, Bank of America, N.A., as documentation agent, Chase Securities Inc. and FleetBoston Robertson Stephens Inc., as arrangers, Bank One, N.A., First Union National Bank and Commerzbank Aktiengesellschaft, as senior managing agents, PNC Bank National Association, as managing agent, and Societe Generale, Dresdner Bank AG, Wells Fargo Bank, National Association, Bank Austria Creditanstalt Corporate Finance, Inc., Bayerische Hypo-und Vereinsbank and Summit Bank, as co-agents (filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).

- 10.13 Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
- 10.14 First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
- 10.15 Employee Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company's Post-Effective Amendment No.1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
- 10.16 Director Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No.1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
- 10.17 2000 Employee Stock Option Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference).
- 10.18 2000 Director Stock Option Plan (filed as Exhibit 10.2 to the Company's Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference).

* filed herewith

(b) Reports on Form 8-K

During the first quarter of 2001, the Company filed a report on Form 8-K dated February 22, 2001, furnishing under Item 9 certain supplemental data regarding its operations.

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MACK-CALI REALTY CORPORATION

SIGNATURES

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

MACK-CALI REALTY CORPORATION
(Registrant)

Date: May 9, 2001

By: /s/ MITCHELL E. HERSH

Mitchell E. Hersh
Chief Executive Officer

Date: May 9, 2001

By: /s/ BARRY LEFKOWITZ

Barry Lefkowitz
Executive Vice President &
Chief Financial Officer

MACK-CALI REALTY CORPORATION

RESTRICTED SHARE AWARD AGREEMENT

ROGER W. THOMAS

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AGREEMENT EVIDENCING THE GRANT
OF A RESTRICTED SHARE AWARD PURSUANT
TO THE EMPLOYEE STOCK OPTION PLAN
OF MACK-CALI REALTY CORPORATION

AGREEMENT ("Agreement") effective as of March 12, 2001, ("Grant Date") by and between Mack-Cali Realty Corporation (the "Company") and Roger W. Thomas ("Recipient").

WHEREAS, pursuant to the 2000 Employee Stock Option Plan of Mack-Cali Realty Corporation (the "Plan"), the Company wishes to award shares of the Company's common stock, par value \$.01 per share ("Common Stock") to the Recipient subject to such terms, conditions, and restrictions (hereinafter, "Restricted Share Award") as set forth in the Plan, this Agreement, and the Second Amended and Restated Employment Agreement dated as of July 1, 1999 by and between the Company and the Recipient (the "Employment Agreement"), and

WHEREAS, upon the vesting of Restricted Shares, Recipient is also entitled to receive a tax gross-up from the Company under the Tax Gross Up Agreement between the Recipient and the Company dated March 12, 2001 (the "Tax Gross Up Agreement") to enable the Recipient to retain as many shares of Common Stock as possible,

NOW THEREFORE, the parties hereto hereby agree as follows:

1. AWARD OF SHARES OF RESTRICTED STOCK.

(a) Award. Pursuant to the Plan, the Committee hereby awards to the Recipient, effective as of the Grant Date, a Restricted Share Award representing the

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conditional receipt of 1,000 shares of Common Stock ("Restricted Shares") at no out-of-pocket cost to the Recipient subject to the terms, conditions and restrictions set forth herein. Except for the defined terms set forth in Section 4 below, capitalized terms not otherwise defined in this Agreement shall be as

defined in the Plan.

(b) Employment Agreement. The provisions of the Plan and this Agreement are subject to the terms of the Recipient's Employment Agreement.

2. AWARD RESTRICTIONS.

(a) GENERAL RULES. Ownership of Restricted Shares shall not vest in the Recipient, and shall be subject to forfeiture until the conditions of Section 2(b) and (c) or Section 4 are fully satisfied. For purposes of this Agreement, the following concepts shall be defined as follows: (i) the lapse of restrictions on the Recipient's rights with respect to the Restricted Shares granted hereunder shall be referred to as "Vesting"; (ii) the period between the Grant Date and the date of Vesting shall be referred to as the "Vesting Period"; and (iii) the date Vesting occurs shall be referred to as the "Vesting Date."

(b) VESTING. An aggregate of 1,000 Restricted Shares may vest in the Recipient and vest on either a year by year basis approximately over a three year Vesting Period or on a cumulative basis approximately over a five year maximum Vesting Period. The number of Restricted Shares scheduled to be vested and earned on each Vesting Date on a year by year basis provided the Performance Goals specified in Section 2(c) below are satisfied is as follows:

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<TABLE>
<CAPTION>

RESTRICTED SHARES	VESTING DATE
300	January 1, 2002
350	January 1, 2003
350	January 1, 2004

</TABLE>

The Vesting Date for this Agreement shall be each January 1st through and including January 1, 2006. In determining the number of Restricted Shares which are earned and vested, if applicable, fractional shares shall be rounded down to the nearest whole number and shall be aggregated and earned on the next Vesting Date.

(c) PERFORMANCE GOALS. (i) The Restricted Shares shall vest on the applicable Vesting Date on a year by year basis provided one of the following financial tests ("Financial Tests") is met for the measurement period ending on the last day of the Company's fiscal year immediately preceding such Vesting Date: (A) the Company achieves an eight percent (8%) funds from operations per common share ("FFO") increase, or (B) shareholders receive a twelve and three quarters percent (12.75%) total return (dividends, assuming reinvestment upon applicable payment date, plus stock appreciation per share of Common Stock). For purposes of this Agreement, FFO shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding the effect of straight lining of rents, gains (or losses) from debt restructuring, other extraordinary and significant non-recurring items, and gains (or losses) on sale of property and other property-related valuation allowances, plus real estate related depreciation and amortization, as calculated in accordance with the National

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Association of Real Estate Investment Trusts definition published in March 1995 after adjustment for straight lining of rents and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Vesting Period, divided by (ii) the sum of (A) the diluted weighted average number of outstanding shares of Common Stock and (B) the diluted weighted average number of outstanding common limited partnership units of Mack-Cali Realty, L.P., a Delaware limited partnership of which the Company is the sole general partner, for the applicable period with such calculations being made all before the effect on FFO and diluted common shares/common limited partnership units resulting from certain non-recurring cash payments made pursuant to certain written employment agreements and from the vesting of restricted share awards and other similar plans or compensation arrangements for the applicable period.

(ii) In the event that neither of the Financial Tests above is satisfied for the fiscal year of the Company corresponding to the applicable Vesting Date ("Non-Achievement Year"), any Restricted Shares that failed to vest under the annual performance goal criteria on such Date may vest on such Date or on a subsequent Vesting Date provided the test described below is satisfied (the "Cumulative Test"). The Cumulative Test

shall be applied at the end of the Non-Achievement Year or any subsequent fiscal year ("Catch-Up Year") with respect to any Non-Achievement Year PROVIDED a Financial Test was satisfied in a prior fiscal year or is satisfied in a Catch-Up Year, by applying the aggregate Financial Test percentages

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and the performance goal requirement on a cumulative basis beginning with the first fiscal year of the Vesting Period and ENDING with the Non-Achievement Year or the Catch-Up Year, as applicable. In the event the Cumulative Test is satisfied (I.E., the aggregate increase in FFO or aggregate total return is not less than the minimum percentage required to satisfy the Financial Test after taking into account the applicable Non-Achievement Year), the Restricted Shares that failed to vest in the Non-Achievement Year shall automatically vest on the Vesting Date applicable to the Non-Achievement Year or the Catch-Up Year, as the case may be. For example, if vesting occurred in years one (1) and two (2), year three (3) is a Non-Achievement Year, and the Cumulative Test is met for the Non-Achievement Year (I.E., either the aggregate increase in FFO is not less than twenty-four (24%) percent or the aggregate total return is not less than thirty-eight and one-quarter (38.25%) percent) vesting would occur on the Vesting Date applicable to the Non-Achievement Year. In the event the Cumulative Test is not met in the Non-Achievement Year (year (3)) and one of the Financial Tests is met in year four (4), the Cumulative Test may be used in year four (4). Under this scenario, vesting in that portion of the Restricted Stock Award scheduled to vest in year three (3) will occur in year four (4) if either the aggregate increase in FFO is not less than thirty-two percent (32%) or the aggregate total return is not less than fifty-one percent (51%) at the end of the fourth (4th) fiscal year. RULES FOR APPLICATION OF THE CUMULATIVE TEST: (a) the Cumulative Test will be applied first at the end of any Non-Achievement Year, (b) it is not necessary for any Catch-Up Year to immediately succeed a Non-Achievement Year in order for the Cumulative Test to be applicable as

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long as the Catch-Up Year occurs during the Vesting Period, (c) if two (2) or more Non-Achievement Years have occurred during the Vesting Period and Restricted Shares that failed to vest in the Non-Achievement Years remain non-vested, then in the event that the Cumulative Test is met on a partial basis so that at least one (1) full year's vesting may occur, the Restricted Share Award granted with respect to the last Non-Achievement Year that has occurred, shall vest first and any excess shall be credited to another Non-Achievement Year and (d) the Cumulative Test may be met on a partial basis by aggregating percentages in excess of the minimum annual requirement from more than one (1) fiscal year in the Vesting Period. For example, if vesting occurred in year one (1) and the FFO is sixteen (16%) percent, years two (2) and three (3) are Non-Achievement Years with a loss in year two (2) of two (2%) percent and year three (3) the FFO is four (4%) percent, the Restricted Shares awarded with respect to year three (3) would vest under the Cumulative Test and two (2%) percent of the remaining FFO would be available to be used in year two (2) or any other year (E.G., in the event that FFO were fourteen (14%) percent in year four (4), the Restricted Shares applicable to year two (2) would also vest. In the alternative, if FFO were six (6%) percent in year four (4), year four (4) would vest and year two (2) would remain a Non-Achievement Year). Notwithstanding any contrary provisions contained in this Section 2(c) and subject to Section 4 below, any Restricted Shares that have not been earned and vested by January 1, 2004 on a year by year basis or by January 1, 2006 pursuant to the Cumulative Test shall automatically be canceled and forfeited.

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(d) LAPSE OF RESTRICTIONS. Upon the Vesting of Restricted Shares, the Recipient shall own the Shares free and clear of all restrictions imposed by this Agreement and the Recipient shall be free to hold or dispose of such Shares in his discretion, subject to applicable federal and state law or regulations.

(e) PROHIBITION AGAINST ASSIGNMENT. During the Vesting Period, the Restricted Shares may not be transferred or encumbered by the Recipient by means of sale, assignment, mortgage, transfer, exchange, pledge, or otherwise. The levy of any execution, attachment, or similar process upon the Restricted Shares shall be null and void.

3. STOCK CERTIFICATES.

(a) CERTIFICATES. Restricted Shares shall be evidenced by one or more stock certificates registered in the name of the Recipient or a nominee or nominees therefor. As soon as practicable following the date hereof, the Company shall prepare and issue separate certificates for the Restricted Shares scheduled to vest in each year (the "Share Certificates"), which shall be registered in the name of the Recipient or a nominee and which shall bear such restrictive legend or legends (if any) as the Company may deem necessary or desirable under any applicable law.

(b) STOCK POWERS. The Recipient shall execute and deliver to the designee of the Company (the "Designee") stock powers corresponding to the Share Certificates designating the Company as the transferee of an unspecified number of Shares, which stock powers may be completed by the Designee as specified herein. The Recipient and the Company each waive the requirement that the signature

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of the Recipient on the stock powers be guaranteed. Upon receipt of a copy of this Agreement and the stock powers, each signed by the Recipient, the Designee shall promptly notify the proper officers of the Company and the Share Certificates and stock powers shall be held by the Company in accordance with the terms of this Agreement.

(c) EFFECT OF VESTING. Upon Vesting, the Company shall cause to be delivered to the Recipient (i) a certificate for the Shares which have vested free and clear of restrictive legends and (ii) any stock powers signed hereunder by the Recipient remaining in its possession related to the vested shares. In the event that the Recipient dies after shares are vested but before delivery of the certificate for the vested shares, such certificate shall be delivered to, and registered in the name of, the Recipient's beneficiary or estate, as the case may be.

(d) RIGHTS OF STOCKHOLDER. Except as otherwise provided in Section 2 and this Section 3, during the Vesting Period and after the certificates for the Restricted Shares have been issued, the Recipient shall be entitled to all rights of a stockholder of the Company, including the right to vote and the right to receive dividends, with respect to the Restricted Shares subject to this Agreement. Subject to applicable withholding requirements, if any, dividends on the Restricted Shares shall be paid to the Recipient when earned and payable.

(e) POWER OF DESIGNEE. The Designee is hereby authorized by the Recipient to utilize the stock power delivered by the Recipient to transfer all forfeited Shares to the Company upon receipt of instructions from a duly authorized

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representative of the Company.

4. TERMINATION OF EMPLOYMENT; CHANGE IN CONTROL.

(a) TERMINATION DUE TO DISABILITY, DEATH OR FOR GOOD REASON; CHANGE IN CONTROL. Unless otherwise provided in the Employment Agreement and notwithstanding any provision of the Plan to the contrary, if the Recipient terminates employment with the Company due to Disability, death, for Good Reason or a termination initiated by the Company without Cause, all Restricted Shares subject to this Agreement and held by, or on behalf of, the Recipient shall be deemed earned and vested as of the Recipient's last day of employment with the Company. In addition, unless otherwise provided in the Employment Agreement and notwithstanding any provision of the Plan to the contrary, all Restricted Shares subject to this Agreement and held by the Recipient on the date a Change in Control occurs shall be deemed earned and vested as of such date.

(b) TERMINATION FOR ANY OTHER REASON. Unless otherwise provided in the Employment Agreement, if the Recipient's employment with the Company terminates prior to January 1, 2006 for reasons other than Disability, death, a termination initiated by the Company without Cause or by Recipient for Good Reason or as a result of a Change in Control, any Restricted Shares subject to this Agreement that have not been earned and vested prior to the Recipient's termination of employment shall be immediately forfeited on the last day of the Recipient's employment with the Company.

5. WITHHOLDING.

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In connection with the delivery of any stock certificates, or the making of any payment in accordance with the provisions of this Agreement, the Company shall withhold Shares or cash amounts (for fractional Shares) equal to the taxes then required by applicable federal, state and local law to be so withheld.

6. ADJUSTMENTS FOR CAPITAL CHANGES.

In the event of any change in the outstanding shares of Common Stock of the Company by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, or other similar corporate change, or other increase or decrease in such

shares effected without receipt or payment of consideration by the Company, a duly authorized representative of the Company shall adjust the number of Restricted Shares granted pursuant to the Plan and this Agreement to prevent dilution or enlargement of the rights granted to the Recipient.

7. NO RIGHT TO CONTINUED EMPLOYMENT.

Nothing in this Agreement shall confer on the Recipient any right to continue as an employee of the Company or in any way affect the Company's or any subsidiary's right to terminate the Recipient's employment at any time.

8. NOTICE.

Any notice to the Company hereunder shall be in writing addressed to:

Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

Attn: Mitchell E. Hersh

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CHIEF EXECUTIVE OFFICER

Any notice to the Recipient hereunder shall be in writing addressed to:

Mr. Roger W. Thomas
95 Mathews Drive
Bedminster, New Jersey 07921

or such other address as the Recipient shall notify the Company in writing.

9. ENTIRE AGREEMENT; EFFECT OF EMPLOYMENT AGREEMENT.

(a) ENTIRE AGREEMENT. This Agreement together with the Tax Gross Up Agreement and the Employment Agreement contain the entire understanding of the parties and this Agreement shall not be modified or amended except in writing and duly signed by each of the parties hereto. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default thereof.

(b) EFFECT OF EMPLOYMENT AGREEMENT. In the event either the Employment Agreement or the Tax Gross Up Agreement with the Company contain additional rights, duties and/or obligations with respect to the Recipient, such terms and conditions shall govern the Recipient's Restricted Share Award AS IF such terms and conditions had been set forth herein; and in the event of any conflict or inconsistency between the terms of the Employment Agreement or this Agreement, the terms and conditions of the Employment Agreement shall control.

10. CONSTRUCTION.

The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

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11. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of New Jersey applicable to contracts made, and to be enforced, within the State of New Jersey.

12. SUCCESSORS.

This Agreement shall be binding upon and inure to the benefit of the successors, assigns and heirs of the respective parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective on the date first above written.

MACK-CALI REALTY CORPORATION

BY: /s/ Mitchell E. Hersh

MITCHELL E. HERSH
CHIEF EXECUTIVE OFFICER

RECIPIENT

/s/ Roger W. Thomas

ROGER W. THOMAS

MACK-CALI REALTY CORPORATION

RESTRICTED SHARE AWARD AGREEMENT

MICHAEL GROSSMAN

AGREEMENT EVIDENCING THE GRANT
OF A RESTRICTED SHARE AWARD PURSUANT
TO THE EMPLOYEE STOCK OPTION PLAN
OF MACK-CALI REALTY CORPORATION

AGREEMENT ("Agreement") effective as of March 12, 2001, ("Grant Date") by and between Mack-Cali Realty Corporation (the "Company") and Michael Grossman ("Recipient").

WHEREAS, pursuant to the 2000 Employee Stock Option Plan of Mack-Cali Realty Corporation (the "Plan"), the Company wishes to award shares (hereinafter, "Restricted Share Award") of the Company's common stock, par value \$.01 per share ("Common Stock") to the Recipient subject to such terms, conditions, and restrictions as set forth in the Plan, this Agreement and the Employment Agreement dated as of December 5, 2000 by and between the Company and the Recipient (the "Employment Agreement"); and

WHEREAS, upon the vesting of Restricted Shares, Recipient is also entitled to receive a tax gross-up from the Company under the terms of the Employment Agreement to enable Recipient to retain as many shares of Common Stock as possible,

NOW THEREFORE, the parties hereto hereby agree as follows:

1. AWARD OF SHARES OF RESTRICTED STOCK.

(a) AWARD. Pursuant to the Plan, the Committee hereby awards to the Recipient, effective as of the Grant Date, a Restricted Share Award representing the conditional receipt of 18,519 shares of Common Stock ("Restricted Shares") at no out-of-pocket cost to the Recipient subject to the terms, conditions and restrictions set forth

(b) EMPLOYMENT AGREEMENT. The provisions of the Plan and this Agreement are subject to the terms of the Recipient's Employment Agreement.

2. AWARD RESTRICTIONS.

(a) GENERAL RULES. Ownership of Restricted Shares shall not vest in the Recipient, and shall be subject to forfeiture until the conditions of Section 2(b) and (c) or Section 4 are fully satisfied. For purposes of this Agreement, the following concepts shall be defined as follows: (i) the lapse of restrictions on the Recipient's rights with respect to the Restricted Shares granted hereunder shall be referred to as "Vesting"; (ii) the period between the Grant Date and the date of Vesting shall be referred to as the "Vesting Period"; and (iii) the date Vesting occurs shall be referred to as the "Vesting Date."

(b) VESTING. An aggregate of 18,519 Restricted Shares may vest in the Recipient and vest on either a year by year basis approximately over a three year Vesting Period or on a cumulative basis approximately over a five year maximum Vesting Period. The number of Restricted Shares scheduled to be vested and earned on each Vesting Date on a year by year basis provided the Performance Goals specified in Section 2(c) below are satisfied is as follows:

<TABLE>
<CAPTION>

	RESTRICTED SHARES	VESTING DATE
<S>		<C>
	5,555	January 1, 2002
	6,482	January 1, 2003
	6,482	January 1, 2004

</TABLE>

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The Vesting Date for this Agreement shall be each January 1st through and including January 1, 2006. In determining the number of Restricted Shares which are earned and vested, if applicable, fractional shares shall be rounded down to the nearest whole number and shall be aggregated and earned on the next Vesting Date.

(c) PERFORMANCE GOALS. (i) The Restricted Shares shall vest on the applicable Vesting Date on a year by year basis provided one of the following financial tests ("Financial Tests") is met for the measurement period ending on the last day of the Company's fiscal year immediately preceding such Vesting Date: (A) the Company achieves an eight percent (8%) funds from operations per common share ("FFO") increase, or (B) shareholders receive a twelve and three quarters percent (12.75%) total return (dividends, assuming reinvestment upon applicable payment date, plus stock appreciation per share of Common Stock). For purposes of this Agreement, FFO shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding the effect of straight lining of rents, gains (or losses) from debt restructuring, other extraordinary and significant non-recurring items, and gains (or losses) on sale of property and other property-related valuation allowances, plus real estate related depreciation and amortization, as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995 after adjustment for straight lining of rents and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis

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to the entire Vesting Period, divided by (ii) the sum of (A) the diluted weighted average number of outstanding shares of Common Stock and (B) the diluted weighted average number of outstanding common limited partnership units of Mack-Cali Realty, L.P., a Delaware limited partnership of which the Company is the sole general partner, for the applicable period with such calculations being made all before the effect on FFO and diluted common shares/common limited partnership units resulting from certain non-recurring cash payments made pursuant to certain written employment agreements and from the vesting of restricted share awards and other similar plans or compensation arrangements for the applicable period.

(ii) In the event that neither of the Financial Tests above is satisfied for the fiscal year of the Company corresponding to the applicable Vesting Date ("Non-Achievement Year"), any Restricted Shares that failed to vest under the annual performance goal criteria on such Date may vest on such Date or on a subsequent Vesting Date provided the test described below is satisfied (the "Cumulative Test"). The Cumulative Test shall be applied at the end of the Non-Achievement Year or any subsequent fiscal year ("Catch-Up Year") with respect to any Non-Achievement Year PROVIDED a Financial Test was satisfied in a prior fiscal year or is satisfied in a Catch-Up Year, by applying the aggregate Financial Test percentages and the performance goal requirement on a cumulative

basis beginning with the first fiscal year of the Vesting Period and ENDING with the Non-Achievement Year or the Catch-Up Year, as applicable. In the event the Cumulative Test is satisfied (I.E., the aggregate increase in FFO or aggregate total return is not less than the minimum percentage required to

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satisfy the Financial Test after taking into account the applicable Non-Achievement Year), the Restricted Shares that failed to vest in the Non-Achievement Year shall automatically vest on the Vesting Date applicable to the Non-Achievement Year or the Catch-Up Year, as the case may be. For example, if vesting occurred in years one (1) and two (2), year three (3) is a Non-Achievement Year, and the Cumulative Test is met for the Non-Achievement Year (I.E., either the aggregate increase in FFO is not less than twenty-four (24%) percent or the aggregate total return is not less than thirty-eight and one-quarter (38.25%) percent) vesting would occur on the Vesting Date applicable to the Non-Achievement Year. In the event the Cumulative Test is not met in the Non-Achievement Year (year (3)) and one of the Financial Tests is met in year four (4), the Cumulative Test may be used in year four (4). Under this scenario, vesting in that portion of the Restricted Stock Award scheduled to vest in year three (3) will occur in year four (4) if either the aggregate increase in FFO is not less than thirty-two percent (32%) or the aggregate total return is not less than fifty-one percent (51%) at the end of the fourth (4th) fiscal year. RULES FOR APPLICATION OF THE CUMULATIVE TEST: (a) the Cumulative Test will be applied first at the end of any Non-Achievement Year, (b) it is not necessary for any Catch-Up Year to immediately succeed a Non-Achievement Year in order for the Cumulative Test to be applicable as long as the Catch-Up Year occurs during the Vesting Period, (c) if two (2) or more Non-Achievement Years have occurred during the Vesting Period and Restricted Shares that failed to vest in the Non-Achievement Years remain non-vested, then in the event that the Cumulative Test is

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met on a partial basis so that at least one (1) full year's vesting may occur, the Restricted Share Award granted with respect to the last Non-Achievement Year that has occurred, shall vest first and any excess shall be credited to another Non-Achievement Year and (d) the Cumulative Test may be met on a partial basis by aggregating percentages in excess of the minimum annual requirement from more than one (1) fiscal year in the Vesting Period. For example, if vesting occurred in year one (1) and the FFO is sixteen (16%) percent, years two (2) and three (3) are Non-Achievement Years with a loss in year two (2) of two (2%) percent and year three (3) the FFO is four (4%) percent, the Restricted Shares awarded with respect to year three (3) would vest under the Cumulative Test and two (2%) percent of the remaining FFO would be available to be used in year two (2) or any other year (E.G., in the event that FFO were fourteen (14%) percent in year four (4), the Restricted Shares applicable to year two (2) would also vest. In the alternative, if FFO were six (6%) percent in year four (4), year four (4) would vest and year two (2) would remain a Non-Achievement Year). Notwithstanding any contrary provisions contained in this Section 2(c) and subject to Section 4 below, any Restricted Shares that have not been earned and vested by January 1, 2004 on a year by year basis or by January 1, 2006 pursuant to the Cumulative Test shall automatically be canceled and forfeited.

(d) LAPSE OF RESTRICTIONS. Upon the Vesting of Restricted Shares, the Recipient shall own the Shares free and clear of all restrictions imposed by this Agreement and the Recipient shall be free to hold or dispose of such Shares in his

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discretion, subject to applicable federal and state law or regulations.

(e) PROHIBITION AGAINST ASSIGNMENT. During the Vesting Period, the Restricted Shares may not be transferred or encumbered by the Recipient by means of sale, assignment, mortgage, transfer, exchange, pledge, or otherwise. The levy of any execution, attachment, or similar process upon the Restricted Shares shall be null and void.

3. STOCK CERTIFICATES.

(a) CERTIFICATES. Restricted Shares shall be evidenced by one or more stock certificates registered in the name of the Recipient or a nominee or nominees therefor. As soon as practicable following the date hereof, the Company shall prepare and issue separate certificates for the Restricted Shares scheduled to vest in each year (the "Share Certificates"), which shall be registered in the name of the Recipient or a nominee and which shall bear such restrictive legend or legends (if any) as the Company may deem necessary or desirable under any applicable law.

(b) STOCK POWERS. The Recipient shall execute and deliver to the designee of the Company (the "Designee") stock powers corresponding to the Share

Certificates designating the Company as the transferee of an unspecified number of Shares, which stock powers may be completed by the Designee as specified herein. The Recipient and the Company each waive the requirement that the signature of the Recipient on the stock powers be guaranteed. Upon receipt of a copy of this Agreement and the stock powers, each signed by the Recipient, the Designee shall

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promptly notify the proper officers of the Company and the Share Certificates and stock powers shall be held by the Company in accordance with the terms of this Agreement.

(c) EFFECT OF VESTING. Upon Vesting, the Company shall cause to be delivered to the Recipient (i) a certificate for the Shares which have vested free and clear of restrictive legends and (ii) any stock powers signed hereunder by the Recipient remaining in its possession related to the vested shares. In the event that the Recipient dies after shares are vested but before delivery of the certificate for the vested shares, such certificate shall be delivered to, and registered in the name of, the Recipient's beneficiary or estate, as the case may be.

(d) RIGHTS OF STOCKHOLDER. Except as otherwise provided in Section 2 and this Section 3, during the Vesting Period and after the certificates for the Restricted Shares have been issued, the Recipient shall be entitled to all rights of a stockholder of the Company, including the right to vote and the right to receive dividends, with respect to the Restricted Shares subject to this Agreement. Subject to applicable withholding requirements, if any, dividends on the Restricted Shares shall be paid to the Recipient when earned and payable.

(e) POWER OF DESIGNEE. The Designee is hereby authorized by the Recipient to utilize the stock power delivered by the Recipient to transfer all forfeited Shares to the Company upon receipt of instructions from a duly authorized representative of the Company.

4. TERMINATION OF EMPLOYMENT; CHANGE IN CONTROL.

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(a) TERMINATION DUE TO DISABILITY, DEATH OR FOR GOOD REASON; CHANGE IN CONTROL. Unless otherwise provided in the Employment Agreement and notwithstanding any provision of the Plan to the contrary, if the Recipient terminates employment with the Company due to Disability, death, for Good Reason or a termination initiated by the Company without Cause, all Restricted Shares subject to this Agreement and held by, or on behalf of, the Recipient shall be deemed earned and vested as of the Recipient's last day of employment with the Company. In addition, unless otherwise provided in the Employment Agreement and notwithstanding any provision of the Plan to the contrary, all Restricted Shares subject to this Agreement and held by the Recipient on the date a Change in Control occurs shall be deemed earned and vested as of such date.

(b) TERMINATION FOR ANY OTHER REASON. Unless otherwise provided in the Employment Agreement, if the Recipient's employment with the Company terminates prior to January 1, 2006 for reasons other than Disability, death, a termination initiated by the Company without Cause or by Recipient for Good Reason or as a result of a Change in Control, any Restricted Shares subject to this Agreement that have not been earned and vested prior to the Recipient's termination of employment shall be immediately forfeited on the last day of the Recipient's employment with the Company.

5. WITHHOLDING.

In connection with the delivery of any stock certificates, or the making of any payment in accordance with the provisions of this Agreement, the Company shall

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withhold Shares or cash amounts (for fractional Shares) equal to the taxes then required by applicable federal, state and local law to be so withheld.

6. ADJUSTMENTS FOR CAPITAL CHANGES.

In the event of any change in the outstanding shares of Common Stock of the Company by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, or other similar corporate change, or other increase or decrease in such shares effected without receipt or payment of consideration by the Company, a duly authorized representative of the Company shall adjust the number of Restricted Shares granted pursuant to the Plan and this Agreement to prevent dilution or enlargement of the rights granted to the Recipient.

7. NO RIGHT TO CONTINUED EMPLOYMENT.

Nothing in this Agreement shall confer on the Recipient any right to continue as an employee of the Company or in any way affect the Company's or any subsidiary's right to terminate the Recipient's employment at any time.

8. NOTICE.

Any notice to the Company hereunder shall be in writing addressed to:

Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

Attn: Mitchell E. Hersh
Chief Executive Officer

and

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Roger W. Thomas, Esq.
General Counsel

Any notice to the Recipient hereunder shall be in writing addressed to:

Mr. Michael Grossman
105 Valley View Road, Chappaqua, New York 10514

or such other address as the Recipient shall notify the Company in writing.

9. ENTIRE AGREEMENT; EFFECT OF EMPLOYMENT AGREEMENT.

(a) ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by each of the parties hereto. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default thereof.

(b) EFFECT OF EMPLOYMENT AGREEMENT. In the event the Employment Agreement with the Company contains additional rights, duties and/or obligations with respect to the Recipient, such terms and conditions shall govern the Recipient's Restricted Share Award AS IF such terms and conditions had been set forth herein; and in the event of any conflict or inconsistency between the terms of the Employment Agreement or this Agreement, the terms and conditions of the Employment Agreement shall control.

10. CONSTRUCTION.

The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

11. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of New Jersey applicable to contracts made, and to be enforced, within the State of New Jersey.

12. SUCCESSORS.

This Agreement shall be binding upon and inure to the benefit of the successors, assigns and heirs of the respective parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective on the date first above written.

MACK-CALI REALTY CORPORATION

BY: /s/ Mitchell E. Hersh

MITCHELL E. HERSH
CHIEF EXECUTIVE OFFICER

RECIPIENT

/s/ Michael Grossman

MICHAEL GROSSMAN