

**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 September 30, 2002

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
(State or other jurisdiction of
incorporation or organization)

22-3305147
(IRS Employer Identification Number)

11 Commerce Drive, Cranford, New Jersey 07016-3501
(Address of principal executive offices)
(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 No and (2) has been subject to such filing requirements for the past ninety (90) days Yes No .

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of October 31, 2002, there were 57,543,518 shares of \$0.01 par value common stock outstanding.

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, 2001.

The results of operations for the three and nine month periods ended September 30, 2002 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	September 30, 2002	December 31, 2001
	(unaudited)	
ASSETS		
Rental property		
Land and leasehold interests	\$ 521,439	\$ 479,358
Buildings and improvements	3,040,046	2,751,453
Tenant improvements	157,380	140,071
Furniture, fixtures and equipment	7,400	7,189
	<u>3,726,265</u>	<u>3,378,071</u>
Less—accumulated depreciation and amortization	(420,939)	(350,705)
	<u>3,305,326</u>	<u>3,027,366</u>
Rental property held for sale, net	41,239	384,626

Net investment in rental property	3,346,565	3,411,992
Cash and cash equivalents	76,819	12,835
Investments in unconsolidated joint ventures	188,264	146,540
Unbilled rents receivable, net	61,609	60,829
Deferred charges and other assets, net	126,829	101,499
Restricted cash	7,429	7,914
Accounts receivable, net of allowance for doubtful accounts of \$539 and \$752	4,815	5,161
Total assets	\$ 3,812,330	\$ 3,746,770
LIABILITIES AND STOCKHOLDERS' EQUITY		
Senior unsecured notes	\$ 1,097,209	\$ 1,096,843
Revolving credit facilities	119,000	59,500
Mortgages and loans payable	541,026	543,807
Dividends and distributions payable	45,181	44,069
Accounts payable and accrued expenses	62,499	64,620
Rents received in advance and security deposits	39,062	33,512
Accrued interest payable	8,805	25,587
Total liabilities	1,912,782	1,867,938
Minority interest in Operating Partnership	438,422	446,244
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, 57,669,818 and 56,712,270 shares outstanding	576	567
Additional paid-in capital	1,528,874	1,501,623
Accumulated other comprehensive loss	(2,174)	—
Dividends in excess of net earnings	(62,583)	(64,906)
Unamortized stock compensation	(3,567)	(4,696)
Total stockholders' equity	\$ 1,461,126	\$ 1,432,588
Total liabilities and stockholders' equity	\$ 3,812,330	\$ 3,746,770

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
REVENUES				
Base rents	\$ 120,069	\$ 126,789	\$ 368,575	\$ 381,584
Escalations and recoveries from tenants	15,152	13,944	42,849	42,136
Parking and other	7,445	2,610	15,045	8,016
Interest income	742	685	1,526	1,770
Total revenues	143,408	144,028	427,995	433,506
EXPENSES				
Real estate taxes	15,161	16,012	45,863	46,809
Utilities	10,090	11,517	29,527	34,172
Operating services	16,743	16,336	49,482	51,901
General and administrative	5,525	8,767	20,133	21,633
Depreciation and amortization	29,300	22,529	80,775	67,964
Interest expense	26,429	27,772	78,384	84,692
Total expenses	103,248	102,933	304,164	307,171
Equity in earnings of unconsolidated joint ventures	2,205	1,884	10,274	7,330

Income before realized gains (losses) and unrealized losses on disposition of rental property and minority interest	42,365	42,979	134,105	133,665
Realized gains (losses) and unrealized losses on disposition of rental property, net	456	(11,624)	2,714	(9,677)
Income before minority interest	42,821	31,355	136,819	123,988
Minority interest in Operating Partnership	(8,589)	(7,346)	(26,933)	(25,568)
Net income	\$ 34,232	\$ 24,009	\$ 109,886	\$ 98,420
Basic earnings per share	\$ 0.60	\$ 0.43	\$ 1.92	\$ 1.74
Diluted earnings per share	\$ 0.59	\$ 0.43	\$ 1.91	\$ 1.74
Dividends declared per common share	\$ 0.63	\$ 0.62	\$ 1.87	\$ 1.84
Basic weighted average shares outstanding	57,534	56,129	57,194	56,482
Diluted weighted average shares outstanding	65,656	64,403	71,764	64,691

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the Nine Months Ended September 30, 2002

(in thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Dividends in Excess of Net Earnings	Unamortized Stock Compensation	Total Stockholders' Equity
	Shares	Par Value					
Balance at January 1, 2002	56,712	\$ 567	\$ 1,501,623	—	\$ (64,906)	\$ (4,696)	\$ 1,432,588
Net income	—	—	—	—	109,886	—	109,886
Dividends	—	—	—	—	(107,563)	—	(107,563)
Redemption of common units for shares of common stock	269	3	8,296	—	—	—	8,299
Proceeds from stock options exercised	641	6	16,860	—	—	—	16,866
Proceeds from Stock Warrants exercised	107	1	3,546	—	—	—	3,547
Other comprehensive loss on interest rate hedge	—	—	—	\$ (2,174)	—	—	(2,174)
Deferred compensation plan for directors	—	—	125	—	—	—	125
Amortization of stock compensation	—	—	—	—	—	1,376	1,376
Adjustment to fair value of restricted stock	—	—	247	—	—	(247)	—
Repurchase of common stock	(59)	(1)	(1,823)	—	—	—	(1,824)
Balance at September 30, 2002	57,670	\$ 576	\$ 1,528,874	\$ (2,174)	\$ (62,583)	\$ (3,567)	\$ 1,461,126

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 109,886	\$ 98,420
Adjustments to reconcile net income to net cash		

Provided by operating activities:		
Depreciation and amortization	80,775	67,964
Amortization of stock compensation	1,376	1,031
Amortization of deferred financing costs and debt discount	3,529	3,815
Equity in earnings of unconsolidated joint ventures	(10,274)	(7,330)
Realized (gains) losses and unrealized losses on disposition of rental property, net	(2,714)	9,677
Minority interest	26,933	25,568
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable, net	(4,021)	(9,705)
(Increase) decrease in deferred charges and other assets, net	(26,812)	2,711
Decrease in accounts receivable, net	346	2,203
(Decrease) increase in accounts payable and accrued expenses	(2,121)	1,831
Increase (decrease) in rents received in advance and security deposits	5,550	(224)
Decrease in accrued interest payable	(16,782)	(7,813)
Net cash provided by operating activities	\$ 165,671	\$ 188,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to rental property	\$ (127,546)	\$ (189,945)
Repayment of notes receivable	3,813	5,983
Investments in unconsolidated joint ventures	(51,587)	(64,191)
Distributions from unconsolidated joint ventures	20,086	37,544
Proceeds from sales of rental property		
	115,460	124,069
Decrease (increase) in restricted cash	485	(986)
Net cash used in investing activities	\$ (39,289)	\$ (87,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from senior unsecured notes	—	\$ 298,269
Proceeds from revolving credit facilities	\$ 428,775	327,367
Repayments of revolving credit facilities	(369,275)	(603,208)
Proceeds from mortgages and loans payable	—	70,000
Repayments of mortgages and loans payable	(2,593)	(6,876)
Repurchase of common stock	(1,824)	(25,008)
Payment of financing costs	(4,986)	(3,339)
Proceeds from stock options exercised	16,866	4,020
Proceeds from Stock Warrants exercised	3,547	—
Payment of dividends and distributions	(132,908)	(130,060)
Net cash used in financing activities	\$ (62,398)	\$ (68,835)
Net increase in cash and cash equivalents	\$ 63,984	\$ 31,787
Cash and cash equivalents, beginning of period	\$ 12,835	\$ 13,179
Cash and cash equivalents, end of period	\$ 76,819	\$ 44,966

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

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, together with its 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 September 30, 2002, the Company owned or had interests in 262 properties plus developable land (collectively, the "Properties"). The Properties aggregate approximately 29.0 million square feet, which are comprised of 153 office buildings and 96 office/flex buildings, totaling approximately 28.5 million square feet (which include six office buildings and one office/flex building aggregating 2.1 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, three stand-alone retail properties totaling approximately 118,040 square feet (which includes one retail property totaling approximately 100,740 square feet, owned by an unconsolidated joint venture in which the Company has an investment interest), one hotel (which is owned by an unconsolidated joint venture in which the Company has an investment interest) and three land leases. The Properties are located in nine 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, development and construction of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Included in total rental property is construction and development in-progress of \$189,702 and \$210,463 (including land of \$48,804 and \$54,169) as of September 30, 2002 and December 31, 2001, 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.

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The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity (as distinguished from activities such as routine maintenance and cleanup). If portions of a rental project are substantially completed and occupied by tenants, or held available for occupancy, and other portions have not yet reached that stage, the substantially completed portions are accounted for as a separate project. The Company allocates costs incurred between the portions under construction and the portions substantially completed and held available for occupancy.

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

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

On a periodic basis, management assesses whether there are any indicators that the value of the rental 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 the Company's rental properties is impaired.

Rental Property Held for Sale

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 6.

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying amount before the property was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell. See Note 6.

Effective January 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supercedes SFAS No. 121. SFAS No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. SFAS No. 144 retains the requirements of SFAS No. 121 regarding impairment loss recognition and measurement. In addition, it requires that one accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. As the statement requires implementation on a prospective basis, properties which were identified as held for sale by the Company prior to January 1, 2002 are presented in the accompanying financial statements in a manner consistent with the prior year's presentation. As there were no additional properties identified as held for sale in the nine months ended September 30, 2002, the Company did not report any discontinued operations for the periods presented.

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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. See Note 4.

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 \$1,176 and \$1,180 for the three months ended September 30, 2002 and 2001, respectively, and \$3,529 and \$3,462 for the nine months ended September 30, 2002 and 2001, 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 are compensated for providing leasing services to the Properties. The portion of such compensation, which is capitalized and amortized, approximated \$908 and \$899 for the three months ended September 30, 2002 and 2001, respectively, and \$2,604 and \$2,501 for the nine months ended September 30, 2002 and 2001, respectively.

Restricted Cash

Restricted cash includes tenant security deposits 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.

Derivative Instruments

The Company measures its derivative instruments, including certain derivative instruments embedded in other contracts, at fair value and records them as an asset or liability, depending on the Company's rights or obligations under the applicable derivative contract. For derivatives designated as fair value hedges, the changes in the fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of changes in fair value of the derivative are reported in other comprehensive income ("OCI") and are subsequently reclassified into earnings when the hedged item affects earnings. Changes in fair value of derivative instruments not designated as hedging and ineffective portions of hedges are recognized in earnings in the affected period. See Note 9—Interest Rate Hedge.

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

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Company, income from tenants for early lease terminations and income from managing and/or leasing properties for third parties.

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 12.

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 satisfies certain organizational and operational requirements including the requirement to distribute at least 90 percent of its REIT taxable income to its shareholders. The Company may elect to treat one or more of its corporate subsidiaries as a taxable REIT subsidiary ("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. The Company has elected to treat certain of its existing and newly created corporate subsidiaries as a TRS. 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.

Earnings Per Share

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.

Dividends and Distributions Payable

The dividends and distributions payable at September 30, 2002 represents dividends payable to shareholders of record as of October 3, 2002 (57,670,218 shares), distributions payable to minority interest common unitholders (7,814,806 common units) on that same date and preferred distributions payable to preferred unitholders (215,894 preferred units) for the third quarter 2002. The third quarter 2002 dividends and common unit distributions of \$0.63 per share and per common unit, as well as the third quarter preferred unit distribution of \$18.1818 per preferred unit, were approved by the Board of Directors on September 25, 2002 and paid on October 21, 2002.

The dividends and distributions payable at December 31, 2001 represents dividends payable to shareholders of record as of January 4, 2002 (56,765,840 shares), distributions payable to minority interest common unitholders (7,954,775 common units) on that same date and preferred distributions payable to preferred unitholders (220,340 preferred units) for the fourth quarter 2001. The fourth quarter 2001 dividends and common unit distributions of \$0.62 per share and per common unit, as well as the fourth quarter preferred unit distribution of \$17.8932 per preferred unit, were approved by the Board of Directors on December 18, 2001 and paid on January 22, 2002.

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 13.

Reclassifications

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

3. REAL ESTATE PROPERTY TRANSACTIONS

Property Acquisitions

The Company acquired the following properties during the nine months ended September 30, 2002:

Acquisition Date	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company
Office:					
08/09/02	25 Commerce Drive	Cranford, Union County, NJ	1	67,749	\$ 7,667
08/09/02	3 Skyline Drive(a)	Hawthorne, Westchester County, NY	1	75,668	9,460
Total Office Property Acquisitions:			2	143,417	\$ 17,127

(a) On August 9, 2002, the Company acquired an undivided 68.1 percent interest (75,668 square feet) in 3 Skyline Drive, a 113,098 square-foot office property. The property was acquired as tenants-in-common interests with the intention that, soon after the completion of the acquisition, the individual interests would be transferred into separate condominium units. On September 27, 2002, the Company executed a condominium agreement to formalize the transfer of its undivided interest in the property into a condominium interest. The Company has accounted for its interest in the property as if the condominium was in place since the date of acquisition.

On November 1, 2002, the Company acquired 1633 Littleton Road, a 57,722 square-foot office building located in Parsippany, Morris County, New Jersey for approximately \$11,350.

Land Acquisitions

On June 12, 2002, the Company acquired three land parcels located in Hawthorne and Yonkers, Westchester County, New York in one transaction for a total cost of approximately \$2,600. The land was acquired from an entity whose principals include Timothy M. Jones, Robert F. Weinberg and Martin S. Berger, each of whom are affiliated with the Company as the President of the Company, a current member of the Board of Directors and a former member of the Board of Directors of the Company, respectively. In connection with the Company's acquisition of 65 Class A properties from The Robert Martin Company ("Robert Martin") in January 1997, as subsequently modified, the Company granted Robert Martin the right to designate one seat on the Company's Board of Directors ("RM Board Seat"). Robert Martin designated Martin S. Berger and Robert F. Weinberg to jointly share the RM Board Seat, as follows: Mr. Weinberg served as a member of the Board of Directors of the Company from 1997 until December 1, 1998, at which time Mr. Weinberg resigned and Mr. Berger was appointed to serve in such capacity. Mr. Berger served as a member of the Board of Directors of the Company from December 1, 1998 until March 6, 2001, at which time Mr. Berger resigned and Mr. Weinberg was appointed to serve in such capacity until the Company's 2003 annual meeting of stockholders. If the Company elects to nominate for re-election to its Board of Directors a designee of Robert Martin at the Company's 2003 annual meeting of stockholders, then Mr. Berger and

Mr. Weinberg have agreed that Mr. Berger will be so nominated and the seat will be rotated among Mr. Berger and Mr. Weinberg every 12 months commencing on the 12 month anniversary of the 2003 annual meeting of stockholders. Upon the death of Mr. Berger or Mr. Weinberg, the surviving person shall solely fill the remainder of the term of the RM Board Seat.

Properties Commencing Initial Operations

The following properties commenced their initial operations during the nine months ended September 30, 2002:

Date	Property Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (as of 9/30/02)
Office:					
09/03/02	Harborside Plaza 5	Jersey City, Hudson County, NJ	1	980,000	\$ 187,221(a)
Office/Flex:					
04/01/02	125 Clearbrook Road	Elmsford, Westchester County, NY	1	33,000	4,978(b)
Unconsolidated Joint Venture:					
07/10/02	Hyatt Regency South Pier	Jersey City, Hudson County, NJ	1	350 rooms	15,085
09/17/02	Harborside Plaza 10	Jersey City, Hudson County, NJ	1	575,000	113,685
Total Properties Commencing Initial Operations:			4	1,588,000	\$ 320,969

(a) Amount consists of \$168,256 included in rental property and \$18,965 of leasing commissions and other deferred leasing costs, which are included in deferred charges and other assets.

(b) Amount consists of \$4,724 included in rental property and \$254 of leasing commissions, which is included in deferred charges and other assets.

Property Sales

The Company sold the following properties during the nine months ended September 30, 2002:

Sale Date	Property/Portfolio Name	Location	# of Bldgs.	Sq. Ft.	Net Sales Proceeds	Net Book Value	Realized Gain (Loss)
Office:							
05/13/02	Dallas Portfolio(a)	Metro Dallas, TX	4	488,789	\$ 33,115	\$ 34,760	\$ (1,645)
05/29/02	750 South Richfield Street	Aurora, Arapahoe County, CO	1	108,240	20,631	21,291	(660)
06/06/02	Houston Portfolio(b)	Houston, Harris County, TX	3	413,107	25,482	24,393	1,089
07/15/02	501 Kennedy Boulevard	Tampa, Hillsborough County, FL	1	297,429	22,915	22,459	456
Residential:							
1/30/02	25 Martine Avenue	White Plains, Westchester County, NY	1	124 units	17,559	10,461	7,098
Land:							
04/25/02	Horizon Center Land	Hamilton Township, Mercer County, NJ	n/a	0.8 acres	758	41	717
Total Property Sales:			10	1,307,565	\$ 120,460	\$ 113,405	\$ 7,055

- (a) On May 13, 2002, the Company sold 3100 Monticello, 2300 Valley View, 150 West Parkway and 555 Republic Place in a single transaction with one buyer, Brookview Properties, L.P., an entity that includes a partner, whose principals include Paul A. Nussbaum, a former member of the Board of Directors of the Company. The Company provided the purchaser with a \$5,000 subordinated loan that bears interest at 15 percent with a current pay rate of 11 percent. The entire principal of the loan is payable at maturity on October 12, 2007. In conjunction with the Purchaser's subsequent sale of one of its acquired properties, the purchaser repaid \$1,537 of the loan principal through September 30, 2002.
- (b) On June 6, 2002, the Company sold 1717 St. James Place, 5300 Memorial Drive and 10497 Town & Country Way in a single transaction with one buyer, Parkway Properties LP.

On October 16, 2002, the Company sold its remaining three office properties located in Arizona, aggregating 416,967 square feet, for approximately \$43,000 in a single transaction with one buyer, Summit Commercial Properties, Inc., a division of Highridge Partners.

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The debt of the Company's unconsolidated joint ventures aggregating \$529,391 as of September 30, 2002 are non-recourse to the Company, except for customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions and material misrepresentations, and except as otherwise indicated below.

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 owned and operated 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. On November 5, 2001, the Company acquired the remaining interest in the property for approximately \$15,073. The property has been consolidated in the Company's financial statements subsequent to the acquisition of the remaining interest. The Company performed management and leasing services for the property when it was owned by the joint venture and recognized \$37 and \$143 in fees for such services for the three and nine months ended September 30, 2001, 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, Pacific Plaza I & II 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. On June 29, 2001, the venture sold the office property for approximately \$67,000.

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. On May 30, 2002, the venture sold the office complex for approximately \$31,700.

Pacific Plaza I & II

Pacific Plaza I & II is a two-phase development joint venture project, located in Daly City, San Mateo County, California between the Company, HPMC Development Partners II, L.P. and a third-party entity.

Phase I of the project, which commenced initial operations in August 2001, consists of a nine-story office building, aggregating 369,682 square feet. Phase II, which is currently under construction, will comprise a three-story retail and theater complex. The theater portion of Phase II commenced initial operations in June 2002, with certain of the retail space commencing operations in August 2002. The Company performs management services for these properties owned by the joint venture and recognized \$91, \$213, \$7 and \$7 in fees for such services in the three and nine months ended September 30, 2002 and 2001, respectively.

Stadium Gateway

Stadium Gateway is a development joint venture project located in Anaheim, Orange County, California between the Company, HPMC Development Partners II, L.P. and a third-party entity. The venture has constructed a six-story, 261,554 square-foot office building, which commenced initial operations in January 2002.

G&G MARTCO (Convention Plaza)

On April 30, 1998, the Company acquired a 49.9 percent interest in an existing joint venture, 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 the Company's initial investment was financed through the issuance of common units, as well as funds drawn from the Company's credit facilities. 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 \$61, \$188, \$62 and \$172 in fees for such services for the three and nine months ended September 30, 2002 and 2001, 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 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, a portion of which is currently licensed to a parking operator. Such parking facility serves a ferry service between the Company's Harborside property and Manhattan. In the fourth quarter 2000, the joint venture started construction of Plaza 10, a 575,000 square-foot office building, on certain of the land owned by the venture. Plaza 10 is 100 percent pre-leased to Charles Schwab & Co. Inc. ("Schwab") for a 15-year term. The lease agreement obligates the venture, among other things, to deliver space to the tenant by required timelines and offers expansion options, at the tenant's election. Such options may obligate the venture to construct an additional building or, at the Company's option, to make space available in any of its existing Harborside properties. Should the venture be unable to or choose not to provide such expansion space, the venture would be liable to Schwab for its actual damages, in no event to exceed \$15,000. The amount of Schwab's actual damages, up to \$15,000, has been guaranteed by the Company. The project, which commenced initial operations in September 2002, is currently projected to cost the Company approximately \$145,000, of which \$113,685 has been incurred by the Company through September 30, 2002. The venture has an agreement with the City of Jersey City, New Jersey, in which it is required to make payments in lieu of property taxes ("PILOT"). The agreement, which will commence upon substantial completion of the property, as defined, is for a term of 20 years. The PILOT will be equal to two percent of Total Project Costs, as defined, with periodic increases, as

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defined. Total Project Costs, per the agreement, are the greater of \$78,821 or actual Total Project Costs, as defined.

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 and 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. In 2001, the property's principal tenant, Superior Bank was closed by the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation (FDIC) was named receiver. The tenant continued to meet its rental payment obligations through June 2002. In July 2002, the tenant vacated the premises and the FDIC notified the joint venture that it was rejecting the lease as of July 16, 2002. As a result of the uncertainty regarding the tenant's ability to meet its obligations through the remainder of the term of its lease, the joint venture wrote off unbilled rents receivable of \$1,573 and deferred lease costs of \$705, which is included in the Company's equity in earnings for the nine months ended September 30, 2002. The Company performs management, leasing and other services for the property owned by the joint venture and recognized \$4, \$53, \$25 and \$75 in fees for such services for the three and nine months ended September 30, 2002 and 2001, 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 Company performed management and leasing services through March 2002 for the properties owned by the joint venture and recognized none, \$45, \$47 and \$140 in fees for such services for the three and nine months ended September 30, 2002 and 2001, respectively. Under certain circumstances, Prudential has the right to convert its interest in the venture into common stock of the Company at a discount to the stock's fair market value, based on the underlying fair value of Prudential's interest in the venture at the time of conversion.

In May 2002, the Company sent a notice to Prudential electing to exercise its option under the buy-sell provisions of the joint venture agreement. Subsequently, Prudential sent notice to the Company that it was exercising its option to put its interest in the joint venture to the Company in exchange for common stock of the Company as described above. Pursuant to the provisions of the joint venture agreement, the Company, at its option, can elect to exchange cash in lieu of stock for Prudential's interest. The Company believes its prior exercise of the buy-sell provisions acts to foreclose Prudential's subsequent election to exchange its interest for stock, a position being disputed by Prudential. The partners are currently in discussions about the relevant provisions of the agreement. However, the ultimate resolution of the dispute is not yet determinable.

ARCAP INVESTORS, L.L.C.

In 1999, the Company invested \$20,000 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"). William L. Mack, Chairman of the Board of Directors of the Company, is a principal of an entity that owns approximately 28 percent of the venture and has nominated a member of its board of directors. At September 30, 2002, the venture held approximately \$758,655 of

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assets, comprised principally of subordinated CMBS recorded at market value. On October 2, 2002, the Company entered into a letter of intent to sell its interest in the venture for approximately \$20,224.

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

The Company has an agreement with SJP Properties, which provides for a cooperative effort in seeking approvals to develop up to approximately 1.8 million square feet of office development on certain vacant land owned by the Company and SJP Properties, in Hanover and Parsippany, Morris County, New Jersey. The agreement provides that the parties shall share equally in the costs associated with seeking such requisite approvals. Upon mutual consent, the Company and SJP Properties may enter into one or more joint ventures to construct on the vacant land, or seek to dispose of their respective vacant land parcels subject to the agreement. Pursuant to the agreement with SJP Properties, on August 24, 2000, the Company entered into a joint venture with SJP Properties to form MC-SJP Morris V Realty, LLC and MC-SJP Morris VI Realty, LLC, which acquired developable land for approximately \$16,193. The acquired land is able to accommodate approximately 650,000 square feet of office space and is located in Parsippany, Morris County, New Jersey. The venture entered into an agreement pertaining to the acquired land and two other land parcels in Parsippany with an insurance company to provide for a guarantee on the funding of the development of four office properties, aggregating 850,000 square feet. Such agreement provides, if the venture elects to develop, that the insurance company will be admitted to the joint venture and provide all the equity required to fund the development, subject to certain conditions. In addition, the venture

obtained a loan on the acquired land from a bank, which is guaranteed by the insurance company.

SOUTH PIER AT HARBORSIDE—HOTEL DEVELOPMENT

On November 17, 1999, the Company entered into an agreement with Hyatt Corporation ("Hyatt") to develop a 350-room hotel on the Company's South Pier at Harborside Financial Center, Jersey City, Hudson County, New Jersey, which commenced operations in July 2002. The total cost of the project is estimated to be approximately \$103,000. The venture has obtained a construction loan of \$63,700, which each partner, including the Company, has severally guaranteed repayment of approximately \$11,148. Additionally, the Company has posted an \$8,000 letter of credit in support of another loan to the joint venture, \$4,000 of which is indemnified by Hyatt. In addition, the Company and Hyatt have guaranteed completion of the hotel project to the joint venture's construction lender. If the joint venture fails to complete the hotel project as required under the construction loan documents and the construction loan proceeds remaining to be advanced together with the capital contributed by the partners through such date are insufficient to complete the hotel project, the Company and/or Hyatt may be required to provide additional funds sufficient to complete the hotel project.

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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 September 30, 2002 and December 31, 2001:

	September 30, 2002									
	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
Assets:										
Rental property, net	\$ —	\$ 15,678	\$ 8,547	\$ 97,805	\$ 17,250	\$ 36,681	\$ —	\$ 17,263	\$ 91,384	\$ 284,608
Other assets	—	745	3,834	23,374	2,278	1,067	758,655	1,115	3,008	794,076
Total assets	\$ —	\$ 16,423	\$ 12,381	\$ 121,179	\$ 19,528	\$ 37,748	\$ 758,655	\$ 18,378	\$ 94,392	\$ 1,078,684
Liabilities and partners'/ members' capital:										
Mortgages and loans payable	\$ —	\$ —	\$ 50,000	\$ —	\$ 15,454	\$ —	\$ 380,211	\$ 17,849	\$ 65,877	\$ 529,391
Other liabilities	—	—	1,843	5,420	55	831	3,002	46	4,435	15,632
Partners'/members' capital	—	16,423	(39,462)	115,759	4,019	36,917	375,442	483	24,080	533,661
Total liabilities and partners'/members' capital	\$ —	\$ 16,423	\$ 12,381	\$ 121,179	\$ 19,528	\$ 37,748	\$ 758,655	\$ 18,378	\$ 94,392	\$ 1,078,684
Company's net investment in unconsolidated joint ventures	\$ —	\$ 16,322	\$ 2,763	\$ 124,292	\$ 1,581	\$ 7,726	\$ 20,208	\$ 287	\$ 15,085	\$ 188,264
	December 31, 2001									
	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
Assets:										
Rental property, net	\$ —	\$ 19,556	\$ 9,598	\$ 81,070	\$ 18,119	\$ 37,157	\$ —	\$ 16,607	\$ 63,236	\$ 245,343
Other assets	732	20,267	2,163	120	4,822	1,150	595,937	107	100	625,398
Total assets	\$ 732	\$ 39,823	\$ 11,761	\$ 81,190	\$ 22,941	\$ 38,307	\$ 595,937	\$ 16,714	\$ 63,336	\$ 870,741
Liabilities and partners'/ members' capital:										
Mortgages and loans payable	\$ —	\$ 13,976	\$ 50,000	\$ —	\$ 15,974	\$ —	\$ 324,819	\$ 16,795	\$ 34,107	\$ 455,671
Other liabilities	—	897	1,196	9,667	83	949	3,736	103	2,927	19,558
Partners'/members' capital	732	24,950	(39,435)	71,523	6,884	37,358	267,382	(184)	26,302	395,512
Total liabilities and partners'/members' capital	\$ 732	\$ 39,823	\$ 11,761	\$ 81,190	\$ 22,941	\$ 38,307	\$ 595,937	\$ 16,714	\$ 63,336	\$ 870,741
Company's net investment in unconsolidated joint ventures	\$ 350	\$ 24,545	\$ 2,795	\$ 74,651	\$ 3,014	\$ 7,809	\$ 17,897	\$ 183	\$ 15,296	\$ 146,540

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The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the three months ended September 30, 2002 and 2001:

Three Months Ended September 30, 2002

	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
Total revenues	\$ —	\$ 1	\$ 3,307	\$ 1,001	\$ 63	\$ 1,113	\$ 48,913	\$ —	\$ 616	\$ 55,014
Operating and other expenses	—	(442)	(1,170)	(176)	(220)	(728)	(7,510)	—	(1,296)	(11,542)
Depreciation and amortization	—	—	(407)	(138)	(223)	(244)	—	—	(1,248)	(2,260)
Interest expense	—	—	(475)	—	(181)	—	(6,739)	—	(804)	(8,199)
Net income	\$ —	\$ (441)	\$ 1,255	\$ 687	\$ (561)	\$ 141	\$ 34,664	\$ —	\$ (2,732)	\$ 33,013
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ —	\$ (5)	\$ 592	\$ 687	\$ (281)	\$ 28	\$ 2,670	\$ —	\$ (1,486)	\$ 2,205

Three Months Ended September 30, 2001

	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
Total revenues	\$ 1,211	\$ 1,427	\$ 3,345	\$ 110	\$ 912	\$ 1,298	\$ 17,060	\$ —	\$ —	\$ 25,363
Operating and other expenses	(393)	(781)	(920)	(12)	(297)	(632)	(3,266)	—	—	(6,301)
Depreciation and amortization	(290)	(623)	(387)	(10)	(243)	(235)	—	—	—	(1,788)
Interest expense	—	(485)	(712)	—	(264)	—	(5,420)	—	—	(6,881)
Net income (loss)	\$ 528	\$ (462)	\$ 1,326	\$ 88	\$ 108	\$ 431	\$ 8,374	\$ —	\$ —	\$ 10,393
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 225	\$ 400	\$ 506	\$ 88	\$ 54	\$ 86	\$ 525	\$ —	\$ —	\$ 1,884

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The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the nine months ended September 30, 2002 and 2001:

Nine Months Ended September 30, 2002

	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
Total revenues	\$ 18	\$ 12,088	\$ 10,067	\$ 1,181	\$ 1,803	\$ 3,398	\$ 88,411	\$ —	\$ 616	\$ 117,582
Operating and other expenses	(5)	(1,102)	(2,907)	(197)	(2,339)	(2,017)	(16,671)	—	(1,306)	(26,544)
Depreciation and amortization	—	(641)	(1,219)	(157)	(1,749)	(731)	—	—	(1,248)	(5,745)
Interest expense	—	(233)	(1,469)	—	(579)	—	(19,707)	—	(804)	(22,792)
Net income (loss)	\$ 13	\$ 10,112	\$ 4,472	\$ 827	\$ (2,864)	\$ 650	\$ 52,033	\$ —	\$ (2,742)	\$ 62,501
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ —	\$ 6,015	\$ 2,218	\$ 827	\$ (1,432)	\$ 176	\$ 3,956	\$ —	\$ (1,486)	\$ 10,274

Nine Months Ended September 30, 2001

	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	MC-SJP Morris Realty	Harborside South Pier	Combined Total
Total revenues	\$ 3,700	\$ 16,419	\$ 9,151	\$ 488	\$ 2,871	\$ 4,365	\$ 45,077	\$ —	\$ —	\$ 82,071
Operating and other expenses	(1,175)	(1,729)	(2,571)	(53)	(905)	(2,049)	(7,456)	—	—	(15,938)
Depreciation and amortization	(883)	(1,556)	(1,164)	(29)	(726)	(698)	—	—	—	(5,056)
Interest expense	—	(1,741)	(2,504)	—	(918)	—	(13,310)	—	—	(18,473)
Net income	\$ 1,642	\$ 11,393	\$ 2,912	\$ 406	\$ 322	\$ 1,618	\$ 24,311	\$ —	\$ —	\$ 42,604
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 728	\$ 3,864	\$ 1,042	\$ (357)	\$ 208	\$ 295	\$ 1,550	\$ —	\$ —	\$ 7,330

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5. DEFERRED CHARGES AND OTHER ASSETS

	September 30, 2002	December 31, 2001
Deferred leasing costs	\$ 117,030	\$ 93,677
Deferred financing costs	21,942	26,569
	138,972	120,246
Accumulated amortization	(36,311)	(36,746)
Deferred charges, net	102,661	83,500
Notes receivable	12,257	10,777
Prepaid expenses and other assets	11,911	7,222
Total deferred charges and other assets, net	\$ 126,829	\$ 101,499

6. RENTAL PROPERTY HELD FOR SALE

PROPERTIES HELD FOR SALE

As of September 30, 2002, the Company continued to identify three office properties, which are all located in Arizona and aggregate 416,967 square feet, as held for sale. The properties carried an aggregate book value of \$41,239, net of accumulated depreciation of \$3,583 and a valuation allowance of \$10,555, at September 30, 2002. On October 16, 2002, the Company sold all three of these properties to one buyer for approximately \$43,000.

On September 30, 2002, the Company determined that its five remaining properties located in Texas were no longer being held for sale. The Company decided that it would continue to own and operate these properties until market conditions in Texas improve and certain leasing uncertainties at the properties are resolved. The reclassified properties had an aggregate book value of \$56,342, net of accumulated depreciation of \$7,089 and a valuation allowance of \$1,998, at the date of the subsequent decision not to sell (including catch-up depreciation and amortization expense of \$3,413 for certain properties reflecting expense for the period from the date the properties were originally held for sale through the date they were no longer held for sale, which was recorded at that date).

On June 6, 2002, the Company determined that 20 of its office properties and a land parcel, which are located in Colorado, aggregating 1.6 million square feet, were no longer being held for sale. The Company decided that it would continue to own and operate these properties until market conditions in Colorado improve. The reclassified properties had an aggregate book value of \$175,550, net of accumulated depreciation of \$15,178 and a valuation allowance of \$27,049 at the date of the subsequent decision not to sell (including an unrealized loss of \$3,000, and catch-up depreciation and amortization expense of \$3,900 for certain properties reflecting expense for the period from the date the properties were originally held for sale through the date they were no longer held for sale, which was recorded at that date).

As of December 31, 2001, the Company had identified 37 office properties, aggregating approximately 4.3 million square feet, a multi-family residential property and a land parcel as held for sale. These properties were located in Texas, Colorado, Arizona, Florida and New York. The properties carried an aggregate book value of \$384,626, net of accumulated depreciation of \$28,379 and a valuation allowance of \$40,464 at December 31, 2001. During the nine months ended September 30, 2002, the Company sold ten of these properties for total net sales proceeds of approximately \$119,701.

The following is a summary of the condensed results of operations of the rental properties held for sale at September 30, 2002 for the nine months ended September 30, 2002 and 2001:

	Nine Months Ended September 30,	
	2002	2001
Total revenues	\$ 4,272	\$ 4,481
Operating and other expenses	(1,462)	(1,477)
Depreciation and amortization	—	(313)
Net income	\$ 2,810	\$ 2,691

During the nine months ended September 30, 2002 and 2001, the Company determined that the carrying amounts of certain properties identified as held for sale during those periods were not expected to be recovered from estimated net sale proceeds from these property sales. The Company recognized a valuation allowance of none and \$26,231 for the three months ended September 30, 2002 and 2001, respectively, and \$4,341 and \$46,794 for the nine months ended September 30, 2002, and 2001, respectively.

REALIZED GAINS (LOSSES) AND UNREALIZED LOSSES, NET

The following table summarizes realized gains (losses) and unrealized losses on disposition of rental property, net, for the three and nine month periods ended September 30, 2002 and 2001:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Realized gains (losses) on sale of rental property, net	\$ 456	\$ 14,607	\$ 7,055	\$ 37,117
Valuation allowance on rental property held for sale	—	(26,231)	(4,341)	(46,794)
Realized gains (losses) and unrealized losses, net	\$ 456	\$ (11,624)	\$ 2,714	\$ (9,677)

7. SENIOR UNSECURED NOTES

A summary of the Company's senior unsecured notes as of September 30, 2002 and December 31, 2001 is as follows:

	September 30, 2002	December 31, 2001	Effective Rate(1)
7.180% Senior Unsecured Notes, due December 31, 2003	\$ 185,283	\$ 185,283	7.23%
7.000% Senior Unsecured Notes, due March 15, 2004	299,884	299,824	7.27%
7.250% Senior Unsecured Notes, due March 15, 2009	298,483	298,307	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	298,559	298,429	7.93%
Total Senior Unsecured Notes	\$ 1,097,209	\$ 1,096,843	7.51%

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

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8. REVOLVING CREDIT FACILITY

On September 27, 2002, the Operating Partnership obtained an unsecured revolving credit facility ("2002 Unsecured Facility") with a current borrowing capacity of \$600,000 from a group of 14 lenders. The interest rate on outstanding borrowings under the credit line is currently the London Inter-Bank Offered Rate ("LIBOR") (1.81 percent at September 30, 2002) plus 70 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 2002 Unsecured Facility also requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. The 2002 Unsecured Facility matures in September 2005, 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.

In the event of a change in the Operating Partnership's unsecured debt rating, the interest and facility fee rates will be adjusted in accordance with the following table:

Operating Partnership's Unsecured Debt Ratings: S&P/Moody's/Fitch(a)	Interest Rate— Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No rating or less than BBB-/Baa3/BBB-	120.0	30.0
BBB-/Baa3/BBB-	95.0	20.0
BBB/Baa2/BBB (current)	70.0	20.0
BBB+/Baa1/BBB+	65.0	15.0
A-/A3/A- or higher	60.0	15.0

(a) If the Operating Partnership has debt ratings from two rating agencies, one of which is Standard & Poor's Rating Services ("S&P") or Moody's Investors Service ("Moody's"), the rates per the above table shall be based on the lower of such ratings. If the Operating Partnership has debt ratings from three rating agencies, one of which is S&P or Moody's, the rates per the above table shall be based on the lower of the two highest ratings. If the Operating Partnership has debt ratings from only one agency, it will be considered to have no rating or less than BBB-/Baa3/BBB- per the above table.

The Company previously had an unsecured revolving credit facility ("2000 Unsecured Facility") with a borrowing capacity of \$800,000 from a group of 24 lenders. The interest rate on outstanding borrowings under the credit line was LIBOR plus 80 basis points. The Company had the option to 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 required a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. In conjunction with obtaining the 2002 Unsecured Facility, the Company repaid in full and terminated the 2000 Unsecured Facility on September 27, 2002.

9. MORTGAGES AND LOANS PAYABLE

The Company has mortgages and loans payable which consist 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 September 30, 2002 and December 31, 2001 is as follows:

Property Name	Lender	Effective Interest Rate	Principal Balance at		Maturity
			September 30, 2002	December 31, 2001	
Mack-Cali Willowbrook	CIGNA	8.67%	\$ 7,900	\$ 8,598	10/01/03
400 Chestnut Ridge	Prudential Insurance Co.	9.44%	11,879	12,646	07/01/04
Mack-Cali Centre VI	Principal Life Insurance Co.	6.87%	35,000	35,000	04/01/05
Various (a)	Prudential Insurance Co.	7.10%	150,000	150,000	05/15/05
Mack-Cali Bridgewater I	New York Life Ins. Co.	7.00%	23,000	23,000	09/10/05
Mack-Cali Woodbridge II	New York Life Ins. Co.	7.50%	17,500	17,500	09/10/05
Mack-Cali Short Hills	Prudential Insurance Co.	7.74%	24,663	25,218	10/01/05
500 West Putnam Avenue	New York Life Ins. Co.	6.52%	8,637	9,273	10/10/05
Harborside—Plaza 1	U.S. West Pension Trust	5.61%	60,863	57,978	01/01/06
Harborside—Plazas 2 and 3	Northwestern/Principal	7.36%	159,137	162,022	01/01/06

Mack-Cali Airport	Allstate Life Insurance Co.	7.05%	10,269	10,394	04/01/07
Kemble Plaza I	Mitsubishi Tr & Bk Co.	LIBOR+0.65%	32,178	32,178	01/31/09
Total Property Mortgages			\$ 541,026	\$ 543,807	

- (a) The Company has the option to convert the mortgage loan, which is secured by 10 properties, to unsecured debt, subject to, amongst other things, the Company having investment grade ratings from two rating agencies (at least one of which must be from S&P or Moody's) at the time of conversion.

INTEREST RATE HEDGE

On July 18, 2002, the Company entered into a forward treasury rate lock agreement with a commercial bank. The agreement locked an interest rate of 3.285 percent per annum for the three-year U.S. Treasury Note effective November 4, 2002, on a notional amount of \$61,525. The agreement will be used to fix the index rate on \$61,525 of the Harborside—Plaza 1 mortgage, for which the interest rate will be re-set to the three-year U.S. Treasury Note plus 130 basis points for the three years beginning November 4, 2002 (see "Property Mortgages: Harborside—Plaza 1" above). The Company recorded other comprehensive loss in stockholders' equity of \$2,174 reflecting the approximate fair value of the derivative security as of September 30, 2002.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the nine months ended September 30, 2002 and 2001 was \$108,630 and \$100,892, respectively. Interest capitalized by the Company for the nine months ended September 30, 2002 and 2001 was \$17,171 and \$11,994, respectively.

SUMMARY OF INDEBTEDNESS

As of September 30, 2002, the Company's total indebtedness of \$1,757,235 (weighted average interest rate of 6.96 percent) was comprised of \$151,178 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 2.55 percent) and fixed rate debt of \$1,606,057 (weighted average rate of 7.38 percent).

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As of December 31, 2001, the Company's total indebtedness of \$1,700,150 (weighted average interest rate of 7.17 percent) was comprised of \$91,678 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 3.38 percent) and fixed rate debt of \$1,608,472 (weighted average rate of 7.38 percent).

10. MINORITY INTEREST

Minority interest in the accompanying consolidated financial statements relate to preferred units in the Operating Partnership ("Preferred Units"), common units in the Operating Partnership and warrants to purchase common units ("Unit Warrants"), all of which are held by parties other than the Company.

The following table sets forth the changes in minority interest which relate to preferred units, common units and unit warrants in the Operating Partnership for the nine months ended September 30, 2002:

	Preferred Units	Common Units	Unit Warrants	Preferred Unitholders	Common Unitholders	Unit Warrants	Total
Balance at January 1, 2002	220,340	7,954,775	2,000,000	\$ 226,005	\$ 211,715	\$ 8,524	\$ 446,244
Net income	—	—	—	11,731	15,202	—	26,933
Distributions	—	—	—	(11,731)	(14,725)	—	(26,456)
Redemption of preferred units for common units	(4,446)	128,312	—	(4,560)	4,560	—	—
Redemption of common units for shares of common stock	—	(268,281)	—	—	(8,299)	—	(8,299)
Balance at September 30, 2002	215,894	7,814,806	2,000,000	\$ 221,445	\$ 208,453	\$ 8,524	\$ 438,422

As of September 30, 2002 and December 31, 2001, the minority interest common unitholders owned 11.9 percent (19.6 percent, including the effect of the conversion of preferred units into common units) and 12.3 percent (20.2 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).

11. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

Harborside Financial Center

Pursuant to an agreement with the City of Jersey City, New Jersey, the Company is required to make payments in lieu of property taxes ("PILOT") on its Harborside Plaza 2 and 3 properties. The agreement, which commenced in 1990, is for a term of 15 years. Such PILOT is equal to two percent of Total Project Costs, as defined, in year one and increases by \$75 per annum through year 15. Total Project Costs, as defined, are \$145,644. The PILOT totaled \$945 and \$941 for the three months ended September 30, 2002 and 2001, respectively, and \$2,814 and \$2,760 for the nine months ended September 30, 2002 and 2001, respectively. The PILOT on these two properties has been challenged as part of a larger effort by several neighboring towns to question past practices of the City of Jersey City in attracting large development. If this challenge is successful, the properties will be placed back on the regular tax roles for tax years beginning with 1998. While the Company cannot at this time determine the likely outcome of this challenge, the effect, if successful, of the challenge on the tax assessments against the properties, or the amount of the increase, if any, in taxes assessed resulting from a successful challenge, the Company does not believe that the outcome will result in a material adverse impact to the Company as there is the potential that the majority of any increase in the expense at the properties may be passed along to the properties' tenants.

The Company entered into a similar PILOT agreement with the City of Jersey City, New Jersey on its Harborside Plaza 4-A property. The agreement, which commenced in 2000, is for a term of 20 years.

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The PILOT is equal to two percent of Total Project costs, as defined, and increases by 10 percent in years 7, 10 and 13 and by 50 percent in year 16. Total Project costs, as defined, are \$45,497. The PILOT totaled \$252 and \$202 for the three months ended September 30, 2002 and 2001, respectively, and \$715 and \$639 for the nine months ended September 30, 2002 and 2001, respectively.

Additionally, the Company entered into a similar PILOT agreement with the City of Jersey City, New Jersey on its Harborside Plaza 5 property. The agreement, which will commence upon substantial completion of the property, as defined, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs, as defined, and increases by 10 percent in years 7, 10 and 13, and by 50 percent in year 16. Total Project Costs, per the agreement, are the greater of \$132,294 or actual Total Project Costs, as defined. The PILOT totaled \$206 and none for the three months ended September 30, 2002 and 2001, respectively, and \$206 and none for the nine months ended September 30, 2002 and 2001, respectively.

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

12. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2018. 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.

13. 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 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 demands 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 August 6, 1998, the Board of Directors of the Company authorized a share repurchase program ("Repurchase Program") under which the Company was permitted to purchase up to \$100,000 of the Company's outstanding common stock. Purchases could be made from time to time in open market transactions at prevailing prices or through privately negotiated transactions. 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 \$52,562 from August 1998 through December 1999.

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 \$150,000 of the Company's outstanding common stock above the \$52,562 that had previously been purchased. The Company purchased for constructive retirement 3,354,800 shares of its outstanding common stock for an aggregate cost of approximately \$92,749 from September 13, 2000 through September 30, 2002. From October 1, 2002 through November 4, 2002, the Company purchased an additional 127,700 shares of its common stock for an aggregate cost of approximately \$3,933.

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"). In May 2002, shareholders of the Company approved amendments to both plans to increase the total shares reserved for issuance under both plans from 2,700,000 to 4,350,000 shares (subject to adjustment) of the Company's common stock (from 2,500,000 to 4,000,000 shares under the 2000 Employee Plan and from 200,000 to 350,000 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 subsequent to 1995 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. As of September 30, 2002, the stock options outstanding had a weighted average remaining contractual life of approximately 6.6 years.

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

	Shares Under Options	Weighted Average Exercise Price
Outstanding at January 1, 2002	4,511,886	\$ 31.28
Exercised	(640,767)	\$ 26.37
Lapsed or canceled	(189,225)	\$ 30.74
Outstanding at September 30, 2002	3,681,894	\$ 32.18
Options exercisable at September 30, 2002	2,038,719	\$ 35.44
Available for grant at September 30, 2002	3,313,488	

STOCK WARRANTS

The Company has 252,500 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 issuance). 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 issuance). Such warrants are all currently exercisable and expire on December 12, 2007.

Information regarding the Company's Stock Warrants is summarized below:

	<u>Warrants</u>
Outstanding at January 1, 2002	749,976
Exercised	(107,500)
Lapsed or canceled	—
Outstanding at September 30, 2002	<u>642,476</u>
Warrants exercisable at September 30, 2002	<u>642,476</u>

STOCK COMPENSATION

The Company has granted stock awards to officers and certain other employees of the Company (collectively, "Restricted Stock Awards"), which allow the employees to each receive a certain amount

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of shares of the Company's common stock generally over a five-year vesting period. Certain Restricted Stock Awards are contingent upon the Company meeting certain performance and/or stock price appreciation objectives. All Restricted Stock Awards provided to the officers and certain other employees were granted under the 2000 Employee Plan and Employee Plan.

Information regarding the Restricted Stock Awards is summarized below:

	<u>Shares</u>
Outstanding at January 1, 2002	198,279
Granted	—
Vested	(44,545)
Canceled	—
Outstanding at September 30, 2002	<u>153,734</u>

DEFERRED STOCK COMPENSATION PLAN FOR DIRECTORS

The Deferred Compensation Plan for Directors, which commenced January 1, 1999, allows non-employee directors of the Company to elect to defer up to 100 percent of their annual retainer fee into deferred stock units. The deferred stock units are convertible into an equal number of shares of common stock upon the directors' termination of service from the Board of Directors or a change in control of the Company, as defined in the plan. Deferred stock units are credited to each director quarterly using the closing price of the Company's common stock on the applicable dividend record date for the respective quarter. Each participating director's account is also credited for an equivalent amount of deferred stock units based on the dividend rate for each quarter.

During the nine months ended September 30, 2002 and 2001, 3,861 and 4,120 deferred stock units were earned, respectively.

EARNINGS PER SHARE

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.

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The following information presents the Company's EPS results for the three and nine months ended September 30, 2002 and 2001:

	Three Months Ended September 30,			
	2002		2001	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net income	\$ 34,232	\$ 34,232	\$ 24,009	\$ 24,009
Add:				
Net income attributable to Operating Partnership—common units	—	4,664	—	3,403
Net income attributable to Operating Partnership—Preferred units	—	—	—	—
Adjusted net income	<u>\$ 34,232</u>	<u>\$ 38,896</u>	<u>24,009</u>	<u>\$ 27,412</u>
Weighted average shares	<u>57,534</u>	<u>65,656</u>	<u>56,129</u>	<u>64,403</u>
Per Share	<u>\$ 0.60</u>	<u>\$ 0.59</u>	<u>\$ 0.43</u>	<u>\$ 0.43</u>

Nine Months Ended September 30,

	2002		2001	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net income	\$ 109,886	\$ 109,886	\$ 98,420	\$ 98,420
Add:				
Net income attributable to Operating Partnership—common units	—	15,202	—	13,867
Net income attributable to Operating Partnership—Preferred units	—	11,731	—	—
Adjusted net income	\$ 109,886	\$ 136,819	\$ 98,420	\$ 112,287
Weighted average shares	57,194	71,764	56,482	64,691
Per Share	\$ 1.92	\$ 1.91	\$ 1.74	\$ 1.74

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Basic EPS Shares	57,534	56,129	57,194	56,482
Add:				
Operating Partnership—common units	7,838	7,955	7,905	7,958
Operating Partnership—preferred units (after conversion to common units)	—	—	6,307	—
Stock options	284	319	355	251
Stock Warrants	—	—	3	—
Diluted EPS Shares	65,656	64,403	71,764	64,691

Preferred Units outstanding during the three months ended September 30, 2002 and 2001 and the nine months ended September 30, 2001 were not included in the three months ended September 30, 2002 and 2001 and the nine months ended September 30, 2001 computation of diluted EPS as such units were anti-dilutive during the periods.

Through September 30, 2002, under the Repurchase Program, the Company purchased for constructive retirement, a total of 5,224,000 shares of its outstanding common stock for an aggregate cost of approximately \$145,311.

14. 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 and depreciation and amortization.

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

Selected results of operations for the three and nine months ended September 30, 2002 and 2001 and selected asset information as of September 30, 2002 and December 31, 2001 regarding the Company's operating segment are as follows:

	Total Segment	Corporate & Other(e)	Total Company
Total contract revenues(a)			
Three months ended:			
September 30, 2002	\$ 140,151	\$ 1,145	\$ 141,296(f)
September 30, 2001	141,183	1,016	142,199(g)
Nine months ended:			
September 30, 2002	\$ 421,763	\$ 1,197	\$ 422,960(h)
September 30, 2001	421,318	2,495	423,813(i)
Total operating and interest expenses(b):			
Three months ended:			
September 30, 2002	\$ 42,386	\$ 31,562	\$ 73,948(j)
September 30, 2001	46,484	33,920	80,404(k)
Nine months ended:			
September 30, 2002	\$ 164,559	\$ 58,830	\$ 223,389(l)
September 30, 2001	135,377	103,830	239,207(m)
Equity in earnings:			
Three months ended:			
September 30, 2002	\$ (465)	\$ 2,670	\$ 2,205
September 30, 2001	1,359	525	1,884
Nine months ended:			

September 30, 2002	\$	6,318	\$	3,956	\$	10,274
September 30, 2001		5,780		1,550		7,330
Net operating income(c):						
Three months ended:						
September 30, 2002	\$	97,300	\$	(27,747)	\$	69,553(f)(j)
September 30, 2001		96,058		(32,379)		63,679(g)(k)
Nine months ended:						
September 30, 2002	\$	263,522	\$	(53,677)	\$	209,845(h)(l)
September 30, 2001		291,721		(99,785)		191,936(i)(m)
Total assets:						
September 30, 2002	\$	3,749,698	\$	62,632	\$	3,812,330
December 31, 2001		3,710,411		36,359		3,746,770
Total long-lived assets(d):						
September 30, 2002	\$	3,569,539	\$	26,899	\$	3,596,438
December 31, 2001		3,595,012		24,349		3,619,361

See footnotes to the above schedule on page 31.

Footnotes to table on page 30.

- (a) Total contract revenues represent all revenues during the period (including the Company's share of net income (loss) 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 & 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 & 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 \$1,988 of adjustments for straight-lining of rents and \$124 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (g) Excludes \$1,891 of adjustments for straight-lining of rents and \$(62) for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (h) Excludes \$5,864 of adjustments for straight-lining of rents and \$(829) for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (i) Excludes \$9,629 of adjustments for straight-lining of rents and \$64 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (j) Excludes \$29,300 of depreciation and amortization.
- (k) Excludes \$22,529 of depreciation and amortization.
- (l) Excludes \$80,775 of depreciation and amortization.
- (m) Excludes \$67,964 of depreciation and amortization.

15. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

SFAS No. 145

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB No. 4, 44, and 64, Amendment of FASB No. 13 and Technical Corrections. This statement eliminates the requirement to report gains and losses from extinguishment of debt as extraordinary unless they meet the criteria of APB Opinion 30. Debt extinguishments that were classified as extraordinary in prior periods presented that do not meet the criteria of APB Opinion 30 shall be reclassified. FASB No. 145 is effective for fiscal years beginning after May 15, 2002. The impact of the adoption of FASB No. 145 is not expected to have a material impact on the Company's financial position or results of operations.

SFAS No. 146

SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, was recently issued in July 2002 and nullifies EITF 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).

The principal difference between SFAS No. 146 and EITF 94-3 relates to its requirements for recognition of a liability for a cost associated with an exit or disposal activity. FAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as defined in EITF 94-3 was recognized at the

date of an entity's commitment to an exit plan. A fundamental conclusion reached by the Board in FAS 146 is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. Therefore, FAS 146 eliminates the definition and requirements for recognition of exit costs in EITF 94-3 and also establishes that fair value is the objective for initial measurement of the liability.

The provisions of SFAS No. 146 shall be effective for exit or disposal activities initiated after December 31, 2002. Previously issued financial statements shall not be restated. For purposes of SFAS No. 146, an exit or disposal activity is initiated when management, having the authority to approve the action, commits to an exit or disposal plan or otherwise disposes of a long-lived asset (disposal group) and, if the activity involves the termination of employees, the criteria for a plan of termination in SFAS No. 146. The impact of the adoption of FASB No. 146 is not expected to have a material impact on the Company's financial position or results of operations.

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 (collectively, the "Financial Statements"). Certain defined terms used herein have the meaning ascribed to them in the Financial Statements.

Critical Accounting Policies

Rental Property

Costs directly related to the development of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Interest capitalized by the Company for the three months ended September 30, 2002 and 2001 was \$5.5 million and \$4.7 million, respectively, and \$17.2 million and \$12.0 million for the nine months ended September 30, 2002 and 2001, respectively.

The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity (as distinguished from activities such as routine maintenance and cleanup). If portions of a rental project are substantially completed and occupied by tenants, or held available for occupancy, and other portions have not yet reached that stage, the substantially completed portions are accounted for as a separate project. The Company allocates costs incurred between the portions under construction and the portions substantially completed and held available for occupancy.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's 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. Except for certain assets classified as held for sale, as discussed below, management does not believe that the value of any of the Company's rental properties is impaired.

Rental Property Held for Sale

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.

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying amount before the property was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell. See Note 6 to the Financial Statements.

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. See Note 4 to the Financial Statements.

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 \$0.9 million and \$0.9 million for the three months ended September 30, 2002 and 2001, respectively, and \$2.6 million and \$2.5 million for the nine months ended September 30, 2002 and 2001, respectively.

Derivative Instruments

The Company measures its derivative instruments, including certain derivative instruments embedded in other contracts, at fair value and records them as an asset or liability, depending on the Company's rights or obligations under the applicable derivative contract. For derivatives designated as fair value hedges, the changes in the fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of changes in fair value of the derivative are reported in other comprehensive income ("OCI") and are subsequently reclassified into earnings when the hedged item affects earnings. Changes in fair value of derivative instruments not designated as hedging and ineffective portions of hedges are recognized in earnings in the affected period. See Note 9 to the Financial Statements—Interest Rate Hedge.

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. Escalations and recoveries 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 12 to the Financial Statements.

Results from Operations

As a result of the economic climate thus far in 2002, substantially all of the real estate markets the Company operates in have materially softened. Demand for office space has declined significantly and vacancy rates have increased in each of the Company's core markets since the first quarter of 2001. During the third quarter of 2002, the Company's core markets continued to be weak. The percentage leased in the Company's wholly-owned portfolio of stabilized operating properties decreased to 93.0 percent at September 30, 2002, as compared to 93.9 percent at June 30, 2002 and 95.1 percent at September 30, 2001. Percentage leased includes all leases in effect as of the period end date, some of which have commencement dates in the future and leases that expire at the period end date. Market rental rates have declined in most markets from peak levels in late 2000 and early 2001. Rental rates on the Company's space that was re-leased during the nine months ended September 30, 2002 increased an average of 2.4 percent

compared to rates that were in effect under expiring leases, as compared to an 11.7 percent increase for the same period in 2001. The Company believes that vacancy rates may continue to increase in most of its markets going into 2003.

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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.

Consistent with its strategy, in the fourth quarter 2000, the Company started construction of a 980,000 square-foot office property, known as Plaza 5, at its Harborside Financial Center office complex in Jersey City, Hudson County, New Jersey. The project, which commenced initial operations in September 2002, is currently projected to cost approximately \$260 million, of which \$187.2 million has been incurred by the Company through September 30, 2002. Plaza 5 was approximately 58 percent leased as of September 30, 2002 (which includes a lease with a tenant for 68,000 square feet, or seven percent of the property, for which the tenant has informed the Company that it is experiencing financial difficulties and has failed to meet certain monetary obligations under the lease, including the payment of rent). Additionally, in the fourth quarter 2000, the Company, through a joint venture, started construction of a 575,000 square-foot office property, known as Plaza 10, on land owned by the joint venture located adjacent to the Company's Harborside complex. The Company holds a 50 percent interest in the joint venture. Among other things, the joint venture 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. Plaza 10 is currently projected to cost the Company approximately \$145 million, of which \$113.7 million has been incurred by the Company through September 30, 2002. The project, which is 100 percent leased to Charles Schwab & Co. Inc. ("Schwab") for a 15-year term, commenced initial operations in September 2002. The lease agreement with Schwab obligates the venture, among other things, to deliver space to the tenant by required timelines and offers expansion options at the tenant's election. Such options may obligate the venture to construct an additional building or, at the Company's option, to make space available in any of its existing Harborside properties. Should the venture be unable to, or choose not to, provide such expansion space, the venture would be liable to Schwab for its actual damages, in no event to exceed \$15 million. The amount of Schwab's actual damages, up to \$15 million, has been guaranteed by the Company. The Company anticipates expending an additional approximately \$104.1 million for the completion of Plaza 5, Plaza 10 and other projects. The Company expects to finance its funding requirements primarily through drawing on its revolving credit facility.

As of September 30, 2002, the Company continued to identify three office properties, which are all located in Arizona and aggregate 416,967 square feet, as held for sale. The properties carried an aggregate book value of \$41.2 million, net of accumulated depreciation of \$3.6 million and a valuation allowance of \$10.6 million, at September 30, 2002. On October 16, 2002, the Company sold all three of these properties to one buyer for approximately \$43.0 million.

On September 30, 2002, the Company determined that its five remaining properties located in Texas were no longer being held for sale. The Company decided that it would continue to own and operate these properties until market conditions in Texas improve and certain leasing uncertainties at the properties are resolved. The reclassified properties had an aggregate book value of \$56.3 million, net of accumulated depreciation of \$7.1 million and a valuation allowance of \$2.0 million, at the date of the subsequent decision not to sell (including catch-up depreciation and amortization expense of \$3.4 million for certain properties reflecting expense for the period from the date the properties were originally held for sale through the date they were no longer held for sale, which was recorded at that date).

On June 6, 2002, the Company determined that 20 of its office properties and a land parcel, which are located in Colorado, aggregating 1.6 million square feet, were no longer being held for sale. The Company decided that it would continue to own and operate these properties until market conditions in Colorado improve. The reclassified properties carried an aggregate book value of \$175.6 million, net of accumulated depreciation of \$15.8 million and a valuation allowance of \$27.0 million at the date of the subsequent decision not to sell (including an unrealized loss of \$3.0 million and accelerated depreciation and amortization expense of \$3.9 million for certain properties reflecting expense for the

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period from the date the properties were originally held for sale through the date they were no longer held for sale, which was recorded at that date).

The following comparisons for the three and nine months ended September 30, 2002 ("2002"), as compared to the three and nine months ended September 30, 2001 ("2001"), make reference to the following: (i) the effect of the "Same-Store Properties," which represent all in-service properties owned by the Company at June 30, 2001 (for the three-month period comparisons), and which represent all in-service properties owned by the Company at December 31, 2000 (for the nine-month period comparisons), excluding Dispositions as defined below, (ii) the effect of the "Acquired Properties," which represent all properties acquired or placed in service by the Company from July 1, 2001 through September 30, 2002 (for the three-month period comparisons), and which represent all properties acquired or placed in service from January 1, 2001 through September 30, 2002 (for the nine-month period comparisons) and (iii) the effect of the "Dispositions," which represent results for each period for those rental properties sold by the Company during the respective periods.

Three Months Ended September 30, 2002 Compared to Three Months Ended September 30, 2001

(dollars in thousands)	Three Months Ended September 30,		Dollar Change	Percent Change
	2002	2001		
Revenue from rental operations:				
Base rents	\$ 120,069	\$ 126,789	\$ (6,720)	(5.3)%
Escalations and recoveries from tenants	15,152	13,944	1,208	8.7
Parking and other	7,445	2,610	4,835	185.2
Sub-total	142,666	143,343	(677)	(0.5)
Interest income	742	685	57	8.3
Total revenues	143,408	144,028	(620)	(0.4)
Property expenses:				
Real estate taxes	15,161	16,012	(851)	(5.3)
Utilities	10,090	11,517	(1,427)	(12.4)
Operating services	16,743	16,336	407	2.5

Sub-total	41,994	43,865	(1,871)	(4.3)
General and administrative	5,525	8,767	(3,242)	(37.0)
Depreciation and amortization	29,300	22,529	6,771	30.1
Interest expense	26,429	27,772	(1,343)	(4.8)
Total expenses	103,248	102,933	315	0.3
Equity in earnings of unconsolidated joint ventures	2,205	1,884	321	17.0
Income before realized gains and unrealized losses on disposition of rental property and minority interest	42,365	42,979	(614)	(1.4)
Realized gains and unrealized losses on disposition of rental property, net	456	(11,624)	12,080	103.9
Income before minority interest	42,821	31,355	11,466	36.6
Minority interest in Operating Partnership	8,589	7,346	1,243	16.9
Net income	\$ 34,232	\$ 24,009	\$ 10,223	42.6%

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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 Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations:								
Base rents	\$ (6,720)	(5.3)%	\$ (256)	(0.2)%	\$ 2,237	1.8%	\$ (8,701)	(6.9)%
Escalations and recoveries from tenants	1,208	8.7	1,693	12.2	235	1.7	(720)	(5.2)
Parking and other	4,835	185.2	5,011	192.0	(4)	(0.2)	(172)	(6.6)
Total	\$ (677)	(0.5)%	\$ 6,448	4.5%	\$ 2,468	1.7%	\$ (9,593)	(6.7)%
Property expenses:								
Real estate taxes	\$ (851)	(5.3)%	\$ 222	1.4%	\$ 257	1.6%	\$ (1,330)	(8.3)%
Utilities	(1,427)	(12.4)	(523)	(4.5)	130	1.1	(1,034)	(9.0)
Operating services	407	2.5	1,974	12.1	284	1.7	(1,851)	(11.3)
Total	\$ (1,871)	(4.3)%	\$ 1,673	3.8%	\$ 671	1.5%	\$ (4,215)	(9.6)%
OTHER DATA:								
Number of Consolidated Properties	253		246		7		25	
Square feet (in thousands)	26,832		25,351		1,481		4,278	

Base rents for the Same-Store Properties decreased \$0.3 million, or 0.2 percent, for 2002 as compared to 2001 due primarily to decreases in space leased at the properties. Escalations and recoveries from tenants for the Same-Store Properties increased \$1.7 million, or 12.2 percent, for 2002 over 2001, due primarily to the recovery of an increased amount of total property expenses in 2002. Parking and other income for the Same-Store Properties increased \$5.0 million, or 192.0 percent, due primarily to increased lease termination fees in 2002, primarily as a result of the Company receiving \$2.9 million in August 2002 from a lease termination agreement with Arthur Andersen LLP.

Real estate taxes on the Same-Store Properties increased \$0.2 million, or 1.4 percent, for 2002 as compared to 2001, due primarily to property tax rate increases in certain municipalities in 2002, partially offset by lower assessments on certain properties in 2002. Utilities for the Same-Store Properties decreased \$0.5 million, or 4.5 percent, for 2002 as compared to 2001, due primarily to decreased rates, partially offset by increased usage. Operating services for the Same-Store Properties increased \$2.0 million, or 12.1 percent, due primarily to increased insurance and maintenance costs in 2002.

Equity in earnings of unconsolidated joint ventures increased \$0.3 million, or 17.0 percent, for 2002 as compared to 2001. This increase is due primarily to increased income from the Company's investment in ARCap of \$2.2 million in 2002 over 2001, partially offset by a net loss of \$1.5 million from the initial operations of the Harborside South Pier hotel venture in 2002. See Note 4 to the Financial Statements.

Interest income increased \$0.1, or 8.3 percent, for 2002 as compared to 2001. This increase was due primarily to the effect of net proceeds from property sales being invested in cash and cash equivalents for the period of time prior to which such proceeds were reinvested, partially offset by lower interest rates in 2002.

General and administrative decreased by \$3.2 million, or 37.0 percent, for 2002 as compared to 2001. This decrease is due primarily to a decrease in bad debt expense of \$2.6 million from 2001 to 2002, and decreases in 2002 of \$0.5 million in payroll and related expenses and \$0.4 million in professional fees, partially offset by an increase in state tax expense in 2002 of \$0.4 million.

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Depreciation and amortization increased by \$6.8 million, or 30.1 percent, for 2002 over 2001. Of this increase \$6.7 million, or 30.0 percent, is due to the Same-Store Properties, primarily due to catch-up depreciation and amortization on certain of the properties that are no longer held for sale (see Note 6 to the Financial Statements), and

\$0.5 million, or 2.0 percent, is due to the Acquired Properties, partially offset by a decrease of \$0.4 million, or 1.9 percent, due to the Dispositions.

Interest expense decreased \$1.3 million, or 4.8 percent, for 2002 as compared to 2001. This decrease is due primarily to lower interest rates on variable rate borrowings and a greater amount of capitalized interest as a result of increased development and construction costs in 2002.

Income before realized gains (losses) and unrealized losses on disposition of rental property and minority interest decreased to \$42.4 million in 2002 from \$43.0 million in 2001. The decrease of \$0.6 million is due to the factors discussed above.

Net income increased by \$10.2 million, from \$24.0 million in 2001 to \$34.2 million in 2002. The increase was a result of unrealized loss on disposition of rental property of \$11.6 million in 2001 and realized gains on disposition of \$0.5 million in 2002. These were partially offset by an increase in minority interest in Operating Partnership of \$1.3 million and a decrease in income before realized gains (losses) and unrealized losses on disposition of rental property and minority interest of \$0.6 million.

Nine Months Ended September 30, 2002 Compared to Nine Months Ended September 30, 2001

(dollars in thousands)	Nine Months Ended September 30,		Dollar Change	Percent Change
	2002	2001		
Revenue from rental operations:				
Base rents	\$ 368,575	\$ 381,584	\$ (13,009)	(3.4)%
Escalations and recoveries from tenants	42,849	42,136	713	1.7
Parking and other	15,045	8,016	7,029	87.7
Sub-total	426,469	431,736	(5,267)	(1.2)
Interest income	1,526	1,770	(244)	(13.8)
Total revenues	427,995	433,506	(5,511)	(1.3)
Property expenses:				
Real estate taxes	45,863	46,809	(946)	(2.0)
Utilities	29,527	34,172	(4,645)	(13.6)
Operating services	49,482	51,901	(2,419)	(4.7)
Sub-total	124,872	132,882	(8,010)	(6.0)
General and administrative	20,133	21,633	(1,500)	(6.9)
Depreciation and amortization	80,775	67,964	12,811	18.8
Interest expense	78,384	84,692	(6,308)	(7.4)
Total expenses	304,164	307,171	(3,007)	(1.0)
Equity in earnings of unconsolidated Joint ventures	10,274	7,330	2,944	40.2
Income before realized gains and Unrealized losses on disposition of Rental property and minority interest	134,105	133,665	440	0.3
Realized gains and unrealized losses on Disposition of rental property, net	2,714	(9,677)	12,391	(128.0)
Income before minority interest	136,819	123,988	12,831	10.3
Minority interest in Operating Partnership	26,933	25,568	1,365	5.3
Net income	\$ 109,886	\$ 98,420	\$ 11,466	11.7%

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 Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations:								
Base rents	\$ (13,009)	(3.4)%	\$ 2,657	0.7%	\$ 7,126	1.9%	\$ (22,792)	(6.0)%
Escalations and recoveries from tenants	713	1.7	1,285	3.1	1,068	2.5	(1,640)	(3.9)
Parking and other	7,029	87.7	4,048	50.5	3,251	40.6	(270)	(3.4)
Total	\$ (5,267)	(1.2)%	\$ 7,990	1.9%	\$ 11,445	2.6%	\$ (24,702)	(5.7)%
Property expenses:								
Real estate taxes	\$ (946)	(2.0)%	\$ 1,300	2.8%	\$ 1,306	2.8%	\$ (3,552)	(7.6)%

Utilities	(4,645)	(13.6)	(2,227)	(6.5)	344	1.0	(2,762)	(8.1)
Operating services	(2,419)	(4.7)	1,197	2.2	1,226	2.4	(4,842)	(9.3)
Total	\$ (8,010)	(6.0)%	\$ 270	0.2%	\$ 2,876	2.2%	\$ (11,156)	(8.4)%

OTHER DATA:

Number of Consolidated Properties	253	237	16	25
Square feet (in thousands)	26,832	24,337	2,495	4,278

Base rents for the Same-Store Properties increased \$2.7 million, or 0.7 percent, for 2002 as compared to 2001 due primarily to rental rate increases in 2002, partially offset by decreases in space leased at the properties in 2002. Escalations and recoveries from tenants for the Same-Store Properties increased \$1.3 million, or 3.1 percent, for 2002 over 2001, due primarily to the recovery of an increased amount of total property expenses in 2002. Parking and other income for the Same-Store Properties increased \$4.0 million, or 50.5 percent, due primarily to increased lease termination fees in 2002, primarily as a result of the Company receiving \$2.9 million in August 2002 from a lease termination agreement with Arthur Andersen LLP.

Real estate taxes on the Same-Store Properties increased \$1.3 million, or 2.8 percent, for 2002 as compared to 2001, due primarily to property tax rate increases in certain municipalities in 2002, partially offset by lower assessments on certain properties in 2002. Utilities for the Same-Store Properties decreased \$2.2 million, or 6.5 percent, for 2002 as compared to 2001, due primarily to decreased rates in 2002. Operating services for the Same-Store Properties increased \$1.2 million, or 2.2 percent, due primarily to increased insurance costs in 2002.

Equity in earnings of unconsolidated joint ventures increased \$2.9 million, or 40.2 percent, for 2002 as compared to 2001. This is due primarily to properties developed by joint ventures commencing initial operations in 2001 and 2002, higher occupancy at certain properties and increased income from the Company's investment in ARCap in 2002, partially offset by a net loss of \$1.5 million from the initial operations of the Harborside South Pier hotel venture in 2002 and the sale of certain joint venture properties. See Note 4 to the Financial Statements.

Interest income decreased \$0.2 million, or 13.8 percent, for 2002 as compared to 2001. This decrease was due primarily to lower interest rates in 2002.

General and administrative decreased by \$1.5 million, or 6.9 percent, for 2002 as compared to 2001. This decrease is due primarily to a decrease in bad debt expense of \$2.7 million from 2001 to 2002, and a decrease in 2002 of \$0.7 million in payroll and related expense, partially offset by an

increase in state tax expense in 2002 of \$1.1 million and smaller increases in several other general and administrative categories.

Depreciation and amortization increased by \$12.8 million, or 18.8 percent, for 2002 over 2001. Of this increase, \$10.5 million, or 15.4 percent, is due to the Same-Store Properties, primarily due to catch-up depreciation and amortization on certain properties that are no longer being held for sale (see Note 6 to the Financial Statements), and \$4.1 million, or 6.0 percent, is due to the Acquired Properties, partially offset by a decrease of \$1.8 million, or 2.6 percent, due to the Dispositions.

Interest expense decreased \$6.3 million, or 7.4 percent, for 2002 as compared to 2001. This decrease is due primarily to lower interest rates on variable rate borrowings and a greater amount of capitalized interest as a result of increased development and construction costs in 2002.

Income before realized gains (losses) and unrealized losses on disposition of rental property and minority interest increased to \$134.1 million in 2002 from \$133.7 million in 2001. The increase of approximately \$0.4 million is due to the factors discussed above.

Net income increased by \$11.5 million, from \$98.4 million in 2001 to \$109.9 million in 2002. The increase was a result of realized gains (losses) and unrealized losses on disposition of \$9.7 million in 2001, realized gains on disposition of rental property of \$2.7 million in 2002 and an increase in income before realized gains (losses) and unrealized losses on disposition of rental property and minority interest of \$0.4 million. These were partially offset by an increase in minority interest in Operating Partnership of \$1.3 million.

Liquidity and Capital Resources

Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service and capital expenditures, excluding non-recurring capital expenditures. 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 development and construction costs and other capital expenditures, the Company expects to finance such activities through borrowings under its revolving credit facility and other debt and equity financings.

The Company expects to meet its short-term liquidity requirements generally through its working capital, net cash provided by operating activities and from its revolving credit facility. The Company frequently examines potential property acquisitions and development projects and, at any given time, one or more of such acquisitions or development projects may be under consideration. Accordingly, the ability to fund property acquisitions and development 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 and short-term borrowings (including draws on the Company's revolving credit facility) and the issuance of additional debt and/or equity securities.

As of September 30, 2002, the Company's total indebtedness of \$1.8 billion (weighted average interest rate of 6.96 percent) was comprised of \$151.2 million of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 2.55 percent) and fixed rate debt of \$1.6 billion (weighted average rate of 7.38 percent).

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 ("Moody's") 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.

On September 27, 2002, the Company obtained an unsecured revolving credit facility with a current borrowing capacity of \$600.0 million from a group of 14 lenders as described in Note 8 to the Financial Statements. As of September 30, 2002, the Company had outstanding borrowings of \$119.0 million under its unsecured revolving credit facility.

The interest rate on outstanding borrowings under the unsecured facility is currently LIBOR plus 70 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 unsecured facility also currently requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears.

In the event of a change in the Operating Partnership's unsecured debt rating, the interest and facility fee rates will be adjusted in accordance with the following table:

Operating Partnership's Unsecured Debt Ratings: S&P/Moody's/Fitch(a)	Interest Rate— Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No rating or less than BBB-/Baa3/BBB-	120.0	30.0
BBB-/Baa3/BBB-	95.0	20.0
BBB/Baa2/BBB (current)	70.0	20.0
BBB+/Baa1/BBB+	65.0	15.0
A-/A3/A- or higher	60.0	15.0

- (a) If the Operating Partnership has debt ratings from two rating agencies, one of which is Standard & Poor's Rating Services ("S&P") or Moody's Investors Service ("Moody's"), the rates per the above table shall be based on the lower of such ratings. If the Operating Partnership has debt ratings from three rating agencies, one of which is S&P or Moody's, the rates per the above table shall be based on the lower of the two highest ratings. If the Operating Partnership has debt ratings from only one agency, it will be considered to have no rating or less than BBB-/Baa3/BBB- per the above table.

The unsecured facility matures in September 2005, 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 believes that the unsecured facility is sufficient to meet its revolving credit facility needs.

The terms of the 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.

The terms of the Operating Partnership's Senior Unsecured Notes, as defined in Note 7 to the Financial Statements (which totaled approximately \$1.1 billion as of September 30, 2002), 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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As of September 30, 2002, the Company had 230 unencumbered properties, totaling 20.0 million square feet, representing 77.4 percent of the Company's total portfolio on a square footage basis.

The debt of the Company's unconsolidated joint ventures aggregating \$529.4 million are non-recourse to the Company except for (i) customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions and material misrepresentations and (ii) approximately \$11.1 million of debt on the Harborside South Pier joint venture with Hyatt Corporation ("Hyatt"). Additionally, the Company has posted an \$8.0 million letter of credit in support of another loan to that joint venture, \$4.0 million of which is indemnified by Hyatt. In addition, the Company and Hyatt have guaranteed completion of the hotel project to the joint venture's construction lender. If the joint venture fails to complete the hotel project as required under the construction loan documents and the construction loan proceeds remaining to be advanced together with the capital contributed by the partners to such date are insufficient to complete the hotel project, the Company and/or Hyatt may be required to provide additional funds sufficient to complete the hotel project.

The following table outlines the timing of payment requirements related to the Company's debt, PILOT agreements, and ground lease agreements (*in thousands*):

	Payments Due by Period					
	Total	Less than 1 year	1-3 years	4-5 years	6-10 years	After 10 years
Senior unsecured notes	\$ 1,100,283	\$ —	\$ 485,267	\$ —	\$ 615,016	\$ —
Revolving credit facility	119,000	—	119,000	—	—	—
Mortgages and loans payable	541,026	646	23,552	475,228	41,600	—
Payments in lieu of taxes (PILOT)	77,115	6,248	13,539	5,896	16,561	34,871
Ground lease payments	24,370	570	1,732	1,135	2,703	18,230

As of September 30, 2002, the Company's total debt had a weighted average term to maturity of approximately 4.1 years. The Company does not intend to reserve funds to retire the Company's Senior Unsecured Notes 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 the remainder of 2002 or during 2003. 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.

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 senior unsecured notes.

On September 13, 2000, the Board of Directors authorized an increase to the Company's repurchase program under which the Company is permitted to purchase up to an additional \$150.0 million of the Company's outstanding common stock ("Repurchase Program"). From that date through November 4, 2002, the Company purchased for constructive retirement under the Repurchase Program 3.5 million shares of its outstanding common stock for an aggregate cost of approximately \$96.7 million. As a result, the Company has a remaining authorization to repurchase up to an additional \$53.3 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.

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The Company may not dispose of or distribute certain of its properties, currently comprising 138 properties with an aggregate net book value of approximately \$1.8 billion, which were originally contributed by members of either the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; Earle I. Mack, director; and Mitchell E. Hersh, chief executive officer and director), the Robert Martin Group (which includes Robert F. Weinberg, director; Martin S. Berger, a former director; and Timothy M. Jones, president), or the Cali Group (which includes John J. Cali, director and John R. Cali, director) without the express written consent of a representative of the Mack Group, the Robert Martin Group or the Cali Group, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate Mack Group, Robert Martin Group or Cali Group members for the tax consequences of the recognition of such built-in-gains (collectively, the "Property Lock-Ups"). The aforementioned restrictions do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expire periodically through 2008. Upon the expiration of the Property Lock-Ups, the Company is required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the appropriate Mack Group, Robert Martin Group or Cali Group members.

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 \$145.0 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 the Company's debt.

Funds from Operations

The Company considers funds from operations ("FFO"), after adjustment for straight-lining of rents, one measure of REIT performance. FFO 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 sales of depreciable rental property, plus real estate-related depreciation and amortization. FFO 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. FFO presented herein is not necessarily comparable to FFO presented by other real estate companies due to the fact that not all real estate companies use the same definition. However, the Company's FFO is comparable to the FFO 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.

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FFO for the three and nine months ended September 30, 2002 and 2001, as calculated in accordance with NAREIT's definition, after adjustment for straight-lining of rents, is summarized in the following table (*in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Net income	\$ 34,232	\$ 24,009	\$ 109,886	\$ 98,420
Add: Minority interest in Operating Partnership	8,589	7,346	26,933	25,568
(Deduct)/Add: Realized (gains) losses and unrealized losses on disposition of rental property net	(456)	11,624	(2,714)	9,677
Add: Real estate-related depreciation and amortization(1)	30,216	23,179	82,205	70,250
Gain on sale of land	—	—	717	—
Deduct: Rental income adjustment for straight-lining of rents(2)	(2,112)	(1,830)	(5,035)	(9,692)
Equity in earnings from gain on sale of rental property	—	—	(3,506)	—
Funds from operations, after adjustment for straight-lining of rents	\$ 70,469	\$ 64,328	\$ 208,486	\$ 194,223
Deduct: Distributions to preferred unitholders	(3,925)	(3,943)	(11,731)	(11,701)
Funds from operations, after adjustment for straight-lining of rents, after distributions to preferred unitholders	\$ 66,544	\$ 60,385	\$ 196,755	\$ 182,522
Cash flows provided by operating activities	n/a	n/a	\$ 165,671	\$ 188,148
Cash flows used in investing activities	n/a	n/a	\$ (39,289)	\$ (87,526)
Cash flows used in financing activities	n/a	n/a	\$ (62,398)	\$ (68,835)
Basic weighted averages shares/units outstanding(3)	65,372	64,084	65,099	64,440
Diluted weighted average shares/units outstanding(3)	71,887	70,762	71,764	71,050

(1) Includes the Company's share from unconsolidated joint ventures of \$1,125 and \$863 for the three months ended September 30, 2002 and 2001, respectively, and \$2,078 and \$2,906 for the nine months ended September 30, 2002 and 2001, respectively.

(2) Includes the Company's share from unconsolidated joint ventures of \$124 and \$(62) for the three months ended September 30, 2002 and 2001, respectively, and \$(829) and \$64 for the nine months ended September 30, 2002 and 2001, 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 outstanding to the basic and diluted weighted average shares/units outstanding presented above (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Basic weighted average shares outstanding:	57,534	56,129	57,194	56,482
Add: Weighted average common units	7,838	7,955	7,905	7,958
Basic weighted average shares/units:	65,372	64,084	65,099	64,440
Add: Weighted average preferred units (after conversion to common units)	6,231	6,359	6,307	6,359
Stock options	284	319	355	251
Stock Warrants	—	—	3	—
Diluted weighted average shares/units outstanding:	71,887	70,762	71,764	71,050

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

Certain information discussed in this literature may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the federal securities laws, including Section 21E of the Securities Exchange Act of 1934. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 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," "continue" or comparable terminology. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, it can give no assurance that its expectations will be achieved. Forward-looking statements are inherently subject to certain risks, trends and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Among the risks, trends and uncertainties are changes in the general economic conditions, including those affecting industries in which the Company's principal tenants compete; any failure of the general economy to recover timely from the current economic downturn; the extent of any tenant bankruptcies; the Company's ability to lease or re-lease space at current or anticipated rents; changes in the supply of and demand for office, office/flex and industrial/warehouse properties; changes in interest rate levels; changes in operating costs; the Company's ability to obtain adequate insurance, including coverage for terrorist acts; the availability of financing; and other risks associated with the development and acquisition of properties, including risks that the development may not be completed on schedule, that the tenants will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated. For further information on factors which could impact the Company and the statements contained herein,

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reference should be made to the Company's filings with the Securities and Exchange Commission including Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Annual Reports on Form 10-K. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

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 \$1.6 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 September 30, 2002 ranged from LIBOR plus 65 basis points to LIBOR plus 70 basis points.

September 30, 2002 (in thousands)

Debt including current portion	10/01/02- 12/31/02	2003	2004	2005	2006	Thereafter	Total	Fair Value
Fixed Rate	\$ 844	\$ 195,501	\$ 312,110	\$ 254,598	\$ 219,814	\$ 623,190	\$ 1,606,057	\$ 1,757,024
Average Interest Rate	7.72%	7.30%	7.34%	7.13%	7.06%	7.70%	7.38%	
Variable Rate				\$ 119,000		\$ 32,178	\$ 151,178	\$ 151,178

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.

Item 4. Controls and Procedures

- (a) Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic filings with the SEC.

- (b) There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to the date the Company carried out this evaluation.

MACK-CALI REALTY CORPORATION

Part II—Other Information

Item 1. Legal Proceedings

Pursuant to an agreement with the City of Jersey City, New Jersey, the Company is required to make payments in lieu of property taxes ("PILOT") on its Harborside Plaza 2 and 3 properties. The agreement, which commenced in 1990, is for a term of 15 years. Such PILOT is equal to two percent of Total Project Costs, as defined, in year one and increases by \$75,000 per annum through year 15. Total Project Costs, as defined, are \$145.6 million. The PILOT totaled \$945,000 and \$941,000 for the three months ended September 30, 2002 and 2001, respectively, and \$2.8 million and \$2.8 million for the nine months ended September 30, 2002 and 2001, respectively. The PILOT on these two properties has been challenged as part of a larger effort by several neighboring towns to question past practices of the City of Jersey City in attracting large development. If this challenge is successful, the properties will be placed back on the regular tax roles for tax years beginning with 1998. While the Company cannot at this time determine the likely outcome of this challenge, the effect, if successful, of the challenge on the tax assessments against the properties, or the amount of the increase, if any, in taxes assessed resulting from a successful challenge, the Company does not believe that the outcome will result in a material adverse impact to the Company as there is the potential that the majority of any increase in the expense at the properties may be passed along to the properties' tenants.

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 and Reports on Form 8-K

- (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 11, 2001 (filed as Exhibit 3.1 to the Company's Form 10-Q dated June 30, 2001 and 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. dated August 21, 1998 (filed as Exhibit 3.1 to the Company's and the Operating Partnership'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. dated July 6, 1999 (filed as Exhibit 10.1 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 and incorporated herein by reference).
- 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 Operating Partnership'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 Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
- 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 Operating Partnership's Form 10-Q dated June 30, 1999 and incorporated herein by reference).

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- 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 Operating Partnership'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 Operating Partnership'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 10.5 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).
- 10.10 Restricted Share Award Agreement dated as of March 12, 2001 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.10 to the Company's Form 10-Q dated March 31, 2001 and incorporated herein by reference).
- 10.11 Restricted Share Award Agreement dated as of March 12, 2001 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.11 to the Company's Form 10-Q dated March 31, 2001 and incorporated herein by reference).

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- 10.12 Amended and Restated Revolving Credit Agreement dated as of September 27, 2002, among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with JPMorgan Chase Bank, as administrative agent, swing lender and fronting bank, Fleet National Bank and Commerzbank AG, New York and Grand Cayman branches as syndication agents, Bank of America, N.A. and Wells Fargo Bank, National Association, as documentation agents, and J.P. Morgan Securities Inc. and Fleet Securities, Inc, as arrangers (filed as Exhibit 10.1 to the Company's Form 8-K dated September 27, 2002 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), as amended by the First Amendment to the 2000 Employee Stock Option Plan (filed as Exhibit 10.17 to the Company's Form 10-Q dated June 30, 2002 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), as amended by the First Amendment to the 2000 Director Stock Option Plan (filed as Exhibit 10.18 to the Company's Form 10-Q dated June 30, 2002 and incorporated herein by reference).
- 10.19* Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Beardsley Limited Partnership, an Arizona limited partnership, and Summit Commercial Properties, Inc., a California corporation.
- 10.20* First Amendment dated as of August 15, 2002 to Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Beardsley Limited Partnership, an Arizona limited partnership, and Summit Commercial Properties, Inc., a California corporation.
- 10.21* Second Amendment dated as of September __, 2002 to Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Beardsley Limited Partnership, an Arizona limited partnership, and Summit Commercial Properties, Inc., a California corporation.
- 10.22* Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Realty 9060, L.L.C., an Arizona limited liability company, and Summit Commercial Properties, Inc., a California corporation.
- 10.23* First Amendment dated as of August 15, 2002 to Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Realty 9060, L.L.C., an Arizona limited liability company, and Summit Commercial Properties, Inc., a California corporation.

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- 10.24* Second Amendment dated as of September __, 2002 to Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Realty 9060, L.L.C., an Arizona limited liability company, and Summit Commercial Properties, Inc., a California corporation.
 - 10.25* Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Glendale Limited Partnership, an Arizona limited partnership, and Summit Commercial Properties, Inc., a California corporation.
 - 10.26* First Amendment dated as of August 15, 2002 to Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Glendale Limited Partnership, an Arizona limited partnership, and Summit Commercial Properties, Inc., a California corporation.
 - 10.27* Second Amendment dated as of September __, 2002 to Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Glendale Limited Partnership, an Arizona limited partnership, and Summit Commercial Properties, Inc., a California corporation.
 - 10.28* Form of Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and each of William L. Mack, John J. Cali, Mitchell E. Hersh, Earle I. Mack, John R. Cali, Brendan T. Byrne, Martin D. Gruss, Nathan Gantcher, Vincent Tese, Roy J. Zuckerberg, Alan G. Philibosian, Irvin D. Reid, Robert F. Weinberg, Timothy M. Jones, Barry Lefkowitz, Roger W. Thomas, Michael A. Grossman, James Clabby, Anthony Krug, Dean Cingolani, Anthony DeCaro Jr., Mark Durmo, William Fitzpatrick, John Kropke, Nicholas Mitarotonda, Jr., Michael Nevins, Virginia Sobol, Albert Spring and Daniel Wagner.
 - 10.29* Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and John Crandall.

(b) Reports on Form 8-K

During the third quarter of 2002, the Company filed a report on Form 8-K dated August 7, 2002 furnishing under Items 7 and 9 certain supplemental data regarding its operations. The Company also filed a report on Form 8-K dated August 7, 2002 furnishing under Items 7 and 9 the transmittal letter and certifications of the Company's Chief Executive Officer, Mitchell E. Hersh, and Chief Financial Officer, Barry Lefkowitz, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to be codified at 18 U.S.C. Section 1350, that accompanied the Company's Quarterly Report on Form 10-Q dated June 30, 2002.

The Company also filed a report on Form 8-K dated September 27, 2002 filing under Items 5 and 7 the Amended and Restated Revolving Credit Agreement among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, Fleet National Bank, and other lenders that may become party to the Amended and Restated Revolving Credit Agreement, dated September 27, 2002, together with the related press release.

* filed herewith

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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: November 4, 2002

By: /s/ MITCHELL E. HERSH

Mitchell E. Hersh
Chief Executive Officer

Date: November 4, 2002

By: /s/ BARRY LEFKOWITZ

Barry Lefkowitz
Executive Vice President &
Chief Financial Officer

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MACK-CALI REALTY CORPORATION

Certification

I, Mitchell E. Hersh, Chief Executive Officer of Mack-Cali Realty Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mack-Cali Realty Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 4, 2002

By: /s/ MITCHELL E. HERSH

Mitchell E. Hersh
Chief Executive Officer

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MACK-CALI REALTY CORPORATION

Certification

I, Barry Lefkowitz, Chief Financial Officer of Mack-Cali Realty Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mack-Cali Realty Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the

statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 4, 2002

By: /s/ BARRY LEFKOWITZ

Barry Lefkowitz
Executive Vice President &
Chief Financial Officer

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AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE ("*Agreement*") made as of this 2nd day of July, 2002 by and between MACK-CALI BEARDSLEY LIMITED PARTNERSHIP, a limited partnership organized under the laws of the State of Arizona having an address c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 (collectively, "*Seller*") and SUMMIT COMMERCIAL PROPERTIES, INC., a corporation organized under the laws of the State of California, having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California, 90245 ("*Purchaser*").

In consideration of the mutual promises, covenants, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, the following capitalized terms have the meanings set forth in this Section 1.1:

"*Additional Earnest Money Deposit*" has the meaning ascribed to such term in Section 4.1(b).

"*Assignment*" has the meaning ascribed to such term in Section 10.3(d), in the form attached hereto as *Exhibit A*.

"*Assignment of Leases*" has the meaning ascribed to such term in Section 10.3(c), in the form attached hereto as *Exhibit B*.

"*Authorities*" means the various governmental and quasi-governmental bodies or agencies having jurisdiction over the Real Property and Improvements, or any portion thereof.

"*Bill of Sale*" has the meaning ascribed to such term in Section 10.3(b), in the form attached hereto as *Exhibit C*.

"*Broker*" has the meaning ascribed to such term in Section 16.1.

"*Business Day*" means any day other than a Saturday, Sunday or a day on which national banking associations are authorized or required to close.

"*Cap*" has the meaning ascribed to such term in Section 6.3(c).

"*Certificate as to Foreign Status*" has the meaning ascribed to such term in Section 10.3(g).

"*Certifying Person*" has the meaning ascribed to such term in Section 4.3.

"*Closing*" means the consummation of the purchase and sale of the Property contemplated by this Agreement, as provided for in Article X.

"*Closing Date*" means the date which is fifteen (15) days following the earlier to occur of (a) August 16, 2002 and (b) the date that Purchaser waives its right to terminate this Agreement pursuant to Section 5.3(c), TIME BEING OF THE ESSENCE. Notwithstanding anything to the contrary contained herein, Seller shall have the right to extend the Closing Date for up to sixty (60) days upon notice to Purchaser if as of such date (x) a condition precedent to Closing, as set forth in Section 9.1, is not fulfilled by Seller or waived by Purchaser, or (y) Seller is unable to fulfill any of its obligations as set forth in Section 10.3 or any other Section in this Agreement.

"*Closing Statement*" has the meaning ascribed to such term in Section 10.4(a).

"*Closing Surviving Obligations*" means the rights, liabilities and obligations set forth in Sections 3.2, 5.5, 8.2, 8.3, 8.4, 10.4, 10.6, 11.1, 11.2, 16.1, 18.2 and 18.8, and any other provisions which pursuant to their terms survives the Closing hereunder.

"*Code*" has the meaning ascribed to such term in Section 4.3.

"*Confidentiality Agreement*" means those certain Confidentiality Agreements dated February 4, 2002 and April 30, 2002, between Summit Commercial Properties, Inc. and Mack-Cali Realty Corporation.

"*Contract Period*" has the meaning ascribed to such term in Section 7.1(e).

"*Deed*" has the meaning ascribed to such term in Section 10.3(a).

"*Delinquent Rental*" has the meaning ascribed to such term in Section 10.4(b).

"*Documents*" has the meaning ascribed to such term in Section 5.2(a).

"*Earnest Money Deposit*" has the meaning ascribed to such term in Section 4.1(b).

"*Effective Date*" means the latest date on which this Agreement has been executed by Seller or Purchaser, as set forth opposite such party's signature.

"*Entry Notice*" has the meaning ascribed to such term in Section 5.1.

"*Environmental Laws*" means each and every federal, state, county and municipal statute, ordinance, rule, regulation, code, order, requirement, directive, binding written interpretation and binding written policy pertaining to Hazardous Substances issued by any Authorities and in effect as of the date of this Agreement with respect to or which otherwise pertain to or affect the Real Property or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Real Property or the Improvements, or any portion thereof, or Purchaser, and as same have been amended, modified or supplemented from time to time prior to the Effective Date, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49

U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), (collectively, the "Environmental Statutes"), and any and all rules and regulations which have become effective prior to the date of this Agreement under any and all of the Environmental Statutes.

"**Environmental Report**" means collectively that certain Phase I Environmental Site Assessment dated January 6, 1998 prepared by GEC, Inc and that certain letter dated November 12, 1998, copies of which have been provided to Purchaser.

"**Escrow Agent**" means the Title Company.

"**Exchange**" has the meaning ascribed to such term in Section 10.7.

"**Existing Survey**" means Seller's existing survey of the Real Property dated October 23, 1997, prepared by Evans Kuhns & Associates, Inc., a copy of which has been provided to Purchaser.

"**Evaluation Period**" has the meaning ascribed to such term in Section 5.1.

"**Governmental Regulations**" means all statutes, ordinances, rules and regulations of the Authorities applicable to Seller or the use or operation of the Real Property or the Improvements or any portion thereof.

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"**Hazardous Substances**" means (a) asbestos, radon gas and urea formaldehyde foam insulation, (b) any solid, liquid, gaseous or thermal contaminant, including smoke vapor, soot, fumes, acids, alkalis, chemicals, petroleum products or byproducts, PCBs, phosphates, lead or other heavy metals and chlorine, (c) any solid or liquid waste (including, without limitation, hazardous waste), hazardous air pollutant, hazardous substance, hazardous chemical substance and mixture, toxic substance, pollutant, pollution, regulated substance and contaminant, as such terms are defined in any of the Environmental Laws as such Environmental Laws have been amended and/or supplemented from time to time prior to the date of this Agreement, and any and all rules and regulations promulgated under any of the above, and (d) any other chemical, material or substance, the use or presence of which, or exposure to the use or presence of which, is prohibited, limited or regulated by any Environmental Laws.

"**Improvements**" means all buildings, structures, fixtures, parking areas and other improvements located on the Real Property.

"**Initial Earnest Money Deposit**" has the meaning ascribed to such term in Section 4.1(a).

"**Key Individuals**" means Jim Clabby, Jeff Kennimer and Kasey Schamahorn, the building manager, in their capacity as employees of Mack-Cali Realty Corporation, and not in any individual or other capacity whatsoever.

"**Leases**" means all of the leases and other agreements with Tenants with respect to the use and occupancy of the Real Property, together with all renewals and modifications thereof, if any, and any new leases entered into after the Effective Date.

"**Licensee Parties**" has the meaning ascribed to such term in Section 5.1.

"**Licenses and Permits**" means, collectively, all of Seller's right, title and interest, to the extent assignable, in and to licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements now or hereafter issued, approved or granted by the Authorities in connection with the Real Property and the Improvements, together with all renewals and modifications thereof.

"**Liens**" has the meaning ascribed to such term in Section 6.3(c).

"**New Tenant Costs**" has the meaning ascribed to such term in Section 10.4(e).

"**Non-Terminating Party**" has the meaning ascribed to such term in Section 17.2.

"**Operating Expenses**" has the meaning ascribed to such term in Section 10.4(c).

"**Permitted Exceptions**" has the meaning ascribed to such term in Section 6.2(a).

"**Permitted Outside Parties**" has the meaning ascribed to such term in Section 5.2(b).

"**Personal Property**" means all of Seller's right, title and interest in and to all equipment, appliances, tools, supplies, machinery, artwork, furnishings and other tangible personal property attached to, appurtenant to, located in and used exclusively in connection with the ownership or operation of the Improvements and situated at the Property on the date hereof, subject to Seller's right, but not the obligation, to replace such personal property with personal property of comparable value and utility as it elects in the normal course of business.

"**Portfolio**" means, collectively: the Property; and certain other properties located in the County of Maricopa, State of Arizona. Each property within the Portfolio is referred to herein as a "Portfolio Property".

"**Portfolio Sale and Purchase Agreement**" means each of (i) that certain Agreement of Sale of even date herewith by and between Mack-Cali Glendale Limited Partnership, as seller, and Purchaser, as purchaser, and (ii) that certain Agreement of Sale of even date herewith by and between Mack-Cali

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Realty 9060 L.L.C., as seller and Purchaser, for the sale and purchase of each Portfolio Property defined therein.

"**Property**" has the meaning ascribed to such term in Section 2.1.

"*Proration Items*" has the meaning ascribed to such term in Section 10.4(a).

"*Proration Time*" has the meaning ascribed to such term in Section 10.4(a).

"*Purchaser's Costs*" has the meaning ascribed to such term in Section 3.3.

"*Purchase Price*" has the meaning ascribed to such term in Section 3.1.

"*Purchaser's Information*" has the meaning ascribed to such term in Section 5.3(c).

"*Real Property*" means that certain parcel or parcels of real property located in the City of Phoenix, County of Maricopa, State of Arizona, known as and located at 19640 North 31st Street, Phoenix, Arizona, as more particularly described on the legal description attached hereto and made a part hereof as *Exhibit D*, together with all of Seller's right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller's right, title and interest in and to the adjacent streets, alleys and right-of-ways, and any easement rights, air rights, subsurface development rights and water rights.

"*Rental*" has the meaning ascribed to such term in Section 10.4(b).

"*Rent Roll*" has the meaning ascribed to such term in Section 5.2(a).

"*Security Deposits*" means all security deposits actually held by Seller (together with any interest which has accrued thereon, but only to the extent such interest has accrued for the account of the Tenant), as set forth on the Rent Roll.

"*Service Contracts*" means all of Seller's right, title and interest, to the extent assignable, in all service agreements, maintenance contracts, equipment leasing agreements, warranties, guarantees, bonds, open purchase orders and other contracts for the provision of labor, services, materials or supplies relating solely to the Real Property, Improvements or Personal Property and which are currently in effect, including those listed and described on *Exhibit E* attached hereto, together with all renewals, supplements, amendments and modifications thereof, and any new such agreements entered into after the Effective Date, to the extent permitted by Section 7.1 Service Contracts shall not include brokerage commission agreements.

"*Significant Portion*" means, for purposes of the casualty provisions set forth in Article XI hereof, damage by fire or other casualty to the Real Property and the Improvements or a portion thereof, the cost of which to repair would equal or exceed \$250,000.00.

"*Survey Objection*" has the meaning ascribed to such term in Section 6.1.

"*Tenants*" means the tenants or users who are parties to the Leases as set forth on the Rent Roll.

"*Tenant Notice Letters*" has the meaning ascribed to such term in Section 10.2(e), and are to be delivered by Purchaser to Tenants pursuant to Section 10.6.

"*Terminating Party*" has the meaning ascribed to such term in Section 17.2.

"*Termination Surviving Obligations*" means the rights, liabilities and obligations set forth in Sections 5.2, 5.3, 12.1, Articles XIII and XIV, 16.1, 18.2 and 18.8, and any other provisions which pursuant to their terms survive any termination of this Agreement.

"*Title Commitment*" has the meaning ascribed to such term in Section 6.2.

"*Title Company*" means Lawyers Title Insurance Corporation.

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"*Title Defect*" has the meaning ascribed to such term in Section 6.3(a).

"*Title Objections*" has the meaning ascribed to such term in Section 6.2.

"*Title Policy*" has the meaning ascribed to such term in Section 6.2.

"*To Seller's Knowledge*" means the actual (as opposed to constructive or imputed) knowledge of the Key Individuals, without any independent investigation or inquiry whatsoever.

"*Updated Survey*" has the meaning ascribed to such term in Section 6.1.

Section 1.2 References: Exhibits and Schedules. Except as otherwise specifically indicated, all references in this Agreement to Articles or Sections refer to Articles or Sections of this Agreement, and all references to Exhibits or Schedules refer to Exhibits or Schedules attached hereto, all of which Exhibits and Schedules are incorporated into, and made a part of, this Agreement by reference. The words "herein," "hereof," "hereinafter" and words and phrases of similar import refer to this Agreement as a whole and not to any particular Section or Article.

ARTICLE II AGREEMENT OF PURCHASE AND SALE

Section 2.1 Agreement. Seller hereby agrees to sell, convey and assign to Purchaser, and Purchaser hereby agrees to purchase and accept from Seller, on the Closing Date and subject to the terms and conditions of this Agreement, all of the following (collectively, the "*Property*"):

- (a) the Real Property;
- (b) the Improvements;
- (c) the Personal Property;
- (d) all of Seller's right, title and interest as lessor in and to the Leases and, subject to the terms of the respective applicable Leases, the Security Deposits;

(e) all of Seller's right, title and interest in, to and under the Service Contracts (other than those to be terminated pursuant to Section 5.4) and the Licenses and Permits; and

(f) all of Seller's right, title and interest, to the extent assignable or transferable, in and to all other intangible rights, titles, interests, privileges and appurtenances owned by Seller and related to or used exclusively in connection with the ownership, use or operation of the Real Property or the Improvements.

Section 2.2 Indivisible Economic Package. Purchaser has no right to purchase, and Seller has no obligation to sell, less than all of the Portfolio, it being the express agreement and understanding of Purchaser and Seller that, as a material inducement to Seller and Purchaser to enter into this Agreement, Purchaser has agreed to purchase, and Seller has agreed to sell, all of the Portfolio, subject to and in accordance with the terms and conditions hereof.

ARTICLE III CONSIDERATION

Section 3.1 Purchase Price. The purchase price for the Property (the "**Purchase Price**") shall be Fifteen Million Nine Hundred Thousand and No/100 Dollars (\$15,900,000.00) in lawful currency of the United States of America, payable as provided in Section 3.3. No portion of the Purchase Price shall be allocated to the Personal Property.

Section 3.2 Assumption of Obligations. As additional consideration for the purchase and sale of the Property, at Closing Purchaser will assume the Leases, Security Deposits, Service Contracts (other

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than those to be terminated pursuant to Section 5.4) and Licenses and Permits in accordance with the Assignment of Leases and Assignment to the extent of the obligations thereunder first arising from and after the Closing.

Section 3.3 Method of Payment of Purchase Price. No later than 12:00 p.m. Eastern time on the Closing Date, Purchaser shall deposit with Escrow Agent the Purchase Price (less the Earnest Money Deposit), together with all other costs and amounts to be adjusted, pro-rated or paid by Purchaser at the Closing pursuant to the terms of this Agreement ("**Purchaser's Costs**"), by Federal Reserve wire transfer of immediately available funds to the account of Escrow Agent. Escrow Agent, following authorization by the parties at Closing, shall (i) pay to Seller by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price, subject to any costs or other amounts to be adjusted, pro-rated or paid by Seller at Closing pursuant to the terms of this Agreement, (ii) pay to the appropriate payees out of the proceeds of Closing payable to Seller all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (iii) pay Purchaser's Costs to the appropriate payees at Closing pursuant to the terms of this Agreement.

ARTICLE IV EARNEST MONEY DEPOSIT AND ESCROW INSTRUCTIONS

Section 4.1 The Earnest Money Deposit.

(a) Upon Purchaser's execution and delivery of this Agreement, Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of THIRTY THREE THOUSAND THREE HUNDRED THIRTY FOUR and No/100 Dollars (\$33,334.00) as an initial earnest money deposit on account of the Purchase Price (the "**Initial Earnest Money Deposit**"). TIME IS OF THE ESSENCE with respect to the deposit of the Initial Earnest Money Deposit.

(b) Within one (1) Business Day after the expiration of the Evaluation Period (provided Purchaser shall not have elected to terminate this Agreement in accordance with the provisions of Section 5.3(c)), Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of SIXTY SIX THOUSAND SIX HUNDRED SIXTY EIGHT and No/100 Dollars (\$66,668.00) as additional earnest money deposit on account of the Purchase Price (the "**Additional Earnest Money Deposit**"; together with the Initial Earnest Money Deposit, and all interest earned thereon, the "**Earnest Money Deposit**"). TIME IS OF THE ESSENCE with respect to the deposit of the Additional Earnest Money Deposit.

Section 4.2 Escrow Instructions. The Earnest Money Deposit shall be held in escrow by the Escrow Agent in an interest-bearing account in accordance with the provisions of Article XVII.

Section 4.3 Designation of Certifying Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any related reporting requirements of the Code, the parties hereto agree as follows:

(a) Provided the Escrow Agent shall execute a statement in writing (in form and substance reasonably acceptable to the parties hereunder) pursuant to which it agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, Seller and Purchaser shall designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e) of the Code (the "**Certifying Person**"). If the Escrow Agent refuses to execute a statement pursuant to which it agrees to be the Certifying Person, Seller and Purchaser shall agree to appoint another third party as the Certifying Person.

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(b) Seller and Purchaser each hereby agree:

(i) to provide to the Certifying Person all information and certifications regarding such party, as reasonably requested by the Certifying Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(ii) to provide to the Certifying Person such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Certifying Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Certifying Person is correct.

ARTICLE V INSPECTION OF PROPERTY

Section 5.1 Evaluation Period. Until 5:00 p.m. Eastern time on August 16, 2002 (the "**Evaluation Period**"), Purchaser and its authorized agents and representatives (for purposes of this Article V, the "**Licensee Parties**") shall have the right, subject to the right of any Tenants, to enter upon the Real Property at all reasonable times during normal business hours to perform an inspection of the Real Property, the Improvements and the Personal Property. Purchaser will provide to Seller notice (for purposes of this Section 5.1(a), an "**Entry Notice**") of the intention of Purchaser or the other Licensee Parties to enter the Real Property at least 24 hours prior to such intended entry and specify the intended purpose therefor and the inspections and examinations contemplated to be made and with whom any Licensee Party will communicate. At Seller's option, Seller may be present for any such entry and inspection. Purchaser shall not communicate with or contact any of the Tenants or any of the Authorities without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed. If Purchaser shall elect to communicate with any of the Authorities and Seller consents thereto, Purchaser shall give Seller prior notice thereof, and Seller and Seller's representatives shall have the right, but not the obligation, to attend, and participate in, all such meetings. Notwithstanding anything to the contrary contained herein, no so-called Phase II environmental physical testing or sampling shall be conducted during any such entry by Purchaser or any Licensee Party upon the Real Property without Seller's specific prior written consent, which consent shall not be unreasonably withheld or unduly delayed. TIME IS OF THE ESSENCE with respect to the provisions of this Section 5.1.

Section 5.2 Document Review.

(a) During the Evaluation Period, Purchaser and the Licensee Parties shall have the right to review and inspect, at Purchaser's sole cost and expense, such documents and information respecting the Property as Purchaser shall reasonably request, including all of the following to the extent the same are in Seller's possession or control (collectively, the "**Documents**"): all existing environmental, engineering or consulting reports and studies of the Real Property (which Purchaser shall have the right to have updated at Purchaser's sole cost and expense), architectural, mechanical and structural plans, specifications or drawings related to the original development of the Improvements or any major capital repairs or tenant improvements, real estate tax bills, together with assessments (special or otherwise), ad valorem and personal property tax bills, for the current tax period and the tax period immediately preceding same; its most current rent roll in the form attached hereto as **Exhibit F** (the "**Rent Roll**"); three (3) year historical and current year operating statements; the Leases, lease files, Service Contracts, and Licenses and Permits; capital expenditure history for last three (3) years, together with current year capital expenditure budget; utility bills for last three (3) years and current year; and copies of all property and liability insurance policies for the Property. To the extent Seller has not, prior to the date hereof,

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delivered, or made available, copies of the Documents to Purchaser or the Licensee Parties, Seller shall do so within three (3) calendar days after the Effective Date. To the extent Seller does not possess a set of any architectural, mechanical and structural plans, specifications or drawings relating to the Property which are in the possession of a third party, Seller shall reasonably cooperate with Purchaser in obtaining such plans from the third party, if requested by Purchaser. Inspections of any Documents for which Seller has not provided Purchaser and the Licensee Parties a copy shall occur at a location selected by Seller, which may be at the office of Seller, Seller's counsel, Seller's property manager, at the Real Property or any of them. Purchaser shall not have the right to review or inspect Seller's internal memoranda, financial projections, budgets, appraisals, proposals for work not actually undertaken, accounting and income tax records and similar proprietary, elective or confidential internal information.

(b) Purchaser acknowledges that any and all of the Documents may be proprietary and confidential in nature and have been provided to Purchaser solely to assist Purchaser in determining the desirability of purchasing the Property. Subject only to the provisions of Article XII, Purchaser agrees not to disclose the contents of the Documents or any of the provisions, terms or conditions contained therein, to any party outside of Purchaser's organization other than its attorneys, partners, accountants, lenders or investors (collectively, for purposes of this Section 5.2(b), the "**Permitted Outside Parties**"). Purchaser further agrees that within its organization, or as to the Permitted Outside Parties, the Documents will be disclosed and exhibited only to those persons within Purchaser's organization or to those Permitted Outside Parties who are involved in determining the desirability of Purchaser's acquisition of the Property. Purchaser further acknowledges that the Documents and other information relating to the leasing arrangements between Seller and Tenants are proprietary and confidential in nature. Purchaser agrees not to divulge the contents of such Documents and other information except in strict accordance with the confidentiality standards set forth in this Section 5.2 and Article XII. In permitting Purchaser and the Permitted Outside Parties to review the Documents and other information to assist Purchaser, Seller has not waived any privilege or claim of confidentiality with respect thereto, and no third party benefits or relationships of any kind, either express or implied, have been offered, intended or created by Seller, and any such claims are expressly rejected by Seller and waived by Purchaser and the Permitted Outside Parties, for whom, by its execution of this Agreement, Purchaser is acting as an agent with regard to such waiver.

(c) Purchaser acknowledges that some of the Documents may have been prepared by third parties and may have been prepared prior to Seller's ownership of the Property. **PURCHASER HEREBY ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS EXECUTED OR DELIVERED AT CLOSING (THE "CLOSING DOCUMENTS"), SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY REGARDING THE TRUTH, ACCURACY OR COMPLETENESS OF ANY OF THE DOCUMENTS OR THE SOURCES THEREOF OR THAT SELLER HAS DELIVERED ALL OF THE DOCUMENTS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER HAS NOT UNDERTAKEN ANY INDEPENDENT INVESTIGATION AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF ANY OF THE DOCUMENTS AND IS PROVIDING THE DOCUMENTS SOLELY AS AN ACCOMMODATION TO PURCHASER.**

Section 5.3 Entry and Inspection Obligations; Termination of Agreement.

(a) Purchaser agrees that in entering upon and inspecting or examining the Property, Purchaser and the other Licensee Parties will not: disturb the Tenants or interfere with the use of the Property pursuant to the Leases; interfere with the operation and maintenance of the Real Property or Improvements in any material respect; damage any part of the Property or any personal property owned or held by Tenants or any other person or entity; injure or otherwise

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cause bodily harm to Seller or any Tenant, or to any of their respective agents, guests, invitees, contractors and employees, or to any other person or entity; permit any liens to attach to the Real Property by reason of the exercise of Purchaser's rights under this Article V; and reveal or disclose any information obtained concerning the Property and the Documents to anyone outside Purchaser's organization, except in accordance with the confidentiality standards set forth in Section 5.2(b) and Article XII. Purchaser will: (i) cause all of Purchaser's consultants which are to perform physical inspections and/or testing on the Real Property or Improvements to maintain comprehensive general liability (occurrence) insurance in amounts which reasonably prudent consultants in their field customarily maintain insuring Seller, Purchaser and such other parties as Seller shall reasonably request, covering any accident or event arising in connection with the presence of Purchaser or the other Licensee Parties on the Real Property or Improvements, and deliver evidence of insurance verifying such coverage to Seller prior to each entry upon the Real Property or Improvements; (ii) promptly pay when due the costs of all entry and inspections and examinations done with regard to the Property by or on behalf of Purchaser or the Licensee Party; (iii) cause any inspection to be conducted in accordance with standards customarily employed in the industry and in compliance with all Governmental Regulations; (iv) at Seller's written request, furnish to Seller copies of any third party studies, reports or test results received by Purchaser regarding the Property, promptly after such receipt, in connection with such inspection; and (v) repair and restore the Real Property and Improvements to the condition in which the same were found before any such entry upon the Real Property and inspection or examination was undertaken.

(b) Purchaser hereby indemnifies, defends and holds Seller and its partners, agents, directors, officers, employees, successors and assigns harmless from and

against any and all liens, claims, causes of action, demands, suits, obligations to third parties, together with all actual (but not consequential or punitive) damages, liabilities losses, penalties, costs and expenses relating to any of the foregoing (including but not limited to court costs and reasonable attorneys' fees) arising out of any personal injury, property damages or liens directly or indirectly caused by any inspections, investigations, examinations, sampling or tests conducted by Purchaser or any of the Licensee Parties, whether prior to or after the date hereof, with respect to the Property or any violation of the provisions of this Article V.

(c) In the event that Purchaser determines in its sole and absolute discretion, after its inspection of the Documents and Real Property and Improvements, that for any reason, or for no reason, Purchaser does not elect to purchase the Property Purchaser shall have the right to terminate this Agreement by providing written notice to Seller prior to the expiration of the Evaluation Period, WITH TIME BEING OF THE ESSENCE WITH RESPECT THERETO. In the event Purchaser terminates this Agreement in accordance with this Section 5.3(c), Purchaser shall have the right to receive a refund of the Initial Earnest Money Deposit, together with all interest which has accrued thereon, and except with respect to the Termination Surviving Obligations, this Agreement shall be null and void and the parties shall have no further obligation to each other. In the event this Agreement is terminated, Purchaser shall return to Seller, or destroy, all copies Purchaser has made of the Documents and at Seller's written request, deliver to Seller, all copies of any third party studies, reports or test results regarding any part of the Property obtained by Purchaser, before or after the execution of this Agreement, in connection with Purchaser's inspection of the Property (collectively, "**Purchaser's Information**") promptly following the time this Agreement is terminated for any reason. In the event Purchaser does not elect to proceed to Closing by giving written notice thereof to Seller prior to the expiration of the Evaluation Period, and depositing the Additional Earnest Money Deposit within one (1) Business Day thereafter, then Purchaser shall be deemed to have elected (i) to terminate this Agreement pursuant to this Section 5.3(c) and (ii) not to proceed to Closing as provided herein.

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Section 5.4 Service Contracts; Property Management Agreement. During the Evaluation Period, the parties will endeavor to agree as to which Service Contracts Purchaser will assume and which Service Contracts will be terminated by Seller at Closing. Purchaser will assume the obligations arising from and after the Closing Date under those Service Contracts that are not in default as of the Closing Date and which Seller and Purchaser have not agreed will be terminated. Seller shall terminate at Closing all Service Contracts that are not so assumed. If requested by Purchaser, Seller shall terminate at Closing, and Purchaser shall not assume, any property management agreement affecting the Property. Purchaser may not hire any on-site property management personnel, including those employed by Seller, without Seller's prior written consent.

Section 5.5 Sale "As Is" THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND PURCHASER. THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF SELLER AND PURCHASER, AND PURCHASER HAS THE RIGHT TO CONDUCT ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION, WARRANTY, COVENANT OR AGREEMENT OF SELLER OR ANY OF SELLER'S AGENTS OR REPRESENTATIVES, AND PURCHASER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER SPECIFICALLY DISCLAIMS, AND NEITHER IT NOR ANY OF ITS AFFILIATES NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO PURCHASER, AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY PURCHASER WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (e) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, (f) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY AND (g) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS", WITH ALL FAULTS. PURCHASER REPRESENTS THAT IT IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED PURCHASER OF REAL ESTATE, AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER'S CONSULTANTS IN PURCHASING THE PROPERTY. PURCHASER HAS BEEN OR WILL BE GIVEN A SUFFICIENT OPPORTUNITY HEREIN TO CONDUCT AND HAS CONDUCTED OR WILL CONDUCT SUCH INSPECTIONS, INVESTIGATIONS AND OTHER INDEPENDENT EXAMINATIONS OF THE PROPERTY AND RELATED MATTERS AS PURCHASER DEEMED NECESSARY, INCLUDING BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, WILL RELY UPON SAME AND NOT UPON ANY STATEMENTS OF SELLER NOR OF ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF SELLER. PURCHASER ACKNOWLEDGES

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THAT ALL INFORMATION OBTAINED BY PURCHASER WAS OBTAINED FROM A VARIETY OF SOURCES, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER WILL NOT BE DEEMED TO HAVE REPRESENTED OR WARRANTED THE COMPLETENESS, TRUTH OR ACCURACY OF ANY OF THE DOCUMENTS OR OTHER SUCH INFORMATION HERETOFORE OR HEREAFTER FURNISHED TO PURCHASER. UPON CLOSING, PURCHASER WILL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER WILL SELL AND CONVEY TO PURCHASER, AND PURCHASER WILL ACCEPT THE PROPERTY, "AS IS, WHERE IS," WITH ALL FAULTS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY, BY SELLER, ANY AGENT OF SELLER OR ANY THIRD PARTY. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH OR REFERRED TO HEREIN OR IN THE CLOSING DOCUMENTS. PURCHASER ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS THE "AS IS, WHERE IS" NATURE OF THIS SALE AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE PROPERTY. PURCHASER, WITH PURCHASER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT AND UNDERSTANDS THEIR SIGNIFICANCE AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO PURCHASER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT. THE TERMS AND CONDITIONS OF THIS SECTION 5.4 WILL EXPRESSLY SURVIVE THE CLOSING, WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND ARE HEREBY DEEMED INCORPORATED INTO THE DEED AS FULLY AS IF SET FORTH AT LENGTH THEREIN.

PURCHASER FURTHER COVENANTS AND AGREES NOT TO SUE SELLER, AND RELEASES SELLER OF AND FROM AND WAIVES ANY CLAIM OR CAUSE OF ACTION THAT PURCHASER MAY HAVE AGAINST THE SELLER UNDER ANY ENVIRONMENTAL LAW, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, RELATING TO ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL

RESPONSE, COMPENSATION AND LIABILITY ACT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATED TO ENVIRONMENTAL CONDITIONS OR ENVIRONMENTAL MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PREMISES; PROVIDED, HOWEVER, THAT THE FOREGOING AGREEMENT SHALL NOT APPLY TO ANY CLAIMS OR ACTIONS BROUGHT BY OR ON BEHALF OF ANY PERSON OR ENTITY OTHER THAN PURCHASER OR ITS AFFILIATES (IT BEING AGREED THAT PURCHASER SHALL HAVE THE RIGHT TO IMPEAD OR CROSS-CLAIM AGAINST SELLER IN CONNECTION WITH ANY SUCH CLAIM OR ACTION). THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE CLOSING OF TITLE TO THE PROPERTY OR THE TERMINATION OF THIS AGREEMENT, AS THE CASE MAY BE.

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**ARTICLE VI
TITLE AND SURVEY MATTERS**

Section 6.1 Survey. Seller has delivered, or within three (3) business days of the Effective Date, shall deliver to Purchaser, a copy of the Existing Survey. Any modification, update or recertification of the Existing Survey shall be at Purchaser's election and sole cost and expense. The Existing Survey, together with any update Purchaser has elected to obtain, if any, is herein referred to as the "**Updated Survey**". In the event that the Existing Survey or the Updated Survey sets forth any survey matters which are (a) objectionable to Purchaser, and (b) materially interfere with the use of the Real Property and the Improvements for their intended use, Purchaser agrees to provide Seller with notice of such objections (the "**Survey Objections**") prior to the expiration of the Evaluation Period. Purchaser agrees to cause the party preparing the Updated Survey to provide two (2) copies of same to Seller's counsel simultaneous with the delivery of the Updated Survey to Purchaser.

Section 6.2 Title Commitment.

(a) Purchaser acknowledges receipt of that certain title insurance commitment issued by Lawyer's Title Insurance Corporation under Commitment No. NYN-02-001836 (the "**Title Commitment**"), together with copies of the title exceptions listed thereon. Purchaser will deliver written notice of any objections to matters shown on the Title Commitment on or prior to the expiration of the Evaluation Period. In addition, Purchaser shall have five (5) Business Days after Purchaser's counsel receives notice of any new objection or exception to the title to the Real Property raised by the Title Company after the effective date of the Title Commitment and prior to the Closing, Purchaser shall provide Seller with written notice of such new objection if Purchaser deems same unacceptable (title matters objected to by Purchaser as set forth in this Section 6.2 are herein called "**Title Objections**"). If Purchaser's counsel receives notice of any Title Objections with less than five (5) Business Days prior to the Closing Date, then (x) the Closing shall be postponed for a sufficient number of days in order for Purchaser's counsel to have five (5) Business Days to review said Title Objections and to advise Seller if Purchaser deems same unacceptable and (y) the balance of this Agreement shall apply with respect to Seller's right to cure same. In the event Seller does not receive the Title Objections by the applicable objection date, Purchaser will be deemed to have accepted the exceptions to title set forth on the Title Commitment or on any updates thereto as Permitted Exceptions. Prior to the expiration of the Evaluation Period (unless this Agreement has been terminated or is deemed terminated by Purchaser), Purchaser shall cause the Title Company to furnish to Purchaser and Seller's counsel a preliminary title report or title commitment, by the terms of which the Title Company agrees to issue to Purchaser at Closing, an owner's policy of title insurance (the "**Title Policy**") in the amount of the Purchase Price on the then-standard ALTA owner's form insuring Purchaser's fee simple title to the Real Property, subject to the terms of such policy and the exceptions described therein (including, without limitation, the standard or general exceptions). Subject to this Section 6.2(a) and Purchaser's review and acceptance of same, all matters shown on such form Title Commitment and the exceptions shown on **Exhibit G** (collectively, the "**Permitted Exceptions**") are conclusively deemed to be acceptable to Purchaser.

(b) All taxes, water rates or charges, sewer rents and assessments, plus interest and penalties thereon, which on the Closing Date are liens against the Real Property and which Seller is obligated to pay and discharge will be credited against the Purchase Price (subject to the provision for apportionment of taxes, water rates and sewer rents herein contained) and shall not be deemed a Title Objection (and the Title Company shall affirmatively insure same). If on the Closing Date there shall be security interests filed against the Real Property which relate to personal property, such items shall not be Title Objections if (A) (i) the personal property covered by such security interests are no longer in or on the Real Property, or (ii) such personal property is the property of

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a Tenant, or the security interest has expired under applicable law, and (B) the Title Company shall affirmatively insure over the same.

(c) If on the Closing Date the Real Property shall be affected by any lien which, pursuant to the provisions of this Agreement, is required to be discharged or satisfied by Seller, Seller shall not be required to discharge or satisfy the same of record provided the money necessary to satisfy the lien is retained by the Title Company at Closing, and the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof in a manner reasonably satisfactory to Purchaser, and a credit is given to Purchaser for the recording charges for a satisfaction or discharge of such lien.

(d) No franchise, transfer, inheritance, income, corporate or other tax open, levied or imposed against Seller or any former owner of the Property, that may be a lien against the Property on the Closing Date, shall be an objection to title if the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof from or out of the Real Property and/or the Improvements, in a manner reasonably satisfactory to Purchaser, and provided further that Seller deposits with the Title Company a sum reasonably sufficient to secure a release of the Property from the lien thereof. If a search of title discloses judgments, bankruptcies, or other returns against other persons having names similar to that of Seller, Seller will deliver to Purchaser an affidavit stating that such judgments, bankruptcies or other returns do not apply to Seller, and such search results shall not be deemed Title Objections if the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof from or out of the Real Property and/or the Improvements in a manner reasonably satisfactory to Purchaser.

Section 6.3 Title Defect.

(a) In the event Seller receives any Survey Objection or Title Objection (collectively and individually, a "**Title Defect**") within the time periods required under Sections 6.1 and 6.2 above, Seller may elect (but shall not be obligated) to attempt to remove, or cause to be removed at its expense, any such Title Defect, and shall provide Purchaser with notice, within five (5) days of its receipt of any such objection, of its intention to cure such any such Title Defect. If Seller elects to attempt to cure any Title Defect, it shall do so in a prompt and diligent manner, and the Closing Date shall be extended for one or more periods not to exceed in the aggregate sixty (60) days, for the purpose of such removal. In the event that (i) Seller elects not to attempt to cure any such Title Defect, or (ii) after exercising reasonable diligent efforts, but in no event requiring Seller to expend sums of money to cure such default except as otherwise set forth in this Agreement, Seller is unable to cure any such Title Defect for any period elected by Seller but not to exceed sixty (60) days from the Closing Date, Seller shall so advise Purchaser and Purchaser shall have the right to terminate this Agreement and receive a refund of the Earnest Money Deposit, together with all interest which has accrued thereon, or to waive such Title Defect and proceed to the Closing. Purchaser shall make such election within ten (10) days of receipt of Seller's notice. If Purchaser elects to proceed to the Closing, any Title Defects waived by Purchaser shall be deemed Permitted Exceptions.

(b) Notwithstanding any provision of this Article VI to the contrary, Seller will be obligated to cure exceptions to title to the Property, in the manner described above, relating to liens and security interests securing any financings to or assumed or taken subject to by Seller, and any mechanic's liens resulting from work at the Property commissioned by Seller, and any other encumbrances placed of record by Seller which may be satisfied by the payment of a sum certain.

(c) Notwithstanding anything to the contrary set forth in this Section 6 or elsewhere in this Agreement, Seller shall not be obligated to bring any action or proceeding, to make any payments or otherwise to incur any expense in order to eliminate any Title Defect not waived by Purchaser

or to arrange for title insurance insuring against enforcement of such Title Defects against, or collection out of the Real Property; provided, however, that Seller shall satisfy or discharge mortgages, real estate taxes and assessments, tax or judgment liens against Seller, and all mechanic's liens secured by or affecting the Real Property resulting from work at the Property commissioned by Seller regardless of amount; *provided, however*, Seller's obligation to satisfy or discharge judgments against Seller, administrative or other violations (collectively, "**Liens**") secured by or affecting the Real Property which can be satisfied by payment of readily ascertainable amounts shall not exceed, in the aggregate for all such Liens, a sum equal to Fifty Thousand and No/100 Dollars (\$50,000.00) (the "**Cap**"). Notwithstanding the foregoing, in the event that Seller fails to satisfy or discharge all mortgages, real estate taxes and assessments and mechanic's liens secured by or affecting the Real Property as aforesaid, then Seller shall direct the Title Company to satisfy or discharge all such unsatisfied mortgages, real estate taxes and assessments out of the Closing proceeds so that the Title Company shall be able to omit such mortgages, real estate taxes and assessments, and mechanic's liens from the Title Policy (hereinafter defined). In the event that the cost of discharging or satisfying the Liens on the Property exceeds the Cap, Purchaser shall have the right to either (a) waive the Liens as a Title Defect and close on the Property, without a reduction in the Purchase Price, in which event Seller shall be obligated to credit Purchaser at Closing with an amount equal to the Cap; or (b) terminate the Agreement and receive a refund of the Earnest Money Deposit. Without limiting the generality of the preceding provisions of this Section 6.3, for the purposes of this Agreement, Seller's failure or refusal to bring any action or proceeding, to make any payments or to otherwise incur any expense (except for Seller's obligation to satisfy mortgages, real estate taxes, assessments, and mechanic's liens, regardless of amount, and Liens which, in the aggregate, can be satisfied by payment of readily ascertainable amounts not to exceed the Cap) in order to eliminate Title Defects not waived by Purchaser or to arrange for such title insurance shall be deemed an inability of Seller to eliminate such Title Defects or to arrange for such title insurance and shall not constitute a default by Seller hereunder (willful or otherwise).

ARTICLE VII INTERIM OPERATING COVENANTS, ESTOPPELS

Section 7.1 Interim Operating Covenants. Seller covenants to Purchaser that Seller will:

(a) **Operations.** From the Effective Date until Closing, continue to operate, manage and maintain the Improvements in the ordinary course of Seller's business and substantially in accordance with Seller's present practice, subject to ordinary wear and tear and further subject to Article XI of this Agreement.

(b) **Compliance with Governmental Regulations.** From the Effective Date until Closing, not take any action that would result in a failure to comply in all material respects with all Governmental Regulations applicable to the Property, it being understood and agreed that prior to Closing, Seller will have the right to contest any such Governmental Regulations.

(c) **Service Contracts.** From the expiration of the Effective Period until Closing, not enter into any service contract other than in the ordinary course of business, unless such service contract is terminable on thirty (30) days notice without penalty or unless Purchaser consents thereto in writing.

(d) **Notices.** To the extent received by Seller, from the Effective Date until Closing, promptly deliver to Purchaser copies of written default notices, notices of lawsuits and notices of violations affecting the Property.

(e) **Leasing Arrangements.** From the Effective Date through Closing (the "**Contract Period**"), without Purchaser's prior written consent in each instance, Seller will not amend or terminate any

existing Lease or enter into any new Lease without Purchaser's prior written consent (which may be given or withheld in its sole and absolute discretion). Without limitation thereon, any and all Leases to be entered into during the Contract Period shall be on Seller's standard lease form delivered to Purchaser and otherwise on terms and conditions acceptable to Purchaser. If Purchaser fails to grant or withhold its consent to any proposed Lease within five (5) days of receipt thereof, Purchaser shall be deemed to have consented to such Lease. Notwithstanding anything contained herein to the contrary, Purchaser's consent shall not be required with respect to any renewal Lease or consent to a sublease or assignment of Lease which Seller, as a matter of law or by a Lease, shall be required to deliver. Notwithstanding anything to the contrary contained in this Agreement, Seller reserves the right, but is not obligated, to institute summary proceedings against any Tenant or terminate any Lease as a result of a default by the tenant thereunder prior to the Closing Date. Seller makes no representations and assumes no responsibility with respect to the continued occupancy of the Property or any part thereof by any Tenant. The removal of a Tenant prior to the Closing Date, whether by summary proceedings (or any written agreement accepting surrender or termination of the Lease subsequent to the commencement of such summary proceedings) or unilateral act of such Tenant, shall not give rise to any claim on the part of Purchaser; provided, however, Purchaser shall have the right within ten (10) days of the removal of any Tenant as Purchaser's sole and exclusive remedy, to terminate this Agreement and receive a refund of any portion of the Earnest Money Deposit previously tendered by Purchaser to the Escrow Agent, whereupon this Agreement shall terminate and the parties shall have no further rights and obligations to one another except for those obligations expressly stated herein to survive. If Purchaser fails to terminate this Agreement within such ten (10) day period, Purchaser shall be deemed to have waived its right to terminate pursuant to this Section 7.1(e) and Purchaser shall proceed to Closing without credit against, or reduction of, the Purchase Price.

Section 7.2 Estoppels.

(a) It will be a condition to Closing that Seller obtain from each Tenant an executed estoppel certificate in the form prescribed by the Lease for each such Tenant dated no earlier than 30 days prior to Closing, except to the extent that Purchaser shall cause or request an extension of the Closing Date. Notwithstanding the foregoing, Seller agrees to request that each Tenant execute an estoppel certificate in the form reasonably requested by Purchaser and annexed hereto as **Exhibit H**. No later than five (5) Business Days after the end of the Evaluation Period, Seller will request each Tenant to execute an estoppel certificate in the form of **Exhibit H** required herein, and use good faith efforts to obtain same. Seller shall not be in default of its obligations hereunder if any Tenant fails to deliver an estoppel certificate, or delivers an estoppel certificate which is not in the form of **Exhibit H**. Purchaser agrees that an estoppel from any Tenant in the form prescribed by such Tenant's Lease shall satisfy

the estoppel delivery condition in this Section 7.2 for such Tenant, provided that (i) the rental information contained in such estoppel shall conform in all material respects to the rent roll delivered at Closing, and (ii) there shall be no material defaults which remain uncured after notice and expiration of applicable grace periods.

(b) Notwithstanding anything to the contrary contained herein, to the extent that a Tenant shall certify in its estoppel confirming any matter set forth in Section 8.1(f), then Seller's representations and warranties as to such matters shall terminate. The provisions of this Section 7.2(b) shall survive the Closing and the execution and delivery of the Deed.

Section 7.3 *Intentionally omitted.*

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

Section 8.1 *Seller's Representations and Warranties.* The following constitute the sole representations and warranties of Seller, which representations and warranties shall be true as of the Effective Date. Subject to the limitations set forth in Section 8.3 of this Agreement, Seller represents and warrants to Purchaser the following:

- (a) **Status.** Seller is a limited partnership, duly organized and validly existing under the laws of the State of Arizona.
- (b) **Authority.** (i) The execution and delivery of this Agreement and the performance of Seller's obligations hereunder have been or will be duly authorized by all necessary action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller, and (ii) no consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of the transactions contemplated hereby.
- (c) **Non-Contravention.** The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of, or constitute a default under the organizational documents of Seller, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Seller is a party or by which it is bound.
- (d) **Suits and Proceedings.** To Seller's Knowledge, except as listed in *Exhibit I*, there are no legal actions, suits or similar proceedings pending and served, or threatened against Seller or the Property which (i) are not adequately covered by existing insurance and (ii) if adversely determined, would affect, in other than a *de minimus* manner, the value of the Property, the continued operations thereof, or Seller's ability to consummate the transactions contemplated hereby.
- (e) **Non-Foreign Entity.** Seller is not a "foreign person" or "foreign corporation" as those terms are defined in the Code, and the regulations promulgated thereunder.
- (f) **Tenants.** As of the date of this Agreement, to Seller's Knowledge: (i) the only tenants of the Property are the tenants set forth in the Rent Roll listed on *Exhibit F* and the only agreements or understandings related to the use or occupancy of the Property are the Leases listed on the Rent Roll; (ii) each Lease is in full force and effect, and the term of the same and the obligation to pay rent thereunder has commenced and the tenant thereunder is in full possession and actual occupancy thereof, and all improvements required to be completed under the provisions thereof are completed; (iii) no rebates, rental concessions, free-rent periods, credits, setoffs, or rent reductions relating to any period after Closing have been given under any Lease; (iv) no tenant is making any claim against Seller or the Property or is entitled to or is claiming any of the same; (v) all brokerage commissions with respect to Leases have been paid in full or will have been paid in full prior to Closing and Seller has not received written notice of any default with respect to any brokerage commissions due with respect to the Leases, and except as specifically set forth in the Rent Roll, there are and will be no commissions payable with respect to renewals, extensions or expansions of or under any Lease; (vi) Seller has executed no exclusive brokerage agencies; and (vii) the Documents made available to Purchaser pursuant to Section 5.2 hereof include true and correct copies of all of the Leases listed on *Exhibit F*.
- (g) **Service Contracts.** Seller has paid, or will pay in the normal course after Closing, all amounts due prior to Closing under the Service Contracts. The Documents made available to Purchaser pursuant to Section 5.2 hereof include copies of all existing Service Contracts listed on *Exhibit E* under which Seller is currently paying for services rendered in connection with the Property.

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- (h) **Key Individuals.** The Key Individuals are the employees of Mack-Cali Realty Corporation or Seller who have significant responsibilities with respect to the Property.
 - (i) **Condemnation.** Seller has received no written notice of any condemnation proceedings or special assessment proceedings either instituted or pending with respect to the Property; and, to Seller's Knowledge, there are no condemnation proceedings or special assessment proceedings planned to be instituted with respect to the Property.
 - (j) **Employees.** No person who is employed in connection with the management, operation or maintenance of the Property and who will become the obligation of Purchaser after the Closing is covered by an employment agreement or a union contract, and none of the employment arrangements with respect to the employees will be binding on Purchaser after Closing.
 - (k) **ERISA.** The Property is not a "plan asset" within the meaning of that term under any regulations promulgated under the Employee Retirement and Income Security Act of 1974, as amended.
 - (l) **Default.** Seller is not in material default in respect of any of its material obligations or liabilities pertaining to the Property. Without limitation of the foregoing, the Service Contracts, the Permitted Exceptions and the Leases are free from material default by Seller and, to Seller's knowledge, by any party thereto.
 - (m) **Personal Property.** Seller holds good title to, and the entire right, title and interest in and to the Personal Property more particularly described in Exhibit C, free and clear of any and all liens, leases, encumbrances or other liabilities, except the Permitted Exceptions and the Leases.
 - (n) **Environmental Laws.** To Seller's knowledge, except as set forth in the Environmental Report, there are no Hazardous Materials existing at, in or under the Property, and Seller has received no written notice from any Authorities of any violation of Environmental Laws.
 - (o) **Notices; Requests.** Seller has received no written notice from any of the Authorities of any violations against Seller or the Property pertaining to the construction, use or operation of the Property.

(p) **Existing Agreements.** There are no written agreements relating to the Property which will be binding on Purchaser or the Property from and after Closing, except for the Permitted Exceptions, the Leases and the Service Contracts which are not terminable upon thirty (30) days notice.

Section 8.2 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller the following:

(a) **Status.** Purchaser is a corporation, duly organized and validly existing under the laws of the State of California.

(b) **Authority.** The execution and delivery of this Agreement and the performance of Purchaser's obligations hereunder have been duly authorized by all necessary action on the part of Purchaser and this Agreement constitutes the legal, valid and binding obligation of Purchaser.

(c) **Non-Contravention.** The execution and delivery of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of or constitute a default under the organizational documents of Purchaser, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchaser is a party or by which it is bound.

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(d) **Consents.** No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transactions contemplated hereby.

Section 8.3 Modification and Waiver of Representations, Warranties and Covenants; Bring Down Certificate.

(a) To the extent that any information (i) contained in the copies of the Leases or any other Documents furnished to or made available to Purchaser by Seller; (ii) contained in reports provided to Purchaser from professionals; (iii) contained in Seller's filings with the Securities and Exchange Commission or other publicly available documents; (iv) obtained by Purchaser prior to the expiration of the Evaluation Period through written communications with, or other written evidence of oral communications with, Seller's employees, (v) obtained by Purchaser (whether prior to or following the expiration of the Evaluation Period) through oral or written communications with Seller's tenants, is inconsistent with the representations and warranties contained in Section 8.1 hereof, such representations and warranties shall be deemed modified to the extent necessary to eliminate such inconsistency and to conform such representations and warranties to such information.

(b) If Purchaser becomes aware or should have become aware (whether through its own investigations, by notice from Seller or otherwise) that any such representation or warranty is untrue, inaccurate or incorrect in any material respect, and is not cured or corrected by Seller on or before the Closing Date (whether or not the Closing is adjourned as provided above), then Purchaser, as its sole remedy for any and all such materially untrue, inaccurate or incorrect representations or warranties, shall have the right to elect either (A) to waive such materially untrue, inaccurate or incorrect representations or warranties, and proceed to Closing, and receive no credit against, or reduction of, the Purchase Price due to such materially untrue, inaccurate or incorrect representations or warranties; and/or (B) to terminate this Agreement; *provided, however*, that if Seller intentionally or knowingly made any such materially untrue, inaccurate or incorrect representations or warranties, then, in the event that Purchaser elects to terminate this Agreement, Purchaser's sole remedy shall be to receive a refund of the Earnest Money Deposit together with its actual out of pocket expenses up to the sum of \$25,000 for each Portfolio Property. For the purposes of this Section 8.3, a representation shall be deemed to be materially untrue, inaccurate or incorrect if, as a result of such untruth, inaccuracy or incorrectness, there is a material, adverse affect upon the Property and/or the business, properties, assets, financial condition, or results of operations of Seller, taken as a whole, including, without limitation, the ability of such Seller to consummate the transactions contemplated herein.

(c) If, despite changes or other matters described in the certificate described in Section 10.3(i) herein, the Closing occurs, Seller's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate.

Section 8.4 Survival of Representations, Warranties and Covenants.

(a) The representations and warranties of Seller set forth in Section 8.1, and the covenants of Seller set forth in Section 7.1, will survive the Closing for a period of nine (9) months. Purchaser will not have any right to bring any action against Seller as a result of any untruth or inaccuracy of such representations and warranties, or any such breach, unless and until the aggregate amount of all liability and losses arising out of any such untruth or inaccuracy, or any such breach exceeds Twenty Thousand and No/100 Dollars (\$20,000.00); it being agreed that if such threshold amount shall be exceeded, Purchaser may recover all damages from "first dollar". In addition, in no event will Seller's liability for all such breaches relating to this Agreement and/or any other Portfolio Sale and Purchase Agreement (including, without limitation, statements made by Seller in any

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Closing Document) exceed with respect to the Property and the other Portfolio Properties, in the aggregate, the sum of Three Million and No/100 Dollars (\$3,000,000.00). Subject to Section 8.3 (b) above, Seller shall have no liability with respect to any of Seller's representations, warranties and covenants herein if, prior to the Closing, Purchaser has knowledge (from whatever source, including, without limitation, any estoppel certificates, as a result of Purchaser's due diligence tests, investigations and inspections of the Property, or written disclosure by Seller or Seller's agents and employees) of any breach of a covenant of Seller herein, or if the officers and employees of Purchaser primarily responsible for this transaction have actual knowledge (as opposed to constructive or imputed knowledge) or obtain knowledge that contradicts any of Seller's representations, warranties and covenants herein or statements made by Seller in any Closing Document, and Purchaser nevertheless consummates the transaction contemplated by this Agreement. The Closing Surviving Obligations and the Termination Surviving Obligations will survive Closing without limitation unless a specified period is otherwise provided in this Agreement. All other representations, warranties, covenants and agreements made or undertaken by Seller under this Agreement, unless otherwise specifically provided herein, will not survive the Closing Date but will be merged into the Deed and other Closing documents delivered at the Closing.

(b) Notwithstanding anything to the contrary contained in Section 8.3 or this Section 8.4, if at any time after the expiration of the Evaluation Period but prior to Closing, Purchaser discovers that Seller has failed to provide Purchaser with any lease or lease amendment which contains terms and conditions which have a material, adverse effect upon the Property and/or the ability of Seller to consummate the transactions contemplated herein, Purchaser, as its sole and exclusive remedy shall have the right to terminate this Agreement by written notice to Seller (the "Discovery Notice") no later than the sooner of four days from the date of such discovery or Closing. In the event of such termination, Purchaser shall receive a refund of the Earnest Money Deposit, and upon the return of the Earnest Money Deposit, together with its actual, reasonable out of pocket expenses incurred in connection with the transactions contemplated herein as well as in each of the other Portfolio Sale and Purchase Agreements, there shall be no further obligations or liabilities between the parties except for the Termination Surviving Obligations. Purchaser's failure to deliver the Discovery Notice shall be deemed Purchaser's election to proceed to Closing. In the event that such lease or lease amendment is either (i) immaterial, or (ii) material as set forth above but Purchaser proceeds to Closing as set forth herein, then Purchaser shall be deemed to have waived its right to receive a reimbursement

of any of its out of pocket expenses, as set forth above, and Purchaser shall close the transaction with no credit against, or reduction of, the Purchase Price.

ARTICLE IX CONDITIONS PRECEDENT TO CLOSING

Section 9.1 Conditions Precedent to Obligation of Purchaser. The obligation of Purchaser to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion:

(a) Seller shall have delivered to Purchaser all of the items required to be delivered to Purchaser pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.3.

(b) All of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the date of Closing (with appropriate modifications permitted under this Agreement).

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(c) Seller shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Seller as of the Closing Date.

(d) Seller shall be ready, willing and able to simultaneously close on each Portfolio Property in accordance with the terms and conditions of each Portfolio Sale and Purchase Agreement.

(e) The Title Company shall be irrevocably committed to issue the Title Policy in the form provided herein, and all other conditions to Purchaser's obligations hereunder shall have been satisfied or waived in writing by Purchaser.

Section 9.2 Conditions Precedent to Obligation of Seller. The obligation of Seller to consummate the transaction hereunder shall be subject to the fulfillment on or before the date of Closing of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

(a) Seller shall have received the Purchase Price as adjusted pursuant to, and payable in the manner provided for, in this Agreement.

(b) Purchaser shall have delivered to Seller all of the items required to be delivered to Seller pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.2.

(c) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the date of Closing (with any appropriate modifications permitted under this Agreement or not materially adverse to Seller).

(d) Purchaser shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Purchaser as of the Closing Date.

(e) Purchaser shall be ready, willing and able to simultaneously close on each Portfolio Property in accordance with the terms and conditions of each Portfolio Sale and Purchase Agreement including but not limited to satisfaction by Purchaser of all Closing Conditions set forth in those certain Portfolio Sale and Purchase Agreements, if any between Seller and Purchaser.

ARTICLE X CLOSING

Section 10.1 Closing. The consummation of the transaction contemplated by this Agreement by delivery of documents and payments of money shall take place at 12:00 p.m. Eastern Time on the Closing Date at the offices of the Escrow Agent. At Closing, the events set forth in this Article X will occur, it being understood that the performance or tender of performance of all matters set forth in this Article X are mutually concurrent conditions which may be waived by the party for whose benefit they are intended.

Section 10.2 Purchaser's Closing Obligations. On the Closing Date, Purchaser, at its sole cost and expense, will deliver the following items to Seller at Closing as provided herein:

(a) The Purchase Price, after all adjustments are made as herein provided, by Federal Reserve wire transfer of immediately available funds, in accordance with the timing and other requirements of Section 3.3;

(b) A counterpart original of the Assignment of Leases, duly executed by Purchaser;

(c) A counterpart original of the Assignment, duly executed by Purchaser;

(d) Evidence reasonably satisfactory to Seller that the person executing the Assignment of Leases, the Assignment, and the Tenant Notice Letters on behalf of Purchaser has full right, power and authority to do so;

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(e) Written notice, in the form of *Exhibit K*, executed by Purchaser and to be addressed and delivered to the Tenants by Purchaser in accordance with Section 10.6 herein, (i) acknowledging the sale of the Property to Purchaser, (ii) acknowledging that Purchaser has received and that Purchaser is responsible for the Security Deposit (specifying the exact amount of the Security Deposit) and (iii) indicating that rent should thereafter be paid to Purchaser and giving instructions therefor (the "*Tenant Notice Letters*");

(f) A counterpart original of the Closing Statement, duly executed by Purchaser;

(g) Counterpart originals of the transfer tax declarations, each duly executed by Purchaser;

(h) A certificate, dated as of the date of Closing, stating that the representations and warranties of Purchaser contained in Section 8.2 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. In no event shall Purchaser be liable to Seller for, or be deemed to be in default hereunder if any representation or warranty is not true and correct in all material respects; *provided, however*, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.2(c). If, despite changes or other matters described in such certificate, the Closing occurs, Purchaser's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

(i) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.3 Seller's Closing Obligations. At the Closing, Seller, at its sole cost and expense, will deliver to Purchaser the following documents:

(a) A special warranty deed (the "*Deed*"), duly executed and acknowledged by Seller, conveying to the Purchaser the Real Property and the Improvements subject only to the Permitted Exceptions;

(b) A blanket assignment and bill of sale in the form attached hereto as *Exhibit C* (the "*Bill of Sale*"), duly executed by Seller, assigning and conveying to Purchaser, without representation or warranty, title to the Personal Property;

(c) A counterpart original of an assignment and assumption of the Seller's interest, as lessor, in the Leases and Security Deposits in the form attached hereto as *Exhibit B* (the "*Assignment of Leases*"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title and interest in the Leases and Security Deposits;

(d) A counterpart original of an assignment and assumption of Seller's interest in the Service Contracts (other than those to be terminated pursuant to Section 5.4) and the Licenses and Permits in the form attached hereto as *Exhibit A* (the "*Assignment*"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title, and interest, if any, in the Service Contracts and the Licenses and Permits;

(e) The Tenant Notice Letters, duly executed by Seller;

(f) Evidence reasonably satisfactory to Purchaser and Title Company that the person executing the documents delivered by Seller pursuant to this Section 10.3 on behalf of Seller has full right, power, and authority to do so;

(g) A certificate in the form attached hereto as *Exhibit J* ("*Certificate as to Foreign Status*") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Code, as well as any form or other document required under applicable laws to be executed by Seller in connection with any transfer tax applicable to the transaction contemplated by this Agreement;

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(h) All original Leases, to the extent in Seller's possession, and all original Licenses and Permits and Service Contracts in Seller's control bearing on the Property;

(i) A certificate, dated as of the date of Closing, stating that the representations and warranties of Seller contained in Section 8.1 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein and subject to Section 8.4) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. Subject to 8.3(b), in no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder if any representation or warranty is not true and correct in all material respects; *provided, however*, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.1(b). If, despite changes or other matters described in such certificate, the Closing occurs, Seller's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

(j) The Rent Roll, updated to show any changes dated as of no more than five (5) Business Days prior to the Closing Date; and

(k) Counterparts of the transfer tax declarations, duly executed by Seller;

(l) A counterpart original of the Closing Statement, duly executed by Seller;

(m) An original executed estoppel certificate from each Tenant, subject to Section 7.2.

(n) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.4 Prorations.

(a) Seller and Purchaser agree to adjust, as of 11:59 p.m. on the day preceding the Closing Date (the "*Proration Time*"), the following (collectively, the "*Proration Items*"):

(i) Rents, in accordance with Subsection 10.4(b) below.

(ii) Security Deposits and any prepaid rents, together with interest required to be paid thereon.

(iii) Utility charges payable by Seller, including, without limitation, electricity, water charges and sewer charges. If there are meters on the Real Property, Seller will cause readings of all said meters to be performed not more than five (5) days prior to the Closing Date, and a per diem adjustment shall be made for the days between the meter reading date and the Closing Date based on the most recent meter reading.

(iv) Amounts payable under the Service Contracts other than those Service Contracts which Purchaser has elected not to assume.

(v) Real estate taxes due and payable for the calendar year. If the Closing Date shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. If subsequent to the Closing Date, real estate taxes (by reason of change in either assessment or rate or for any other reason) for the Real Property should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Seller agrees to pay Purchaser any increase shown by such recomputation and vice versa.

Seller will be charged and credited for the amounts of all of the Proration Items relating to the period up to and including the Proration Time, and Purchaser will be charged and credited for all of the Proration Items relating to the period after the Proration Time. The estimated Closing prorations shall be set forth on a preliminary closing statement to be prepared by Seller and

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submitted to Purchaser prior to the Closing Date (the "**Closing Statement**"). The Closing Statement, once agreed upon, shall be signed by Purchaser and Seller. The proration shall be paid at Closing by Purchaser to Seller (if the prorations result in a net credit to Seller) or by Seller to Purchaser (if the prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. If the actual amounts of the Proration Items are not known as of the Closing Date, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Purchaser. No prorations will be made in relation to insurance premiums, and Seller's insurance policies will not be assigned to Purchaser. Final readings and final billings for utilities will be made if possible as of the Closing Date, in which event no proration will be made at the Closing with respect to utility bills. Seller will be entitled to all deposits presently in effect with the utility providers, and Purchaser will be obligated to make its own arrangements for any deposits with the utility providers. The provisions of this Section 10.4(a) will survive the Closing for twelve (12) months.

(b) Purchaser will receive a credit on the Closing Statement for the prorated amount (as of the Proration Time) of all Rental previously paid to or collected by Seller and attributable to any period following the Proration Time. After the Closing, Seller will cause to be paid or turned over to Purchaser all Rental, if any, received by Seller after Closing and attributable to any period following the Proration Time. "**Rental**" as used herein includes fixed monthly rentals, additional rentals, percentage rentals, escalation rentals (which include each Tenant's proration share of building operation and maintenance costs and expenses as provided for under the Lease, to the extent the same exceeds any expense stop specified in such Lease), retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, telephone receipts, locker rentals, vending machine receipts and other sums and charges payable by Tenants under the Leases or from other occupants or users of the Property. Rental is delinquent when it was due prior to the Closing Date, and payment thereof has not been made on or before the Proration Time ("**Delinquent Rental**"). Delinquent Rental will not be prorated at Closing. Purchaser agrees to include any Delinquent Rentals in its usual billing for up to six (6) months after Closing, but Purchaser will have no liability for the failure to collect any such amounts and will not be required to declare a default under any Lease or pursue legal action or incur any costs or expenses to enforce collection of any such amounts owed to Seller by any Tenant. All sums collected by Purchaser from and after Closing from each Tenant (excluding tenant specific billings for tenant work orders and other specific services will be applied first to current amounts owed by such Tenant to Purchaser and then to Delinquent Rental owed by such Tenant to Seller. Any sums due Seller will be promptly remitted to Seller.

(c) At the Closing, Seller shall deliver to Purchaser a list of additional rent, however characterized, under each Lease, including without limitation, real estate taxes, electrical charges, utility costs and operating expenses (collectively, "**Operating Expenses**") billed to Tenants for the calendar year in which the Closing occurs (both on a monthly basis and in the aggregate), the basis on which the monthly amounts are being billed and the amounts incurred by Seller on account of the components of Operating Expenses for such calendar year. Upon the reconciliation by Purchaser of the Operating Expenses billed to Tenants, and the amounts actually incurred for such calendar year, Seller and Purchaser shall be liable for overpayments of Operating Expenses, and shall be entitled to payments from Tenants, as the case may be, on a *pro-rata* basis based upon each party's period of ownership during such calendar year.

(d) With respect to specific tenant billings for work orders, special items performed or provided at the request of a Tenant or other specific services, which are collected by Purchaser

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after the Closing Date but relate to the foregoing specific services rendered by Seller prior to the Proration Time, then notwithstanding anything to the contrary contained herein, Purchaser shall cause the first amounts collected from such Tenant to be paid to Seller on account thereof.

(e) Notwithstanding any provision of this Section 10.4 to the contrary, Purchaser will be solely responsible for any leasing commissions, tenant improvement costs or other expenditures due with respect to any renewal and/or expansion rights under any existing Lease which are exercised after the Effective Date, and Seller shall be responsible for any leasing commissions, tenant improvement costs or other expenditures due on account of the initial term, or renewal period of any Lease, if the initial term or the renewal period began prior to the Effective Date. Purchaser further agrees to be solely responsible for all leasing commissions, tenant improvement costs and other expenditures (for purposes of this Section 10.4(e), "**New Tenant Costs**") incurred or to be incurred in connection with any new lease or amendment of any existing Lease executed on or after the Effective Date and approved by Purchaser hereunder, and Purchaser will pay to Seller at Closing as an addition to the Purchase Price an amount equal to the New Tenant Costs paid by Seller. Notwithstanding the foregoing, at Closing, Purchaser shall receive a credit against the Purchase Price in the amount of \$40,000.00 representing a portion of a brokerage commission in the amount of \$121,066.73 which may become due and payable to CB Commercial Real Estate Group, Inc. ("CB") pursuant to the terms and conditions of (i) that certain Second Amendment of Lease dated December 12, 1997 by and between Seller, as landlord, and American Express Travel Related Services, as tenant, or (ii) that certain commission agreement between Seller, as landlord, and CB dated January 20, 1998. The parties hereto agree that Seller shall have no further obligation or liability with respect to such brokerage commission, and Purchaser hereby agrees to indemnify, defend and hold harmless Seller from and against any and all claims made in connection with such brokerage commission at any time after the Closing of this transaction.

(f) Notwithstanding any other provision of this Agreement to the contrary, if Purchaser shall become liable after the Closing for payment of any real estate taxes or other such charges assessed or imposed against the Property for any period of time prior to the Closing Date or other charge or expense which was subject to proration or a Purchase Price credit in Purchaser's favor at Closing, which was not so adjusted or credited at Closing and which is not the obligation of a Tenant to pay or to reimburse the landlord under a Tenant's Lease, Seller shall pay to Purchaser, within thirty (30) days of demand accompanied by a calculation and reconciliation of the amount due, an amount equal to such tax or credit due Purchaser.

Section 10.5 Costs of Title Company and Closing Costs. Costs of the Title Company and other Closing costs incurred in connection with the Closing will be allocated as follows:

(a) Seller shall pay (i) Seller's attorney's fees; (ii) the cost of the premium for that portion of the Title Policy attributable to so called "CLTA coverage", but in no event the cost of any endorsements to such Title Policy requested by Purchaser; (iii) the charges to record the Deed; and (iv) the brokerage commission, if any, due to any broker.

(b) Purchaser shall pay (i) the cost of any additional coverage under the Title Policy or endorsements or deletions to the Title Policy that are desired by Purchaser; (ii) all premiums and other costs for any mortgagee policy of title insurance, if any, including but not limited to any endorsements or deletions; (iii) Purchaser's attorney's fees; and (iv) the costs of the Updated Survey, as provided for in Section 6.1.

(c) Any other costs and expenses of Closing not provided for in this Section 10.5 shall be allocated between Purchaser and Seller in accordance with the custom in the area in which the Property is located.

Section 10.6 Post-Closing Delivery of Tenant Notice Letters. Immediately following Closing, Purchaser will deliver to each Tenant a Tenant Notice Letter, as described in Section 10.2(e).

Section 10.7 Like-kind Exchange. Either party may consummate the purchase or sale (as applicable) of the Property as part of a so-called like kind exchange (an "Exchange") pursuant to Section 1031 of the Code, provided that: (a) the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of an Exchange be a condition precedent or condition subsequent to the exchanging party's obligations under this Agreement; (b) the exchanging party shall effect its Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary (c) neither party shall be required to take an assignment of the purchase agreement for the relinquished or replacement property or be required to acquire or hold title to any real property for purposes of consummating an Exchange desired by the other party; and (d) the exchanging party shall pay any additional costs that would not otherwise have been incurred by the non-exchanging party had the exchanging party not consummated the transaction through an Exchange. Neither party shall by this Agreement or acquiescence to an Exchange desired by the other party have its rights under this Agreement affected or diminished in any manner or be responsible for compliance with or be deemed to have warranted to the exchanging party that its Exchange in fact complies with Section 1031 of the Code.

ARTICLE XI CONDEMNATION AND CASUALTY

Section 11.1 Casualty. If, prior to the Closing Date, all or any portion of the Real Property and Improvements is destroyed or damaged by fire or other casualty, Seller will notify Purchaser of such casualty. Purchaser will have the option to terminate this Agreement upon notice to Seller given not later than fifteen (15) days after receipt of Seller's notice if all or a Significant Portion of the Real Property and Improvements are damaged or destroyed or if that portion so damaged or destroyed is uninsured. If this Agreement is terminated, the Earnest Money Deposit and all interest accrued thereon will be returned to Purchaser and thereafter neither Seller nor Purchaser will have any further rights or obligations to the other hereunder except with respect to the Termination Surviving Obligations. If Purchaser does not elect to terminate this Agreement or less than a Significant Portion of the Real Property and Improvements is destroyed or damaged as aforesaid, Seller will not be obligated to repair such damage or destruction but (a) Seller will assign and turn over to Purchaser the insurance proceeds net of reasonable collection costs (or if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty up to the amount of the Purchase Price and (b) the parties will proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price, except that Purchaser will receive credit for any insurance deductible amount. In the event Seller elects to perform any repairs as a result of a casualty, Seller will be entitled to deduct its reasonable actual third party costs and expenses from any amount to which Purchaser is entitled under this Section 11.1, which right shall survive the Closing.

Section 11.2 Condemnation of Property.

(a) In the event of (i) any condemnation or sale in lieu of condemnation of any or all of the Property prior to the Closing, Purchaser will have the option, to be exercised within fifteen (15) days after receipt of notice of such condemnation or sale, of terminating Purchaser's obligations under this Agreement, or electing to have this Agreement remain in full force and effect. In the event that Purchaser does not terminate this Agreement pursuant to the preceding sentence, Seller will assign to Purchaser any and all claims for the proceeds of such condemnation or sale to the extent the same are applicable to the Property, and Purchaser will take title to the Property with the assignment of such proceeds and subject to such condemnation and without reduction of the Purchase Price. Should Purchaser elect to terminate Purchaser's obligations under this Agreement under the provisions of this Section 11.2, the Earnest Money Deposit and any interest thereon will be returned to Purchaser and neither Seller nor Purchaser will have any further obligation under this Agreement, except for the Termination Surviving Obligations.

ARTICLE XII CONFIDENTIALITY

Section 12.1 Confidentiality. Seller and Purchaser each expressly acknowledge and agree that the transactions contemplated by this Agreement and the terms, conditions, and negotiations concerning the same will be held in the strictest confidence by each of them and will not be disclosed by either of them except to their respective legal counsel, accountants, consultants, officers, employees, partners, directors, and shareholders, and except and only to the extent that such disclosure may be necessary for their respective performances hereunder. Purchaser further acknowledges and agrees that, unless and until the Closing occurs, all information obtained by Purchaser in connection with the Property will not be disclosed by Purchaser to any third persons (other than the Permitted Outside Parties) without the prior written consent of Seller. Nothing contained in this Article XII will preclude or limit either party to this Agreement from disclosing or accessing any information otherwise deemed confidential under this Article XII response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with governmental authorities required by reason of the transactions provided for herein pursuant to an opinion of counsel. Nothing in this Article XII will negate, supersede or otherwise affect the obligations of the parties under the Confidentiality Agreement. In addition, prior to or as a part of the Closing, any release to the public of information with respect to the sale contemplated herein or any matters set forth in this Agreement will be made only in the form approved by Purchaser and Seller and their respective counsel, which approval shall not be unreasonably withheld or delayed. The provisions of this Article XII will survive the Closing or any termination of this Agreement.

ARTICLE XIII REMEDIES

Section 13.1 Default by Seller. In the event the Closing and the transactions contemplated hereby do not occur as herein provided by reason of any default of Seller, Purchaser may, as Purchaser's sole and exclusive remedy, elect by notice to Seller within ten (10) Business Days following the Closing Date, either of the following: (a) terminate this Agreement, in which event Purchaser will receive from the Escrow Agent the Earnest Money Deposit, together with all interest accrued thereon, whereupon Seller and Purchaser will have no further rights or obligations under this Agreement, except with respect to the Termination Surviving Obligations; or (b) seek to enforce specific performance of Seller's obligations under this Agreement. Purchaser expressly waives its rights to seek damages in the event the transactions hereunder do not close by reason of Seller's default hereunder. Purchaser shall be deemed to have elected to terminate this Agreement and receive back the Earnest Money Deposit if Purchaser fails to advise Seller, on or before thirty (30) days following the Closing Date or thirty (30) days following the last date to which Seller had exercised an extension of the Closing past the Closing Date, that it intends to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, and if Purchaser fails to actually file such suit within thirty (30) days thereafter. Notwithstanding the foregoing, nothing contained in this Section 13.1 will limit Purchaser's remedies at law, in equity or as herein provided in pursuing remedies of a breach by Seller of any of the Termination Surviving Obligations.

Section 13.2 Default by Purchaser. In the event the Closing and the consummation of the transactions contemplated herein do not occur as provided herein by reason of any default of Purchaser, Purchaser and Seller agree it would be impractical and extremely difficult to fix the damages which Seller may suffer. Purchaser and Seller hereby agree that (a) an amount equal to the Earnest Money Deposit (together with interest accrued thereon) is a reasonable estimate of the total net detriment Seller would suffer in the event Purchaser defaults and fails to complete the purchase of the Property, and (b) such amount will be the full, agreed and liquidated damages for Purchaser's default and failure to complete the purchase of the Property, and will be Seller's sole and exclusive remedy

(whether at law or in equity) for any default of Purchaser resulting in the failure of consummation of the Closing, whereupon this Agreement will terminate and Seller and Purchaser will have no further rights or obligations hereunder, except with respect to the Termination Surviving Obligations. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty but is intended to constitute liquidated damages to Seller. Notwithstanding the foregoing, nothing contained herein will limit Seller's remedies at law, in equity or as herein provided in the event of a breach by Purchaser of any of the Termination Surviving Obligations.

**ARTICLE XIV
NOTICES**

Section 14.1 Notices.

(a) All notices or other communications required or permitted hereunder shall be in writing, and shall be given by hand delivery (with proof of delivery), by any nationally recognized overnight delivery service (with proof of delivery), or by facsimile transmission (provided that such facsimile is confirmed by the sender by expedited delivery service in the manner previously described), sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee will have designated by written notice sent in accordance herewith. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement will be as follows:

If to Purchaser:	Summit Commercial Properties, Inc. 1970 East Grand Avenue, Suite 300 El Segundo, California 90245 Attention: Real Estate Notices (Ken White/Larry Matsui) Fax No. (310) 648-7251 Telephone No. (310) 648-7500
with a copy to:	Pircher Nichols & Meeks 1925 Century Park East, Suite 1700 Los Angeles, California 90067 Attention: Real Estate Notices (GML) Fax No. (310) 201-8922 Telephone No. (310) 201-8900
If Seller:	Mack-Cali Beardsley Limited Partnership c/o Mack-Cali Realty Corporation 11 Commerce Drive Cranford, New Jersey 07016

with separate notices to the attention of:

Mr. Mitchell E. Hersh
Fax No. (908) 272-6755
Telephone No. (908) 272-8000

and

Roger W. Thomas, Esq.
Executive Vice President and General Counsel
Fax No. (908) 497-0485
Telephone No. (908) 272-2612

With a copy to:	Pryor Cashman Sherman & Flynn LLP 410 Park Avenue New York, New York 10022 Attention: Wayne Heicklen, Esq. Fax No. (212) 326-0806 Telephone No. (212) 326-0854
If to Escrow Agent:	Lawyer's Title Insurance Corporation 655 Third Avenue New York, New York 10017 Attention: Debra Sollitto Fax No. (212) 949-2438 Telephone No. (212) 949-0100

(b) Notices given by (i) overnight morning delivery service as aforesaid shall be deemed received and effective on the first Business Day following such dispatch

and (ii) facsimile transmission as aforesaid shall be deemed given at the time and on the date of machine transmittal provided same is sent prior to 4:00 p.m. on a Business Day (if sent later, then notice shall be deemed given on the next Business Day). Notices may be given by counsel for the parties described above, and such notices shall be deemed given by said party, for all purposes hereunder.

ARTICLE XV ASSIGNMENT AND BINDING EFFECT

Section 15.1 Assignment: Binding Effect. Seller shall not have the right to assign this Agreement, or to designate another party to be the grantor, transferor or assignor of the Deed, as the case may be, or to assign any of the other Closing documents (except as otherwise permitted under Section 10.7), without the prior written consent of Purchaser to be given or withheld in Purchaser's sole discretion, except that Seller may assign this Agreement to an entity which is owned or controlled by Mack-Cali Realty Corporation or Mack-Cali Realty, L.P. Purchaser shall not have the right to assign this Agreement, or to designate another party to be the grantee, transferee or assignee of the Deed, as the case may be, or to assign any of the other Closing documents (except as otherwise permitted under Section 10.7), without the prior written consent of Seller to be given or withheld in Seller's sole discretion, except that Purchaser may assign this Agreement, or designate another party to be the grantee, transferee or assignee, as the case may be, to an entity in which one or more principals of Purchaser and/or its parent company, Highridge Partners, Inc., directly or indirectly are investors and exercise day-to-day management responsibility. No such assignment or designation shall be binding on Seller or effective unless and until Seller shall receive a fully executed assignment and assumption agreement, between Purchaser and its assignee, whereby among other things, such assignee assumes all of the obligations and liabilities of Purchaser hereunder. No such assignment and assumption shall relieve the originally named Purchaser of any of the obligations and liabilities of Purchaser hereunder.

ARTICLE XVI BROKERAGE

Section 16.1 Brokers. Purchaser and Seller represent that they have not dealt with any brokers, finders or salesmen, in connection with this transaction, and agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which either party may sustain, incur or be exposed to by reason of any claim for fees or commissions made through the other party. The provisions of this Article XVI will survive any Closing or termination of this Agreement.

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ARTICLE XVII ESCROW AGENT

Section 17.1 Investment and Use of Funds. The Escrow Agent shall invest the Initial Earnest Money Deposit and Additional Earnest Money Deposit in a government insured interest-bearing account satisfactory to Purchaser at an institution having assets of not less than \$125,000,000, shall not commingle the Earnest Money Deposit with any funds of the Escrow Agent or others, and shall promptly provide Purchaser and Seller with confirmation of the investments made. If the Closing under this Agreement occurs, the Escrow Agent shall deliver the Earnest Money Deposit to, or upon the instructions of, Seller on the Closing Date. Provided such supplemental escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time, Seller and Purchaser agree to execute such supplemental escrow instructions as may be appropriate to enable Escrow Agent to comply with the terms of this Agreement.

Section 17.2 Other Terminations. Upon a termination of this Agreement for reasons other than a termination by Purchaser pursuant to Section 5.3 above, either party to this Agreement (the "**Terminating Party**") may give written notice to the Escrow Agent and the other party (the "**Non-Terminating Party**") of such termination and the reason for such termination. Such request shall also constitute a request for the release of the Earnest Money Deposit to the Terminating Party. The Non-Terminating Party shall then have five (5) Business Days in which to object in writing to the release of the Earnest Money Deposit to the Terminating Party. If the Non-Terminating Party provides such an objection, then the Escrow Agent shall retain the Earnest Money Deposit until it receives written instructions executed by both Seller and Purchaser as to the disposition and disbursement of the Earnest Money Deposit, or until ordered by final court order, decree or judgment, which is not subject to appeal, to deliver the Earnest Money Deposit to a particular party, in which event the Earnest Money Deposit shall be delivered in accordance with such notice, instruction, order, decree or judgment.

Section 17.3 Interpleader. Except as provided in Section 17.2 above, Seller and Purchaser mutually agree that in the event of any controversy regarding the Earnest Money Deposit, unless mutual written instructions are received by the Escrow Agent directing the Earnest Money Deposit's disposition, the Escrow Agent shall not take any action, but instead shall await the disposition of any proceeding relating to the Earnest Money Deposit or, at the Escrow Agent's option, the Escrow Agent may interplead all parties and deposit the Earnest Money Deposit with a court of competent jurisdiction in which event the Escrow Agent may recover all of its court costs and reasonable attorneys' fees. Seller or Purchaser, whichever loses in any such interpleader action, shall be solely obligated to pay such costs and fees of the Escrow Agent, as well as the reasonable attorneys' fees of the prevailing party in accordance with the other provisions of this Agreement.

Section 17.4 Liability of Escrow Agent. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of either of the parties, and that the Escrow Agent shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Seller or Purchaser resulting from the Escrow Agent's mistake of law respecting the Escrow Agent's scope or nature of its duties. Seller and Purchaser shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by the Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Escrow Agent.

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Section 17.5 Escrow Fee. Except as expressly provided herein to the contrary, the escrow fee, if any, charged by the Escrow Agent for holding the Earnest Money Deposit or conducting the Closing shall be shared equally by Seller and Purchaser.

ARTICLE XVIII MISCELLANEOUS

Section 18.1 Waivers. No waiver of any breach of any covenant or provisions contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.

Section 18.2 Recovery of Certain Fees. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants,

agreements or provisions contained in this Agreement, then in that event the prevailing party will be entitled to have and recover the reasonable, actual costs and expenses the prevailing party has incurred therein from the other party including all reasonable attorneys' fees and costs resulting therefrom. In the event that one party hereto has not prevailed entirely in any such suit or action, only the party which has prevailed to a greater extent (as determined by the court, agency or other authority before which such suit, action or proceeding is commenced) shall be entitled to so recover, its reasonable actual costs and expenses but such prevailing party shall only be entitled to recover that portion of such costs and expenses which is in proportion to the relative degree to which such party prevailed in such suit or action (as determined by the court, agency or other authority before which such suit, action or proceeding is commenced). For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 18.2 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

Section 18.3 Construction. Headings at the beginning of each article and section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular will include the plural and the masculine will include the feminine and vice versa. This Agreement will not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule will have the meaning attributable to such term in the body of this Agreement. In the event the date on which Purchaser or Seller is required to take any action under the terms of this Agreement is not a Business Day, the action will be taken on the next succeeding Business Day.

Section 18.4 Counterparts. This Agreement may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement.

Section 18.5 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to

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reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 18.6 Entire Agreement. This Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof, and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument, signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

Section 18.7 Governing Law. THIS AGREEMENT WILL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED. SELLER AND PURCHASER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN A STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED.

Section 18.8 No Recording. The parties hereto agree that neither this Agreement nor any affidavit or memorandum concerning it will be recorded and any recording of this Agreement or any such affidavit or memorandum by Purchaser will be deemed a default by Purchaser hereunder.

Section 18.9 Further Actions. The parties agree to execute such instructions to the Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

Section 18.10 Exhibits. The following sets forth a list of Exhibits to the Agreement:

Exhibit A—	Assignment
Exhibit B—	Assignment of Leases
Exhibit C—	Bill of Sale
Exhibit D—	Legal Description of the Real Property
Exhibit E—	Service Contracts
Exhibit F—	Rent Roll
Exhibit G—	Permitted Exceptions
Exhibit H—	Tenant Estoppel Certificate
Exhibit I—	Suits and Proceedings
Exhibit J—	Certificate as to Foreign Status
Exhibit K—	Tenant Notice Letter

Section 18.11 No Partnership. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, it being the intention of the parties to merely create the relationship of Seller and Purchaser with respect to the Property to be conveyed as contemplated hereby.

Section 18.12 Limitations on Benefits. It is the explicit intention of Purchaser and Seller that no person or entity other than Purchaser and Seller and their permitted successors and assigns is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, Purchaser and Seller or their respective successors and assigns as permitted hereunder. Nothing contained in this Agreement shall under any circumstances whatsoever be deemed or construed, or be interpreted, as making any third party (including, without

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limitation, Broker) a beneficiary of any term or provision of this Agreement or any instrument or document delivered pursuant hereto, and Purchaser and Seller expressly reject any such intent, construction or interpretation of this Agreement.

Section 18.13 Discharge of Obligations. The acceptance of the Deed by Purchaser shall be deemed to be full performance and discharge of each and every representation and warranty made by Seller herein and every agreement and obligation on the part of the Seller to be performed hereunder, except those which are specifically

stated herein to survive the Closing.

Section 18.14 Cross Default/Termination. A default under this Agreement by a party shall be deemed a default under each Portfolio Sale and Purchase Agreement and the non-defaulting party shall have such rights, remedies and elections as provided herein and therein. If this Agreement shall be terminated by either party hereto pursuant to the provisions hereof, it shall be deemed to be a termination of each Portfolio Sale and Purchase Agreement.

[Remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, Seller and Purchaser have respectively executed this Agreement as of the Effective Date.

Date Executed:

July 2, 2002

SELLER:

MACK-CALI BEARDSLEY LIMITED PARTNERSHIP

By: Mack-Cali Sub XXII, Inc. its general partner

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

Title: Executive Vice President/CFO

_____, 2002

July 3, 2002

As to Article XVII only:

ESCROW AGENT:

LAWYERS TITLE INSURANCE CORPORATION

By: /s/ Asher Fried

Name: Asher Fried

Title: VP

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[Exhibit 10.19](#)

[AGREEMENT OF SALE AND PURCHASE](#)

[ARTICLE I DEFINITIONS](#)

[ARTICLE II AGREEMENT OF PURCHASE AND SALE](#)

[ARTICLE III CONSIDERATION](#)

[ARTICLE IV EARNEST MONEY DEPOSIT AND ESCROW INSTRUCTIONS](#)

[ARTICLE V INSPECTION OF PROPERTY](#)

[ARTICLE VI TITLE AND SURVEY MATTERS](#)

[ARTICLE VII INTERIM OPERATING COVENANTS, ESTOPPELS](#)

[ARTICLE VIII REPRESENTATIONS AND WARRANTIES](#)

[ARTICLE IX CONDITIONS PRECEDENT TO CLOSING](#)

[ARTICLE X CLOSING](#)

[ARTICLE XI CONDEMNATION AND CASUALTY](#)

[ARTICLE XII CONFIDENTIALITY](#)

[ARTICLE XIII REMEDIES](#)

[ARTICLE XIV NOTICES](#)

[ARTICLE XV ASSIGNMENT AND BINDING EFFECT](#)

[ARTICLE XVI BROKERAGE](#)

[ARTICLE XVII ESCROW AGENT](#)

[ARTICLE XVIII MISCELLANEOUS](#)

**FIRST AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE**
(19640 N. 31st Avenue, Phoenix, Arizona)

This **FIRST AMENDMENT TO AGREEMENT OF SALE AND PURCHASE** (this "**Amendment**") is dated as of August 15, 2002, by and between **MACK-CALI BEARDSLEY LIMITED PARTNERSHIP**, a limited partnership organized under the laws of the State of Arizona ("**Seller**"), having an address at c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 and **SUMMIT COMMERCIAL PROPERTIES, INC.**, a corporation organized under the laws of the State of California ("**Purchaser**"), having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California 90245.

WITNESSETH:

WHEREAS, Seller and Purchaser have entered into a certain Agreement of Sale and Purchase dated as of July 2, 2002 (the "**Agreement**") pursuant to which Agreement Seller agreed to sell and Purchaser agreed to purchase certain Property located at 19640 N. 31st Avenue, Phoenix, Arizona; and

WHEREAS, Seller and Purchaser have agreed to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, intending to be legally bound hereby, the parties hereby agree as follows:

1. The word "Realty", which was incorrectly inserted in the Agreement as part of Seller's name, is hereby deleted and all references to Seller in the Agreement shall be deemed to refer to "Mack-Cali Beardsley Limited Partnership".
2. The first sentence of the defined term "Closing Date" as set forth in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following "'Closing Date" means October 2, 2002". The second sentence of such defined term is hereby modified to replace the phrase "sixty (60) days" with the phrase "thirty (30) days".
3. The "Evaluation Period" as defined in Section 5.1 of the Agreement is hereby extended to 5:00 p.m. Eastern time on September 6, 2002.
4. The defined term "Portfolio Sale and Purchase Agreement" as set forth in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following definition: "*Portfolio Sale and Purchase Agreement*" means each of (i) that certain Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Glendale Limited Partnership, as seller, and Purchaser, as purchaser, as amended by that certain First Amendment to Agreement of Sale and Purchase dated August 15, 2002, and (ii) that certain Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Realty 9060, L.L.C., as seller and Purchaser, as purchaser, as amended by that certain First Amendment to Agreement of Sale and Purchase dated August 15, 2002, for the sale and purchase of each Portfolio Property defined therein, as such agreements may hereinafter be amended from time to time."
5. All other terms, conditions and provisions of the Agreement shall continue in full force and effect and unmodified, except to the extent expressly modified hereby.
6. Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Agreement.
7. This Amendment shall be binding upon and inure to the benefit of the successors, legal representatives, heirs and assigns of the parties hereto.

8. This Amendment may be executed by facsimile signatures in any number of counterparts, each of which shall be deemed an original and all of which when considered together shall be one and the same document.

9. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

SELLER:

MACK-CALI BEARDSLEY LIMITED PARTNERSHIP
By: Mack-Cali Sub XXII, Inc. its general partner

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

QuickLinks

[Exhibit 10.20](#)

[FIRST AMENDMENT TO AGREEMENT OF SALE AND PURCHASE \(19640 N. 3rd Avenue, Phoenix, Arizona\)](#)

**SECOND AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE**
(19640 N. 31st Avenue, Phoenix, Arizona)

This **SECOND AMENDMENT TO AGREEMENT OF SALE AND PURCHASE** (this "**Amendment**") is dated as of September , 2002, by and between **MACK-CALI BEARDSLEY LIMITED PARTNERSHIP**, a limited partnership organized under the laws of the State of Arizona ("**Seller**"), having an address at c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 and **SUMMIT COMMERCIAL PROPERTIES, INC.**, a corporation organized under the laws of the State of California ("**Purchaser**"), having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California 90245.

WITNESSETH:

WHEREAS, Seller and Purchaser have entered into a certain Agreement of Sale and Purchase dated as of July 2, 2002, as amended by that certain First Amendment to Agreement of Sale and Purchase dated as of August 15, 2002 (collectively, the "**Agreement**") pursuant to which Agreement Seller agreed to sell and Purchaser agreed to purchase certain Property located at 19640 N. 31st Avenue, Phoenix, Arizona; and

WHEREAS, Seller and Purchaser have agreed to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, intending to be legally bound hereby, the parties hereby agree as follows:

1. The "Evaluation Period" as defined in Section 5.1 of the Agreement is hereby extended to 5:00 p.m. Eastern time on September 13, 2002.
2. All other terms, conditions and provisions of the Agreement shall continue in full force and effect and unmodified, except to the extent expressly modified hereby.
3. Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Agreement.
4. This Amendment shall be binding upon and inure to the benefit of the successors, legal representatives, heirs and assigns of the parties hereto.
5. This Amendment may be executed by facsimile signatures in any number of counterparts, each of which shall be deemed an original and all of which when considered together shall be one and the same document.
6. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

SELLER:

MACK-CALI BEARDSLEY LIMITED PARTNERSHIP

By: Mack-Cali Sub XXII, Inc. its general partner

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

Title: Executive Vice President/CFO

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE ("*Agreement*") made as of this 2nd day of July, 2002 by and between MACK-CALI REALTY 9060, L.L.C., a limited liability company organized under the laws of the State of Arizona having an address c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 (collectively, "*Seller*") and SUMMIT COMMERCIAL PROPERTIES, INC., a corporation organized under the laws of the State of California, having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California, 90245 ("*Purchaser*").

In consideration of the mutual promises, covenants, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, the following capitalized terms have the meanings set forth in this Section 1.1:

"*Additional Earnest Money Deposit*" has the meaning ascribed to such term in Section 4.1(b).

"*Assignment*" has the meaning ascribed to such term in Section 10.3(d), in the form attached hereto as *Exhibit A*.

"*Assignment of Leases*" has the meaning ascribed to such term in Section 10.3(c), in the form attached hereto as *Exhibit B*.

"*Authorities*" means the various governmental and quasi-governmental bodies or agencies having jurisdiction over the Real Property and Improvements, or any portion thereof.

"*Bill of Sale*" has the meaning ascribed to such term in Section 10.3(b), in the form attached hereto as *Exhibit C*.

"*Broker*" has the meaning ascribed to such term in Section 16.1.

"*Business Day*" means any day other than a Saturday, Sunday or a day on which national banking associations are authorized or required to close.

"*Cap*" has the meaning ascribed to such term in Section 6.3(c).

"*Certificate as to Foreign Status*" has the meaning ascribed to such term in Section 10.3(g).

"*Certifying Person*" has the meaning ascribed to such term in Section 4.3.

"*Closing*" means the consummation of the purchase and sale of the Property contemplated by this Agreement, as provided for in Article X.

"*Closing Date*" means the date which is fifteen (15) days following the earlier to occur of (a) August 16, 2002 and (b) the date that Purchaser waives its right to terminate this Agreement pursuant to Section 5.3(c), TIME BEING OF THE ESSENCE. Notwithstanding anything to the contrary contained herein, Seller shall have the right to extend the Closing Date for up to sixty (60) days upon notice to Purchaser if as of such date (x) a condition precedent to Closing, as set forth in Section 9.1, is not fulfilled by Seller or waived by Purchaser, or (y) Seller is unable to fulfill any of its obligations as set forth in Section 10.3 or any other Section in this Agreement.

"*Closing Statement*" has the meaning ascribed to such term in Section 10.4(a).

"*Closing Surviving Obligations*" means the rights, liabilities and obligations set forth in Sections 3.2, 5.5, 8.2, 8.3, 8.4, 10.4, 10.6, 11.1, 11.2, 16.1, 18.2 and 18.8, and any other provisions which pursuant to their terms survives the Closing hereunder.

"*Code*" has the meaning ascribed to such term in Section 4.3.

"*Confidentiality Agreement*" means those certain Confidentiality Agreements dated February 4, 2002 and April 30, 2002, between Summit Commercial Properties, Inc. and Mack-Cali Realty Corporation.

"*Contract Period*" has the meaning ascribed to such term in Section 7.1(e).

"*Deed*" has the meaning ascribed to such term in Section 10.3(a).

"*Delinquent Rental*" has the meaning ascribed to such term in Section 10.4(b).

"*Documents*" has the meaning ascribed to such term in Section 5.2(a).

"*Earnest Money Deposit*" has the meaning ascribed to such term in Section 4.1(b).

"*Effective Date*" means the latest date on which this Agreement has been executed by Seller or Purchaser, as set forth opposite such party's signature.

"*Entry Notice*" has the meaning ascribed to such term in Section 5.1.

"*Environmental Laws*" means each and every federal, state, county and municipal statute, ordinance, rule, regulation, code, order, requirement, directive, binding written interpretation and binding written policy pertaining to Hazardous Substances issued by any Authorities and in effect as of the date of this Agreement with respect to or which otherwise pertain to or affect the Real Property or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Real Property or the Improvements, or any portion thereof, or Purchaser, and as same have been amended, modified or supplemented from time to time prior to the Effective Date, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49

U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), (collectively, the "Environmental Statutes"), and any and all rules and regulations which have become effective prior to the date of this Agreement under any and all of the Environmental Statutes.

"**Environmental Report**" means collectively that certain Phase I Environmental Site Assessment dated January 6, 1998 and that certain Phase II Environmental Site Assessment dated January 28, 1998 each prepared by GEC, Inc., copies of which have been provided to Purchaser.

"**Escrow Agent**" means the Title Company.

"**Exchange**" has the meaning ascribed to such term in Section 10.7.

"**Existing Survey**" means Seller's existing survey of the Real Property dated December 5, 1997, prepared by Rick Engineering Company, a copy of which has been provided to Purchaser.

"**Evaluation Period**" has the meaning ascribed to such term in Section 5.1.

"**Governmental Regulations**" means all statutes, ordinances, rules and regulations of the Authorities applicable to Seller or the use or operation of the Real Property or the Improvements or any portion thereof.

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"**Hazardous Substances**" means (a) asbestos, radon gas and urea formaldehyde foam insulation, (b) any solid, liquid, gaseous or thermal contaminant, including smoke vapor, soot, fumes, acids, alkalis, chemicals, petroleum products or byproducts, PCBs, phosphates, lead or other heavy metals and chlorine, (c) any solid or liquid waste (including, without limitation, hazardous waste), hazardous air pollutant, hazardous substance, hazardous chemical substance and mixture, toxic substance, pollutant, pollution, regulated substance and contaminant, as such terms are defined in any of the Environmental Laws as such Environmental Laws have been amended and/or supplemented from time to time prior to the date of this Agreement, and any and all rules and regulations promulgated under any of the above, and (d) any other chemical, material or substance, the use or presence of which, or exposure to the use or presence of which, is prohibited, limited or regulated by any Environmental Laws.

"**Improvements**" means all buildings, structures, fixtures, parking areas and other improvements located on the Real Property.

"**Initial Earnest Money Deposit**" has the meaning ascribed to such term in Section 4.1(a).

"**Key Individuals**" means Jim Clabby, Jeff Kennimer and Kasey Schamahorn, the building manager, in their capacity as employees of Mack-Cali Realty Corporation, and not in any individual or other capacity whatsoever.

"**Leases**" means all of the leases and other agreements with Tenants with respect to the use and occupancy of the Real Property, together with all renewals and modifications thereof, if any, and any new leases entered into after the Effective Date.

"**Licensee Parties**" has the meaning ascribed to such term in Section 5.1.

"**Licenses and Permits**" means, collectively, all of Seller's right, title and interest, to the extent assignable, in and to licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements now or hereafter issued, approved or granted by the Authorities in connection with the Real Property and the Improvements, together with all renewals and modifications thereof.

"**Liens**" has the meaning ascribed to such term in Section 6.3(c).

"**New Tenant Costs**" has the meaning ascribed to such term in Section 10.4(e).

"**Non-Terminating Party**" has the meaning ascribed to such term in Section 17.2.

"**Operating Expenses**" has the meaning ascribed to such term in Section 10.4(c).

"**Permitted Exceptions**" has the meaning ascribed to such term in Section 6.2(a).

"**Permitted Outside Parties**" has the meaning ascribed to such term in Section 5.2(b).

"**Personal Property**" means all of Seller's right, title and interest in and to all equipment, appliances, tools, supplies, machinery, artwork, furnishings and other tangible personal property attached to, appurtenant to, located in and used exclusively in connection with the ownership or operation of the Improvements and situated at the Property on the date hereof, subject to Seller's right, but not the obligation, to replace such personal property with personal property of comparable value and utility as it elects in the normal course of business.

"**Portfolio**" means, collectively: the Property; and certain other properties located in the County of Maricopa, State of Arizona. Each property within the Portfolio is referred to herein as a "Portfolio Property".

"**Portfolio Sale and Purchase Agreement**" means each of (i) that certain Agreement of Sale of even date herewith by and between Mack-Cali Beardsley Limited Partnership, as seller, and Purchaser, as purchaser, and (ii) that certain Agreement of Sale of even date herewith by and between Mack-Cali

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Glendale Limited Partnership, as seller and Purchaser, for the sale and purchase of each Portfolio Property defined therein.

"**Property**" has the meaning ascribed to such term in Section 2.1.

"*Proration Items*" has the meaning ascribed to such term in Section 10.4(a).

"*Proration Time*" has the meaning ascribed to such term in Section 10.4(a).

"*Purchaser's Costs*" has the meaning ascribed to such term in Section 3.3.

"*Purchase Price*" has the meaning ascribed to such term in Section 3.1.

"*Purchaser's Information*" has the meaning ascribed to such term in Section 5.3(c).

"*Real Property*" means that certain parcel or parcels of real property located in the City of Scottsdale, County of Maricopa, State of Arizona, known as and located at 9060 Via Linda Boulevard, Scottsdale, Arizona, as more particularly described on the legal description attached hereto and made a part hereof as *Exhibit D*, together with all of Seller's right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller's right, title and interest in and to the adjacent streets, alleys and right-of-ways, and any easement rights, air rights, subsurface development rights and water rights.

"*Rental*" has the meaning ascribed to such term in Section 10.4(b).

"*Rent Roll*" has the meaning ascribed to such term in Section 5.2(a).

"*Security Deposits*" means all security deposits actually held by Seller (together with any interest which has accrued thereon, but only to the extent such interest has accrued for the account of the Tenant), as set forth on the Rent Roll.

"*Service Contracts*" means all of Seller's right, title and interest, to the extent assignable, in all service agreements, maintenance contracts, equipment leasing agreements, warranties, guarantees, bonds, open purchase orders and other contracts for the provision of labor, services, materials or supplies relating solely to the Real Property, Improvements or Personal Property and which are currently in effect, including those listed and described on *Exhibit E* attached hereto, together with all renewals, supplements, amendments and modifications thereof, and any new such agreements entered into after the Effective Date, to the extent permitted by Section 7.1 Service Contracts shall not include brokerage commission agreements.

"*Significant Portion*" means, for purposes of the casualty provisions set forth in Article XI hereof, damage by fire or other casualty to the Real Property and the Improvements or a portion thereof, the cost of which to repair would equal or exceed \$250,000.00.

"*Survey Objection*" has the meaning ascribed to such term in Section 6.1.

"*Tenants*" means the tenants or users who are parties to the Leases as set forth on the Rent Roll.

"*Tenant Notice Letters*" has the meaning ascribed to such term in Section 10.2(e), and are to be delivered by Purchaser to Tenants pursuant to Section 10.6.

"*Terminating Party*" has the meaning ascribed to such term in Section 17.2.

"*Termination Surviving Obligations*" means the rights, liabilities and obligations set forth in Sections 5.2, 5.3, 12.1, Articles XIII and XIV, 16.1, 18.2 and 18.8, and any other provisions which pursuant to their terms survive any termination of this Agreement.

"*Title Commitment*" has the meaning ascribed to such term in Section 6.2.

"*Title Company*" means Lawyers Title Insurance Corporation.

"*Title Defect*" has the meaning ascribed to such term in Section 6.3(a).

"*Title Objections*" has the meaning ascribed to such term in Section 6.2.

"*Title Policy*" has the meaning ascribed to such term in Section 6.2.

"*To Seller's Knowledge*" means the actual (as opposed to constructive or imputed) knowledge of the Key Individuals, without any independent investigation or inquiry whatsoever.

"*Updated Survey*" has the meaning ascribed to such term in Section 6.1.

Section 1.2 References: Exhibits and Schedules. Except as otherwise specifically indicated, all references in this Agreement to Articles or Sections refer to Articles or Sections of this Agreement, and all references to Exhibits or Schedules refer to Exhibits or Schedules attached hereto, all of which Exhibits and Schedules are incorporated into, and made a part of, this Agreement by reference. The words "herein," "hereof," "hereinafter" and words and phrases of similar import refer to this Agreement as a whole and not to any particular Section or Article.

ARTICLE II AGREEMENT OF PURCHASE AND SALE

Section 2.1 Agreement. Seller hereby agrees to sell, convey and assign to Purchaser, and Purchaser hereby agrees to purchase and accept from Seller, on the Closing Date and subject to the terms and conditions of this Agreement, all of the following (collectively, the "*Property*"):

- (a) the Real Property;
- (b) the Improvements;
- (c) the Personal Property;
- (d) all of Seller's right, title and interest as lessor in and to the Leases and, subject to the terms of the respective applicable Leases, the Security Deposits;
- (e) all of Seller's right, title and interest in, to and under the Service Contracts (other than those to be terminated pursuant to Section 5.4) and the Licenses and

Permits; and

(f) all of Seller's right, title and interest, to the extent assignable or transferable, in and to all other intangible rights, titles, interests, privileges and appurtenances owned by Seller and related to or used exclusively in connection with the ownership, use or operation of the Real Property or the Improvements.

Section 2.2 Indivisible Economic Package. Purchaser has no right to purchase, and Seller has no obligation to sell, less than all of the Portfolio, it being the express agreement and understanding of Purchaser and Seller that, as a material inducement to Seller and Purchaser to enter into this Agreement, Purchaser has agreed to purchase, and Seller has agreed to sell, all of the Portfolio, subject to and in accordance with the terms and conditions hereof.

ARTICLE III CONSIDERATION

Section 3.1 Purchase Price. The purchase price for the Property (the "**Purchase Price**") shall be Nine Million Nine Hundred Thousand and No/100 Dollars (\$9,900,000.00) in lawful currency of the United States of America, payable as provided in Section 3.3. No portion of the Purchase Price shall be allocated to the Personal Property.

Section 3.2 Assumption of Obligations. As additional consideration for the purchase and sale of the Property, at Closing Purchaser will assume the Leases, Security Deposits, Service Contracts (other

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than those to be terminated pursuant to Section 5.4) and Licenses and Permits in accordance with the Assignment of Leases and Assignment to the extent of the obligations thereunder first arising from and after the Closing.

Section 3.3 Method of Payment of Purchase Price. No later than 12:00 p.m. Eastern time on the Closing Date, Purchaser shall deposit with Escrow Agent the Purchase Price (less the Earnest Money Deposit), together with all other costs and amounts to be adjusted, pro-rated or paid by Purchaser at the Closing pursuant to the terms of this Agreement ("**Purchaser's Costs**"), by Federal Reserve wire transfer of immediately available funds to the account of Escrow Agent. Escrow Agent, following authorization by the parties at Closing, shall (i) pay to Seller by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price, subject to any costs or other amounts to be adjusted, pro-rated or paid by Seller at Closing pursuant to the terms of this Agreement, (ii) pay to the appropriate payees out of the proceeds of Closing payable to Seller all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (iii) pay Purchaser's Costs to the appropriate payees at Closing pursuant to the terms of this Agreement.

ARTICLE IV EARNEST MONEY DEPOSIT AND ESCROW INSTRUCTIONS

Section 4.1 The Earnest Money Deposit.

(a) Upon Purchaser's execution and delivery of this Agreement, Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of THIRTY THREE THOUSAND THREE HUNDRED THIRTY FOUR and No/100 Dollars (\$33,334.00) as an initial earnest money deposit on account of the Purchase Price (the "**Initial Earnest Money Deposit**"). TIME IS OF THE ESSENCE with respect to the deposit of the Initial Earnest Money Deposit.

(b) Within one (1) Business Day after the expiration of the Evaluation Period (provided Purchaser shall not have elected to terminate this Agreement in accordance with the provisions of Section 5.3(c)), Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of SIXTY SIX THOUSAND SIX HUNDRED SIXTY EIGHT and No/100 Dollars (\$66,668.00) as additional earnest money deposit on account of the Purchase Price (the "**Additional Earnest Money Deposit**"; together with the Initial Earnest Money Deposit, and all interest earned thereon, the "**Earnest Money Deposit**"). TIME IS OF THE ESSENCE with respect to the deposit of the Additional Earnest Money Deposit.

Section 4.2 Escrow Instructions. The Earnest Money Deposit shall be held in escrow by the Escrow Agent in an interest-bearing account in accordance with the provisions of Article XVII.

Section 4.3 Designation of Certifying Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any related reporting requirements of the Code, the parties hereto agree as follows:

(a) Provided the Escrow Agent shall execute a statement in writing (in form and substance reasonably acceptable to the parties hereunder) pursuant to which it agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, Seller and Purchaser shall designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e) of the Code (the "**Certifying Person**"). If the Escrow Agent refuses to execute a statement pursuant to which it agrees to be the Certifying Person, Seller and Purchaser shall agree to appoint another third party as the Certifying Person.

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(b) Seller and Purchaser each hereby agree:

(i) to provide to the Certifying Person all information and certifications regarding such party, as reasonably requested by the Certifying Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(ii) to provide to the Certifying Person such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Certifying Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Certifying Person is correct.

ARTICLE V INSPECTION OF PROPERTY

Section 5.1 Evaluation Period. Until 5:00 p.m. Eastern time on August 16, 2002 (the "**Evaluation Period**"), Purchaser and its authorized agents and representatives (for purposes of this Article V, the "**Licensee Parties**") shall have the right, subject to the right of any Tenants, to enter upon the Real Property at all reasonable times during normal business hours to perform an inspection of the Real Property, the Improvements and the Personal Property. Purchaser will provide to Seller notice (for purposes of this

Section 5.1(a), an "Entry Notice") of the intention of Purchaser or the other Licensee Parties to enter the Real Property at least 24 hours prior to such intended entry and specify the intended purpose therefor and the inspections and examinations contemplated to be made and with whom any Licensee Party will communicate. At Seller's option, Seller may be present for any such entry and inspection. Purchaser shall not communicate with or contact any of the Tenants or any of the Authorities without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed. If Purchaser shall elect to communicate with any of the Authorities and Seller consents thereto, Purchaser shall give Seller prior notice thereof, and Seller and Seller's representatives shall have the right, but not the obligation, to attend, and participate in, all such meetings. Notwithstanding anything to the contrary contained herein, no so-called Phase II environmental physical testing or sampling shall be conducted during any such entry by Purchaser or any Licensee Party upon the Real Property without Seller's specific prior written consent, which consent shall not be unreasonably withheld or unduly delayed. TIME IS OF THE ESSENCE with respect to the provisions of this Section 5.1.

Section 5.2 Document Review.

(a) During the Evaluation Period, Purchaser and the Licensee Parties shall have the right to review and inspect, at Purchaser's sole cost and expense, such documents and information respecting the Property as Purchaser shall reasonably request, including all of the following to the extent the same are in Seller's possession or control (collectively, the "Documents"): all existing environmental, engineering or consulting reports and studies of the Real Property (which Purchaser shall have the right to have updated at Purchaser's sole cost and expense), architectural, mechanical and structural plans, specifications or drawings related to the original development of the Improvements or any major capital repairs or tenant improvements, real estate tax bills, together with assessments (special or otherwise), ad valorem and personal property tax bills, for the current tax period and the tax period immediately preceding same; its most current rent roll in the form attached hereto as *Exhibit F* (the "Rent Roll"); three (3) year historical and current year operating statements; the Leases, lease files, Service Contracts, and Licenses and Permits; capital expenditure history for last three (3) years, together with current year capital expenditure budget; utility bills for last three (3) years and current year; and copies of all property and liability insurance policies for the Property. To the extent Seller has not, prior to the date hereof,

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delivered, or made available, copies of the Documents to Purchaser or the Licensee Parties, Seller shall do so within three (3) calendar days after the Effective Date. To the extent Seller does not possess a set of any architectural, mechanical and structural plans, specifications or drawings relating to the Property which are in the possession of a third party, Seller shall reasonably cooperate with Purchaser in obtaining such plans from the third party, if requested by Purchaser. Inspections of any Documents for which Seller has not provided Purchaser and the Licensee Parties a copy shall occur at a location selected by Seller, which may be at the office of Seller, Seller's counsel, Seller's property manager, at the Real Property or any of them. Purchaser shall not have the right to review or inspect Seller's internal memoranda, financial projections, budgets, appraisals, proposals for work not actually undertaken, accounting and income tax records and similar proprietary, elective or confidential internal information.

(b) Purchaser acknowledges that any and all of the Documents may be proprietary and confidential in nature and have been provided to Purchaser solely to assist Purchaser in determining the desirability of purchasing the Property. Subject only to the provisions of Article XII, Purchaser agrees not to disclose the contents of the Documents or any of the provisions, terms or conditions contained therein, to any party outside of Purchaser's organization other than its attorneys, partners, accountants, lenders or investors (collectively, for purposes of this Section 5.2(b), the "Permitted Outside Parties"). Purchaser further agrees that within its organization, or as to the Permitted Outside Parties, the Documents will be disclosed and exhibited only to those persons within Purchaser's organization or to those Permitted Outside Parties who are involved in determining the desirability of Purchaser's acquisition of the Property. Purchaser further acknowledges that the Documents and other information relating to the leasing arrangements between Seller and Tenants are proprietary and confidential in nature. Purchaser agrees not to divulge the contents of such Documents and other information except in strict accordance with the confidentiality standards set forth in this Section 5.2 and Article XII. In permitting Purchaser and the Permitted Outside Parties to review the Documents and other information to assist Purchaser, Seller has not waived any privilege or claim of confidentiality with respect thereto, and no third party benefits or relationships of any kind, either express or implied, have been offered, intended or created by Seller, and any such claims are expressly rejected by Seller and waived by Purchaser and the Permitted Outside Parties, for whom, by its execution of this Agreement, Purchaser is acting as an agent with regard to such waiver.

(c) Purchaser acknowledges that some of the Documents may have been prepared by third parties and may have been prepared prior to Seller's ownership of the Property. **PURCHASER HEREBY ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS EXECUTED OR DELIVERED AT CLOSING (THE "CLOSING DOCUMENTS"), SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY REGARDING THE TRUTH, ACCURACY OR COMPLETENESS OF ANY OF THE DOCUMENTS OR THE SOURCES THEREOF OR THAT SELLER HAS DELIVERED ALL OF THE DOCUMENTS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER HAS NOT UNDERTAKEN ANY INDEPENDENT INVESTIGATION AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF ANY OF THE DOCUMENTS AND IS PROVIDING THE DOCUMENTS SOLELY AS AN ACCOMMODATION TO PURCHASER.**

Section 5.3 Entry and Inspection Obligations; Termination of Agreement.

(a) Purchaser agrees that in entering upon and inspecting or examining the Property, Purchaser and the other Licensee Parties will not: disturb the Tenants or interfere with the use of the Property pursuant to the Leases; interfere with the operation and maintenance of the Real Property or Improvements in any material respect; damage any part of the Property or any personal property owned or held by Tenants or any other person or entity; injure or otherwise

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cause bodily harm to Seller or any Tenant, or to any of their respective agents, guests, invitees, contractors and employees, or to any other person or entity; permit any liens to attach to the Real Property by reason of the exercise of Purchaser's rights under this Article V; and reveal or disclose any information obtained concerning the Property and the Documents to anyone outside Purchaser's organization, except in accordance with the confidentiality standards set forth in Section 5.2(b) and Article XII. Purchaser will: (i) cause all of Purchaser's consultants which are to perform physical inspections and/or testing on the Real Property or Improvements to maintain comprehensive general liability (occurrence) insurance in amounts which reasonably prudent consultants in their field customarily maintain insuring Seller, Purchaser and such other parties as Seller shall reasonably request, covering any accident or event arising in connection with the presence of Purchaser or the other Licensee Parties on the Real Property or Improvements, and deliver evidence of insurance verifying such coverage to Seller prior to each entry upon the Real Property or Improvements; (ii) promptly pay when due the costs of all entry and inspections and examinations done with regard to the Property by or on behalf of Purchaser or the Licensee Party; (iii) cause any inspection to be conducted in accordance with standards customarily employed in the industry and in compliance with all Governmental Regulations; (iv) at Seller's written request, furnish to Seller copies of any third party studies, reports or test results received by Purchaser regarding the Property, promptly after such receipt, in connection with such inspection; and (v) repair and restore the Real Property and Improvements to the condition in which the same were found before any such entry upon the Real Property and inspection or examination was undertaken.

(b) Purchaser hereby indemnifies, defends and holds Seller and its partners, agents, directors, officers, employees, successors and assigns harmless from and against any and all liens, claims, causes of action, demands, suits, obligations to third parties, together with all actual (but not consequential or punitive) damages, liabilities losses, penalties, costs and expenses relating to any of the foregoing (including but not limited to court costs and reasonable attorneys' fees) arising out of any personal injury, property damages or liens directly or indirectly caused by any inspections, investigations, examinations, sampling or tests conducted by Purchaser or

any of the Licensee Parties, whether prior to or after the date hereof, with respect to the Property or any violation of the provisions of this Article V.

(c) In the event that Purchaser determines in its sole and absolute discretion, after its inspection of the Documents and Real Property and Improvements, that for any reason, or for no reason, Purchaser does not elect to purchase the Property Purchaser shall have the right to terminate this Agreement by providing written notice to Seller prior to the expiration of the Evaluation Period, WITH TIME BEING OF THE ESSENCE WITH RESPECT THERETO. In the event Purchaser terminates this Agreement in accordance with this Section 5.3(c), Purchaser shall have the right to receive a refund of the Initial Earnest Money Deposit, together with all interest which has accrued thereon, and except with respect to the Termination Surviving Obligations, this Agreement shall be null and void and the parties shall have no further obligation to each other. In the event this Agreement is terminated, Purchaser shall return to Seller, or destroy, all copies Purchaser has made of the Documents and at Seller's written request, deliver to Seller, all copies of any third party studies, reports or test results regarding any part of the Property obtained by Purchaser, before or after the execution of this Agreement, in connection with Purchaser's inspection of the Property (collectively, "**Purchaser's Information**") promptly following the time this Agreement is terminated for any reason. In the event Purchaser does not elect to proceed to Closing by giving written notice thereof to Seller prior to the expiration of the Evaluation Period, and depositing the Additional Earnest Money Deposit within one (1) Business Day thereafter, then Purchaser shall be deemed to have elected (i) to terminate this Agreement pursuant to this Section 5.3(c) and (ii) not to proceed to Closing as provided herein.

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Section 5.4 Service Contracts; Property Management Agreement. During the Evaluation Period, the parties will endeavor to agree as to which Service Contracts Purchaser will assume and which Service Contracts will be terminated by Seller at Closing. Purchaser will assume the obligations arising from and after the Closing Date under those Service Contracts that are not in default as of the Closing Date and which Seller and Purchaser have not agreed will be terminated. Seller shall terminate at Closing all Service Contracts that are not so assumed. If requested by Purchaser, Seller shall terminate at Closing, and Purchaser shall not assume, any property management agreement affecting the Property. Purchaser may not hire any on-site property management personnel, including those employed by Seller, without Seller's prior written consent.

Section 5.5 Sale "As Is" THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND PURCHASER. THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF SELLER AND PURCHASER, AND PURCHASER HAS THE RIGHT TO CONDUCT ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION, WARRANTY, COVENANT OR AGREEMENT OF SELLER OR ANY OF SELLER'S AGENTS OR REPRESENTATIVES, AND PURCHASER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER SPECIFICALLY DISCLAIMS, AND NEITHER IT NOR ANY OF ITS AFFILIATES NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO PURCHASER, AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY PURCHASER WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (e) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, (f) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY AND (g) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS", WITH ALL FAULTS. PURCHASER REPRESENTS THAT IT IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED PURCHASER OF REAL ESTATE, AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER'S CONSULTANTS IN PURCHASING THE PROPERTY. PURCHASER HAS BEEN OR WILL BE GIVEN A SUFFICIENT OPPORTUNITY HEREIN TO CONDUCT AND HAS CONDUCTED OR WILL CONDUCT SUCH INSPECTIONS, INVESTIGATIONS AND OTHER INDEPENDENT EXAMINATIONS OF THE PROPERTY AND RELATED MATTERS AS PURCHASER DEEMED NECESSARY, INCLUDING BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, WILL RELY UPON SAME AND NOT UPON ANY STATEMENTS OF SELLER NOR OF ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF SELLER. PURCHASER ACKNOWLEDGES

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THAT ALL INFORMATION OBTAINED BY PURCHASER WAS OBTAINED FROM A VARIETY OF SOURCES, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER WILL NOT BE DEEMED TO HAVE REPRESENTED OR WARRANTED THE COMPLETENESS, TRUTH OR ACCURACY OF ANY OF THE DOCUMENTS OR OTHER SUCH INFORMATION HERETOFORE OR HEREAFTER FURNISHED TO PURCHASER. UPON CLOSING, PURCHASER WILL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER WILL SELL AND CONVEY TO PURCHASER, AND PURCHASER WILL ACCEPT THE PROPERTY, "AS IS, WHERE IS," WITH ALL FAULTS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY, BY SELLER, ANY AGENT OF SELLER OR ANY THIRD PARTY. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH OR REFERRED TO HEREIN OR IN THE CLOSING DOCUMENTS. PURCHASER ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS THE "AS IS, WHERE IS" NATURE OF THIS SALE AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE PROPERTY. PURCHASER, WITH PURCHASER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT AND UNDERSTANDS THEIR SIGNIFICANCE AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO PURCHASER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT. THE TERMS AND CONDITIONS OF THIS SECTION 5.4 WILL EXPRESSLY SURVIVE THE CLOSING, WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND ARE HEREBY DEEMED INCORPORATED INTO THE DEED AS FULLY AS IF SET FORTH AT LENGTH THEREIN.

PURCHASER FURTHER COVENANTS AND AGREES NOT TO SUE SELLER, AND RELEASES SELLER OF AND FROM AND WAIVES ANY CLAIM OR CAUSE OF ACTION THAT PURCHASER MAY HAVE AGAINST THE SELLER UNDER ANY ENVIRONMENTAL LAW, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, RELATING TO ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS IN, ON, UNDER,

ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATED TO ENVIRONMENTAL CONDITIONS OR ENVIRONMENTAL MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PREMISES; PROVIDED, HOWEVER, THAT THE FOREGOING AGREEMENT SHALL NOT APPLY TO ANY CLAIMS OR ACTIONS BROUGHT BY OR ON BEHALF OF ANY PERSON OR ENTITY OTHER THAN PURCHASER OR ITS AFFILIATES (IT BEING AGREED THAT PURCHASER SHALL HAVE THE RIGHT TO IMPEAD OR CROSS-CLAIM AGAINST SELLER IN CONNECTION WITH ANY SUCH CLAIM OR ACTION). THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE CLOSING OF TITLE TO THE PROPERTY OR THE TERMINATION OF THIS AGREEMENT, AS THE CASE MAY BE.

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ARTICLE VI TITLE AND SURVEY MATTERS

Section 6.1 Survey. Seller has delivered, or within three (3) business days of the Effective Date, shall deliver to Purchaser, a copy of the Existing Survey. Any modification, update or recertification of the Existing Survey shall be at Purchaser's election and sole cost and expense. The Existing Survey, together with any update Purchaser has elected to obtain, if any, is herein referred to as the "**Updated Survey**". In the event that the Existing Survey or the Updated Survey sets forth any survey matters which are (a) objectionable to Purchaser, and (b) materially interfere with the use of the Real Property and the Improvements for their intended use, Purchaser agrees to provide Seller with notice of such objections (the "**Survey Objections**") prior to the expiration of the Evaluation Period. Purchaser agrees to cause the party preparing the Updated Survey to provide two (2) copies of same to Seller's counsel simultaneous with the delivery of the Updated Survey to Purchaser.

Section 6.2 Title Commitment.

(a) Purchaser acknowledges receipt of that certain title insurance commitment issued by Lawyer's Title Insurance Corporation under Commitment No. NYN-02-001835 (the "**Title Commitment**"), together with copies of the title exceptions listed thereon. Purchaser will deliver written notice of any objections to matters shown on the Title Commitment on or prior to the expiration of the Evaluation Period. In addition, Purchaser shall have five (5) Business Days after Purchaser's counsel receives notice of any new objection or exception to the title to the Real Property raised by the Title Company after the effective date of the Title Commitment and prior to the Closing, Purchaser shall provide Seller with written notice of such new objection if Purchaser deems same unacceptable (title matters objected to by Purchaser as set forth in this Section 6.2 are herein called "**Title Objections**"). If Purchaser's counsel receives notice of any Title Objections with less than five (5) Business Days prior to the Closing Date, then (x) the Closing shall be postponed for a sufficient number of days in order for Purchaser's counsel to have five (5) Business Days to review said Title Objections and to advise Seller if Purchaser deems same unacceptable and (y) the balance of this Agreement shall apply with respect to Seller's right to cure same. In the event Seller does not receive the Title Objections by the applicable objection date, Purchaser will be deemed to have accepted the exceptions to title set forth on the Title Commitment or on any updates thereto as Permitted Exceptions. Prior to the expiration of the Evaluation Period (unless this Agreement has been terminated or is deemed terminated by Purchaser), Purchaser shall cause the Title Company to furnish to Purchaser and Seller's counsel a preliminary title report or title commitment, by the terms of which the Title Company agrees to issue to Purchaser at Closing, an owner's policy of title insurance (the "**Title Policy**") in the amount of the Purchase Price on the then-standard ALTA owner's form insuring Purchaser's fee simple title to the Real Property, subject to the terms of such policy and the exceptions described therein (including, without limitation, the standard or general exceptions). Subject to this Section 6.2(a) and Purchaser's review and acceptance of same, all matters shown on such form Title Commitment and the exceptions shown on **Exhibit G** (collectively, the "**Permitted Exceptions**") are conclusively deemed to be acceptable to Purchaser.

(b) All taxes, water rates or charges, sewer rents and assessments, plus interest and penalties thereon, which on the Closing Date are liens against the Real Property and which Seller is obligated to pay and discharge will be credited against the Purchase Price (subject to the provision for apportionment of taxes, water rates and sewer rents herein contained) and shall not be deemed a Title Objection (and the Title Company shall affirmatively insure same). If on the Closing Date there shall be security interests filed against the Real Property which relate to personal property, such items shall not be Title Objections if (A) (i) the personal property covered by such security interests are no longer in or on the Real Property, or (ii) such personal property is the property of

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a Tenant, or the security interest has expired under applicable law, and (B) the Title Company shall affirmatively insure over the same.

(c) If on the Closing Date the Real Property shall be affected by any lien which, pursuant to the provisions of this Agreement, is required to be discharged or satisfied by Seller, Seller shall not be required to discharge or satisfy the same of record provided the money necessary to satisfy the lien is retained by the Title Company at Closing, and the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof in a manner reasonably satisfactory to Purchaser, and a credit is given to Purchaser for the recording charges for a satisfaction or discharge of such lien.

(d) No franchise, transfer, inheritance, income, corporate or other tax open, levied or imposed against Seller or any former owner of the Property, that may be a lien against the Property on the Closing Date, shall be an objection to title if the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof from or out of the Real Property and/or the Improvements, in a manner reasonably satisfactory to Purchaser, and provided further that Seller deposits with the Title Company a sum reasonably sufficient to secure a release of the Property from the lien thereof. If a search of title discloses judgments, bankruptcies, or other returns against other persons having names similar to that of Seller, Seller will deliver to Purchaser an affidavit stating that such judgments, bankruptcies or other returns do not apply to Seller, and such search results shall not be deemed Title Objections if the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof from or out of the Real Property and/or the Improvements in a manner reasonably satisfactory to Purchaser.

Section 6.3 Title Defect.

(a) In the event Seller receives any Survey Objection or Title Objection (collectively and individually, a "**Title Defect**") within the time periods required under Sections 6.1 and 6.2 above, Seller may elect (but shall not be obligated) to attempt to remove, or cause to be removed at its expense, any such Title Defect, and shall provide Purchaser with notice, within five (5) days of its receipt of any such objection, of its intention to cure such any such Title Defect. If Seller elects to attempt to cure any Title Defect, it shall do so in a prompt and diligent manner, and the Closing Date shall be extended for one or more periods not to exceed in the aggregate sixty (60) days, for the purpose of such removal. In the event that (i) Seller elects not to attempt to cure any such Title Defect, or (ii) after exercising reasonable diligent efforts, but in no event requiring Seller to expend sums of money to cure such default except as otherwise set forth in this Agreement, Seller is unable to cure any such Title Defect for any period elected by Seller but not to exceed sixty (60) days from the Closing Date, Seller shall so advise Purchaser and Purchaser shall have the right to terminate this Agreement and receive a refund of the Earnest Money Deposit, together with all interest which has accrued thereon, or to waive such Title Defect and proceed to the Closing. Purchaser shall make such election within ten (10) days of receipt of Seller's notice. If Purchaser elects to proceed to the Closing, any Title Defects waived by Purchaser shall be deemed Permitted Exceptions.

(b) Notwithstanding any provision of this Article VI to the contrary, Seller will be obligated to cure exceptions to title to the Property, in the manner described above, relating to liens and security interests securing any financings to or assumed or taken subject to by Seller, and any mechanic's liens resulting from work at the Property commissioned by Seller, and any other encumbrances placed of record by Seller which may be satisfied by the payment of a sum certain.

(c) Notwithstanding anything to the contrary set forth in this Section 6 or elsewhere in this Agreement, Seller shall not be obligated to bring any action or proceeding, to make any payments or otherwise to incur any expense in order to eliminate any Title Defect not waived by Purchaser

or to arrange for title insurance insuring against enforcement of such Title Defects against, or collection out of the Real Property; *provided, however*, that Seller shall satisfy or discharge mortgages, real estate taxes and assessments, tax or judgment liens against Seller, and all mechanic's liens secured by or affecting the Real Property resulting from work at the Property commissioned by Seller regardless of amount; provided, however, Seller's obligation to satisfy or discharge judgments against Seller, administrative or other violations (collectively, "**Liens**") secured by or affecting the Real Property which can be satisfied by payment of readily ascertainable amounts shall not exceed, in the aggregate for all such Liens, a sum equal to Fifty Thousand and No/100 Dollars (\$50,000.00) (the "**Cap**"). Notwithstanding the foregoing, in the event that Seller fails to satisfy or discharge all mortgages, real estate taxes and assessments and mechanic's liens secured by or affecting the Real Property as aforesaid, then Seller shall direct the Title Company to satisfy or discharge all such unsatisfied mortgages, real estate taxes and assessments out of the Closing proceeds so that the Title Company shall be able to omit such mortgages, real estate taxes and assessments, and mechanic's liens from the Title Policy (hereinafter defined). In the event that the cost of discharging or satisfying the Liens on the Property exceeds the Cap, Purchaser shall have the right to either (a) waive the Liens as a Title Defect and close on the Property, without a reduction in the Purchase Price, in which event Seller shall be obligated to credit Purchaser at Closing with an amount equal to the Cap; or (b) terminate the Agreement and receive a refund of the Earnest Money Deposit. Without limiting the generality of the preceding provisions of this Section 6.3, for the purposes of this Agreement, Seller's failure or refusal to bring any action or proceeding, to make any payments or to otherwise incur any expense (except for Seller's obligation to satisfy mortgages, real estate taxes, assessments, and mechanic's liens, regardless of amount, and Liens which, in the aggregate, can be satisfied by payment of readily ascertainable amounts not to exceed the Cap) in order to eliminate Title Defects not waived by Purchaser or to arrange for such title insurance shall be deemed an inability of Seller to eliminate such Title Defects or to arrange for such title insurance and shall not constitute a default by Seller hereunder (willful or otherwise).

ARTICLE VII INTERIM OPERATING COVENANTS, ESTOPPELS

Section 7.1 Interim Operating Covenants. Seller covenants to Purchaser that Seller will:

(a) **Operations.** From the Effective Date until Closing, continue to operate, manage and maintain the Improvements in the ordinary course of Seller's business and substantially in accordance with Seller's present practice, subject to ordinary wear and tear and further subject to Article XI of this Agreement.

(b) **Compliance with Governmental Regulations.** From the Effective Date until Closing, not take any action that would result in a failure to comply in all material respects with all Governmental Regulations applicable to the Property, it being understood and agreed that prior to Closing, Seller will have the right to contest any such Governmental Regulations.

(c) **Service Contracts.** From the expiration of the Effective Period until Closing, not enter into any service contract other than in the ordinary course of business, unless such service contract is terminable on thirty (30) days notice without penalty or unless Purchaser consents thereto in writing.

(d) **Notices.** To the extent received by Seller, from the Effective Date until Closing, promptly deliver to Purchaser copies of written default notices, notices of lawsuits and notices of violations affecting the Property.

(e) **Leasing Arrangements.** From the Effective Date through Closing (the "**Contract Period**"), without Purchaser's prior written consent in each instance, Seller will not amend or terminate any

existing Lease or enter into any new Lease without Purchaser's prior written consent (which may be given or withheld in its sole and absolute discretion). Without limitation thereon, any and all Leases to be entered into during the Contract Period shall be on Seller's standard lease form delivered to Purchaser and otherwise on terms and conditions acceptable to Purchaser. If Purchaser fails to grant or withhold its consent to any proposed Lease within five (5) days of receipt thereof, Purchaser shall be deemed to have consented to such Lease. Notwithstanding anything contained herein to the contrary, Purchaser's consent shall not be required with respect to any renewal Lease or consent to a sublease or assignment of Lease which Seller, as a matter of law or by a Lease, shall be required to deliver. Notwithstanding anything to the contrary contained in this Agreement, Seller reserves the right, but is not obligated, to institute summary proceedings against any Tenant or terminate any Lease as a result of a default by the tenant thereunder prior to the Closing Date. Seller makes no representations and assumes no responsibility with respect to the continued occupancy of the Property or any part thereof by any Tenant. The removal of a Tenant prior to the Closing Date, whether by summary proceedings (or any written agreement accepting surrender or termination of the Lease subsequent to the commencement of such summary proceedings) or unilateral act of such Tenant, shall not give rise to any claim on the part of Purchaser; provided, however, Purchaser shall have the right within ten (10) days of the removal of any Tenant as Purchaser's sole and exclusive remedy, to terminate this Agreement and receive a refund of any portion of the Earnest Money Deposit previously tendered by Purchaser to the Escrow Agent, whereupon this Agreement shall terminate and the parties shall have no further rights and obligations to one another except for those obligations expressly stated herein to survive. If Purchaser fails to terminate this Agreement within such ten (10) day period, Purchaser shall be deemed to have waived its right to terminate pursuant to this Section 7.1(e) and Purchaser shall proceed to Closing without credit against, or reduction of, the Purchase Price.

Section 7.2 Estoppels.

(a) It will be a condition to Closing that Seller obtain from each Tenant an executed estoppel certificate in the form prescribed by the Lease for each such Tenant dated no earlier than 30 days prior to Closing, except to the extent that Purchaser shall cause or request an extension of the Closing Date. Notwithstanding the foregoing, Seller agrees to request that each Tenant execute an estoppel certificate in the form reasonably requested by Purchaser and annexed hereto as **Exhibit H**. No later than five (5) Business Days after the end of the Evaluation Period, Seller will request each Tenant to execute an estoppel certificate in the form of **Exhibit H** required herein, and use good faith efforts to obtain same. Seller shall not be in default of its obligations hereunder if any Tenant fails to deliver an estoppel certificate, or delivers an estoppel certificate which is not in the form of **Exhibit H**. Purchaser agrees that an estoppel from any Tenant in the form prescribed by such Tenant's Lease shall satisfy

the estoppel delivery condition in this Section 7.2 for such Tenant, provided that (i) the rental information contained in such estoppel shall conform in all material respects to the rent roll delivered at Closing, and (ii) there shall be no material defaults which remain uncured after notice and expiration of applicable grace periods.

(b) Notwithstanding anything to the contrary contained herein, to the extent that a Tenant shall certify in its estoppel confirming any matter set forth in Section 8.1(f), then Seller's representations and warranties as to such matters shall terminate. The provisions of this Section 7.2(b) shall survive the Closing and the execution and delivery of the Deed.

Section 7.3 *Intentionally omitted.*

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ARTICLE VIII REPRESENTATIONS AND WARRANTIES

Section 8.1 *Seller's Representations and Warranties.* The following constitute the sole representations and warranties of Seller, which representations and warranties shall be true as of the Effective Date. Subject to the limitations set forth in Section 8.3 of this Agreement, Seller represents and warrants to Purchaser the following:

(a) **Status.** Seller is a limited partnership, duly organized and validly existing under the laws of the State of Arizona.

(b) **Authority.** (i) The execution and delivery of this Agreement and the performance of Seller's obligations hereunder have been or will be duly authorized by all necessary action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller, and (ii) no consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of the transactions contemplated hereby.

(c) **Non-Contravention.** The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of, or constitute a default under the organizational documents of Seller, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Seller is a party or by which it is bound.

(d) **Suits and Proceedings.** To Seller's Knowledge, except as listed in *Exhibit I*, there are no legal actions, suits or similar proceedings pending and served, or threatened against Seller or the Property which (i) are not adequately covered by existing insurance and (ii) if adversely determined, would affect, in other than a *de minimus* manner, the value of the Property, the continued operations thereof, or Seller's ability to consummate the transactions contemplated hereby.

(e) **Non-Foreign Entity.** Seller is not a "foreign person" or "foreign corporation" as those terms are defined in the Code, and the regulations promulgated thereunder.

(f) **Tenants.** As of the date of this Agreement, to Seller's Knowledge: (i) the only tenants of the Property are the tenants set forth in the Rent Roll listed on *Exhibit F* and the only agreements or understandings related to the use or occupancy of the Property are the Leases listed on the Rent Roll; (ii) each Lease is in full force and effect, and the term of the same and the obligation to pay rent thereunder has commenced and the tenant thereunder is in full possession and actual occupancy thereof, and all improvements required to be completed under the provisions thereof are completed; (iii) no rebates, rental concessions, free-rent periods, credits, setoffs, or rent reductions relating to any period after Closing have been given under any Lease; (iv) no tenant is making any claim against Seller or the Property or is entitled to or is claiming any of the same; (v) all brokerage commissions with respect to Leases have been paid in full or will have been paid in full prior to Closing and Seller has not received written notice of any default with respect to any brokerage commissions due with respect to the Leases, and except as specifically set forth in the Rent Roll, there are and will be no commissions payable with respect to renewals, extensions or expansions of or under any Lease; (vi) Seller has executed no exclusive brokerage agencies; and (vii) the Documents made available to Purchaser pursuant to Section 5.2 hereof include true and correct copies of all of the Leases listed on *Exhibit F*.

(g) **Service Contracts.** Seller has paid, or will pay in the normal course after Closing, all amounts due prior to Closing under the Service Contracts. The Documents made available to Purchaser pursuant to Section 5.2 hereof include copies of all existing Service Contracts listed on

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Exhibit E under which Seller is currently paying for services rendered in connection with the Property.

(h) **Key Individuals.** The Key Individuals are the employees of Mack-Cali Realty Corporation or Seller who have significant responsibilities with respect to the Property.

(i) **Condemnation.** Seller has received no written notice of any condemnation proceedings or special assessment proceedings either instituted or pending with respect to the Property; and, to Seller's Knowledge, there are no condemnation proceedings or special assessment proceedings planned to be instituted with respect to the Property.

(j) **Employees.** No person who is employed in connection with the management, operation or maintenance of the Property and who will become the obligation of Purchaser after the Closing is covered by an employment agreement or a union contract, and none of the employment arrangements with respect to the employees will be binding on Purchaser after Closing.

(k) **ERISA.** The Property is not a "plan asset" within the meaning of that term under any regulations promulgated under the Employee Retirement and Income Security Act of 1974, as amended.

(l) **Default.** Seller is not in material default in respect of any of its material obligations or liabilities pertaining to the Property. Without limitation of the foregoing, the Service Contracts, the Permitted Exceptions and the Leases are free from material default by Seller and, to Seller's knowledge, by any party thereto.

(m) **Personal Property.** Seller holds good title to, and the entire right, title and interest in and to the Personal Property more particularly described in *Exhibit C*, free and clear of any and all liens, leases, encumbrances or other liabilities, except the Permitted Exceptions and the Leases.

(n) **Environmental Laws.** To Seller's knowledge, except as set forth in the Environmental Report, there are no Hazardous Materials existing at, in or under the Property, and Seller has received no written notice from any Authorities of any violation of Environmental Laws.

(o) **Notices; Requests.** Seller has received no written notice from any of the Authorities of any violations against Seller or the Property pertaining to the construction, use or operation of the Property.

(p) **Existing Agreements.** There are no written agreements relating to the Property which will be binding on Purchaser or the Property from and after Closing, except for the Permitted Exceptions, the Leases and the Service Contracts which are not terminable upon thirty (30) days notice.

Section 8.2 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller the following:

(a) **Status.** Purchaser is a corporation, duly organized and validly existing under the laws of the State of California.

(b) **Authority.** The execution and delivery of this Agreement and the performance of Purchaser's obligations hereunder have been duly authorized by all necessary action on the part of Purchaser and this Agreement constitutes the legal, valid and binding obligation of Purchaser.

(c) **Non-Contravention.** The execution and delivery of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of or constitute a default under the organizational documents of Purchaser, any note or

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other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchaser is a party or by which it is bound.

(d) **Consents.** No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transactions contemplated hereby.

Section 8.3 Modification and Waiver of Representations, Warranties and Covenants; Bring Down Certificate.

(a) To the extent that any information (i) contained in the copies of the Leases or any other Documents furnished to or made available to Purchaser by Seller; (ii) contained in reports provided to Purchaser from professionals; (iii) contained in Seller's filings with the Securities and Exchange Commission or other publicly available documents; (iv) obtained by Purchaser prior to the expiration of the Evaluation Period through written communications with, or other written evidence of oral communications with, Seller's employees, (v) obtained by Purchaser (whether prior to or following the expiration of the Evaluation Period) through oral or written communications with Seller's tenants, is inconsistent with the representations and warranties contained in Section 8.1 hereof, such representations and warranties shall be deemed modified to the extent necessary to eliminate such inconsistency and to conform such representations and warranties to such information.

(b) If Purchaser becomes aware or should have become aware (whether through its own investigations, by notice from Seller or otherwise) that any such representation or warranty is untrue, inaccurate or incorrect in any material respect, and is not cured or corrected by Seller on or before the Closing Date (whether or not the Closing is adjourned as provided above), then Purchaser, as its sole remedy for any and all such materially untrue, inaccurate or incorrect representations or warranties, shall have the right to elect either (A) to waive such materially untrue, inaccurate or incorrect representations or warranties, and proceed to Closing, and receive no credit against, or reduction of, the Purchase Price due to such materially untrue, inaccurate or incorrect representations or warranties; and/or (B) to terminate this Agreement; *provided, however*, that if Seller intentionally or knowingly made any such materially untrue, inaccurate or incorrect representations or warranties, then, in the event that Purchaser elects to terminate this Agreement, Purchaser's sole remedy shall be to receive a refund of the Earnest Money Deposit together with its actual out of pocket expenses up to the sum of \$25,000 for each Portfolio Property. For the purposes of this Section 8.3, a representation shall be deemed to be materially untrue, inaccurate or incorrect if, as a result of such untruth, inaccuracy or incorrectness, there is a material, adverse affect upon the Property and/or the business, properties, assets, financial condition, or results of operations of Seller, taken as a whole, including, without limitation, the ability of such Seller to consummate the transactions contemplated herein.

(c) If, despite changes or other matters described in the certificate described in Section 10.3(i) herein, the Closing occurs, Seller's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate.

Section 8.4 Survival of Representations, Warranties and Covenants.

(a) The representations and warranties of Seller set forth in Section 8.1, and the covenants of Seller set forth in Section 7.1, will survive the Closing for a period of nine (9) months. Purchaser will not have any right to bring any action against Seller as a result of any untruth or inaccuracy of such representations and warranties, or any such breach, unless and until the aggregate amount of all liability and losses arising out of any such untruth or inaccuracy, or any such breach exceeds Twenty Thousand and No/100 Dollars (\$20,000.00); it being agreed that if such threshold amount

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shall be exceeded, Purchaser may recover all damages from "first dollar". In addition, in no event will Seller's liability for all such breaches relating to this Agreement and/or any other Portfolio Sale and Purchase Agreement (including, without limitation, statements made by Seller in any Closing Document) exceed with respect to the Property and the other Portfolio Properties, in the aggregate, the sum of Three Million and No/100 Dollars (\$3,000,000.00). Subject to Section 8.3 (b) above, Seller shall have no liability with respect to any of Seller's representations, warranties and covenants herein if, prior to the Closing, Purchaser has knowledge (from whatever source, including, without limitation, any estoppel certificates, as a result of Purchaser's due diligence tests, investigations and inspections of the Property, or written disclosure by Seller or Seller's agents and employees) of any breach of a covenant of Seller herein, or if the officers and employees of Purchaser primarily responsible for this transaction have actual knowledge (as opposed to constructive or imputed knowledge) or obtain knowledge that contradicts any of Seller's representations, warranties and covenants herein or statements made by Seller in any Closing Document, and Purchaser nevertheless consummates the transaction contemplated by this Agreement. The Closing Surviving Obligations and the Termination Surviving Obligations will survive Closing without limitation unless a specified period is otherwise provided in this Agreement. All other representations, warranties, covenants and agreements made or undertaken by Seller under this Agreement, unless otherwise specifically provided herein, will not survive the Closing Date but will be merged into the Deed and other Closing documents delivered at the Closing.

(b) Notwithstanding anything to the contrary contained in Section 8.3 or this Section 8.4, if at any time after the expiration of the Evaluation Period but prior to Closing, Purchaser discovers that Seller has failed to provide Purchaser with any lease or lease amendment which contains terms and conditions which have a material, adverse effect upon the Property and/or the ability of Seller to consummate the transactions contemplated herein, Purchaser, as its sole and exclusive remedy shall have the right to terminate this Agreement by written notice to Seller (the "Discovery Notice") no later than the sooner of four days from the date of such discovery or Closing. In the event of such termination, Purchaser shall receive a refund of the Earnest Money Deposit, and upon the return of the Earnest Money Deposit, together

with its actual, reasonable out of pocket expenses incurred in connection with the transactions contemplated herein as well as in each of the other Portfolio Sale and Purchase Agreements, there shall be no further obligations or liabilities between the parties except for the Termination Surviving Obligations. Purchaser's failure to deliver the Discovery Notice shall be deemed Purchaser's election to proceed to Closing. In the event that such lease or lease amendment is either (i) immaterial, or (ii) material as set forth above but Purchaser proceeds to Closing as set forth herein, then Purchaser shall be deemed to have waived its right to receive a reimbursement of any of its out of pocket expenses, as set forth above, and Purchaser shall close the transaction with no credit against, or reduction of, the Purchase Price.

ARTICLE IX CONDITIONS PRECEDENT TO CLOSING

Section 9.1 Conditions Precedent to Obligation of Purchaser. The obligation of Purchaser to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion:

(a) Seller shall have delivered to Purchaser all of the items required to be delivered to Purchaser pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.3.

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(b) All of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the date of Closing (with appropriate modifications permitted under this Agreement).

(c) Seller shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Seller as of the Closing Date.

(d) Seller shall be ready, willing and able to simultaneously close on each Portfolio Property in accordance with the terms and conditions of each Portfolio Sale and Purchase Agreement.

(e) The Title Company shall be irrevocably committed to issue the Title Policy in the form provided herein, and all other conditions to Purchaser's obligations hereunder shall have been satisfied or waived in writing by Purchaser.

Section 9.2 Conditions Precedent to Obligation of Seller. The obligation of Seller to consummate the transaction hereunder shall be subject to the fulfillment on or before the date of Closing of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

(a) Seller shall have received the Purchase Price as adjusted pursuant to, and payable in the manner provided for, in this Agreement.

(b) Purchaser shall have delivered to Seller all of the items required to be delivered to Seller pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.2.

(c) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the date of Closing (with any appropriate modifications permitted under this Agreement or not materially adverse to Seller).

(d) Purchaser shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Purchaser as of the Closing Date.

(e) Purchaser shall be ready, willing and able to simultaneously close on each Portfolio Property in accordance with the terms and conditions of each Portfolio Sale and Purchase Agreement including but not limited to satisfaction by Purchaser of all Closing Conditions set forth in those certain Portfolio Sale and Purchase Agreements, if any between Seller and Purchaser.

ARTICLE X CLOSING

Section 10.1 Closing. The consummation of the transaction contemplated by this Agreement by delivery of documents and payments of money shall take place at 12:00 p.m. Eastern Time on the Closing Date at the offices of the Escrow Agent. At Closing, the events set forth in this Article X will occur, it being understood that the performance or tender of performance of all matters set forth in this Article X are mutually concurrent conditions which may be waived by the party for whose benefit they are intended.

Section 10.2 Purchaser's Closing Obligations. On the Closing Date, Purchaser, at its sole cost and expense, will deliver the following items to Seller at Closing as provided herein:

(a) The Purchase Price, after all adjustments are made as herein provided, by Federal Reserve wire transfer of immediately available funds, in accordance with the timing and other requirements of Section 3.3;

(b) A counterpart original of the Assignment of Leases, duly executed by Purchaser;

(c) A counterpart original of the Assignment, duly executed by Purchaser;

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(d) Evidence reasonably satisfactory to Seller that the person executing the Assignment of Leases, the Assignment, and the Tenant Notice Letters on behalf of Purchaser has full right, power and authority to do so;

(e) Written notice, in the form of **Exhibit K**, executed by Purchaser and to be addressed and delivered to the Tenants by Purchaser in accordance with Section 10.6 herein, (i) acknowledging the sale of the Property to Purchaser, (ii) acknowledging that Purchaser has received and that Purchaser is responsible for the Security Deposit (specifying the exact amount of the Security Deposit) and (iii) indicating that rent should thereafter be paid to Purchaser and giving instructions therefor (the "**Tenant**

Notice Letters");

(f) A counterpart original of the Closing Statement, duly executed by Purchaser;

(g) Counterpart originals of the transfer tax declarations, each duly executed by Purchaser;

(h) A certificate, dated as of the date of Closing, stating that the representations and warranties of Purchaser contained in Section 8.2 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. In no event shall Purchaser be liable to Seller for, or be deemed to be in default hereunder if any representation or warranty is not true and correct in all material respects; *provided, however*, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.2(c). If, despite changes or other matters described in such certificate, the Closing occurs, Purchaser's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

(i) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.3 Seller's Closing Obligations. At the Closing, Seller, at its sole cost and expense, will deliver to Purchaser the following documents:

(a) A special warranty deed (the "*Deed*"), duly executed and acknowledged by Seller, conveying to the Purchaser the Real Property and the Improvements subject only to the Permitted Exceptions;

(b) A blanket assignment and bill of sale in the form attached hereto as *Exhibit C* (the "*Bill of Sale*"), duly executed by Seller, assigning and conveying to Purchaser, without representation or warranty, title to the Personal Property;

(c) A counterpart original of an assignment and assumption of the Seller's interest, as lessor, in the Leases and Security Deposits in the form attached hereto as *Exhibit B* (the "*Assignment of Leases*"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title and interest in the Leases and Security Deposits;

(d) A counterpart original of an assignment and assumption of Seller's interest in the Service Contracts (other than those to be terminated pursuant to Section 5.4) and the Licenses and Permits in the form attached hereto as *Exhibit A* (the "*Assignment*"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title, and interest, if any, in the Service Contracts and the Licenses and Permits;

(e) The Tenant Notice Letters, duly executed by Seller;

(f) Evidence reasonably satisfactory to Purchaser and Title Company that the person executing the documents delivered by Seller pursuant to this Section 10.3 on behalf of Seller has full right, power, and authority to do so;

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(g) A certificate in the form attached hereto as *Exhibit J* ("*Certificate as to Foreign Status*") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Code, as well as any form or other document required under applicable laws to be executed by Seller in connection with any transfer tax applicable to the transaction contemplated by this Agreement;

(h) All original Leases, to the extent in Seller's possession, and all original Licenses and Permits and Service Contracts in Seller's control bearing on the Property;

(i) A certificate, dated as of the date of Closing, stating that the representations and warranties of Seller contained in Section 8.1 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein and subject to Section 8.4) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. Subject to 8.3(b), in no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder if any representation or warranty is not true and correct in all material respects; *provided, however*, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.1(b). If, despite changes or other matters described in such certificate, the Closing occurs, Seller's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

(j) The Rent Roll, updated to show any changes dated as of no more than five (5) Business Days prior to the Closing Date; and

(k) Counterparts of the transfer tax declarations, duly executed by Seller;

(l) A counterpart original of the Closing Statement, duly executed by Seller;

(m) An original executed estoppel certificate from each Tenant, subject to Section 7.2.

(n) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.4 Prorations.

(a) Seller and Purchaser agree to adjust, as of 11:59 p.m. on the day preceding the Closing Date (the "*Proration Time*"), the following (collectively, the "*Proration Items*"):

(i) Rents, in accordance with Subsection 10.4(b) below.

(ii) Security Deposits and any prepaid rents, together with interest required to be paid thereon.

(iii) Utility charges payable by Seller, including, without limitation, electricity, water charges and sewer charges. If there are meters on the Real Property, Seller will cause readings of all said meters to be performed not more than five (5) days prior to the Closing Date, and a per diem adjustment shall be made for the days between the meter reading date and the Closing Date based on the most recent meter reading.

(iv) Amounts payable under the Service Contracts other than those Service Contracts which Purchaser has elected not to assume.

(v) Real estate taxes due and payable for the calendar year. If the Closing Date shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. If subsequent to the Closing Date, real estate taxes (by

reason of change in either assessment or rate or for any other reason) for the Real Property should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Seller agrees to pay Purchaser any increase shown by such recomputation and vice versa.

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Seller will be charged and credited for the amounts of all of the Proration Items relating to the period up to and including the Proration Time, and Purchaser will be charged and credited for all of the Proration Items relating to the period after the Proration Time. The estimated Closing prorations shall be set forth on a preliminary closing statement to be prepared by Seller and submitted to Purchaser prior to the Closing Date (the "**Closing Statement**"). The Closing Statement, once agreed upon, shall be signed by Purchaser and Seller. The proration shall be paid at Closing by Purchaser to Seller (if the prorations result in a net credit to Seller) or by Seller to Purchaser (if the prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. If the actual amounts of the Proration Items are not known as of the Closing Date, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Purchaser. No prorations will be made in relation to insurance premiums, and Seller's insurance policies will not be assigned to Purchaser. Final readings and final billings for utilities will be made if possible as of the Closing Date, in which event no proration will be made at the Closing with respect to utility bills. Seller will be entitled to all deposits presently in effect with the utility providers, and Purchaser will be obligated to make its own arrangements for any deposits with the utility providers. The provisions of this Section 10.4(a) will survive the Closing for twelve (12) months.

(b) Purchaser will receive a credit on the Closing Statement for the prorated amount (as of the Proration Time) of all Rental previously paid to or collected by Seller and attributable to any period following the Proration Time. After the Closing, Seller will cause to be paid or turned over to Purchaser all Rental, if any, received by Seller after Closing and attributable to any period following the Proration Time. "**Rental**" as used herein includes fixed monthly rentals, additional rentals, percentage rentals, escalation rentals (which include each Tenant's proration share of building operation and maintenance costs and expenses as provided for under the Lease, to the extent the same exceeds any expense stop specified in such Lease), retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, telephone receipts, locker rentals, vending machine receipts and other sums and charges payable by Tenants under the Leases or from other occupants or users of the Property. Rental is delinquent when it was due prior to the Closing Date, and payment thereof has not been made on or before the Proration Time ("**Delinquent Rental**"). Delinquent Rental will not be prorated at Closing. Purchaser agrees to include any Delinquent Rentals in its usual billing for up to six (6) months after Closing, but Purchaser will have no liability for the failure to collect any such amounts and will not be required to declare a default under any Lease or pursue legal action or incur any costs or expenses to enforce collection of any such amounts owed to Seller by any Tenant. All sums collected by Purchaser from and after Closing from each Tenant (excluding tenant specific billings for tenant work orders and other specific services will be applied first to current amounts owed by such Tenant to Purchaser and then to Delinquent Rental owed by such Tenant to Seller. Any sums due Seller will be promptly remitted to Seller.

(c) At the Closing, Seller shall deliver to Purchaser a list of additional rent, however characterized, under each Lease, including without limitation, real estate taxes, electrical charges, utility costs and operating expenses (collectively, "**Operating Expenses**") billed to Tenants for the calendar year in which the Closing occurs (both on a monthly basis and in the aggregate), the basis on which the monthly amounts are being billed and the amounts incurred by Seller on account of the components of Operating Expenses for such calendar year. Upon the reconciliation by Purchaser of the Operating Expenses billed to Tenants, and the amounts actually incurred for such calendar year, Seller and Purchaser shall be liable for overpayments of Operating Expenses, and

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shall be entitled to payments from Tenants, as the case may be, on a *pro-rata* basis based upon each party's period of ownership during such calendar year.

(d) With respect to specific tenant billings for work orders, special items performed or provided at the request of a Tenant or other specific services, which are collected by Purchaser after the Closing Date but relate to the foregoing specific services rendered by Seller prior to the Proration Time, then notwithstanding anything to the contrary contained herein, Purchaser shall cause the first amounts collected from such Tenant to be paid to Seller on account thereof.

(e) Notwithstanding any provision of this Section 10.4 to the contrary, Purchaser will be solely responsible for any leasing commissions, tenant improvement costs or other expenditures due with respect to any renewal and/or expansion rights under any existing Lease which are exercised after the Effective Date, and Seller shall be responsible for any leasing commissions, tenant improvement costs or other expenditures due on account of the initial term, or renewal period of any Lease, if the initial term or the renewal period began prior to the Effective Date. Purchaser further agrees to be solely responsible for all leasing commissions, tenant improvement costs and other expenditures (for purposes of this Section 10.4(e), "**New Tenant Costs**") incurred or to be incurred in connection with any new lease or amendment of any existing Lease executed on or after the Effective Date and approved by Purchaser hereunder, and Purchaser will pay to Seller at Closing as an addition to the Purchase Price an amount equal to the New Tenant Costs paid by Seller. The parties hereto acknowledge and agree that Seller shall be solely responsible for any leasing commissions, tenant improvement costs or other expenditures set forth on **Exhibit L** annexed hereto and made a part hereof.

(f) Notwithstanding any other provision of this Agreement to the contrary, if Purchaser shall become liable after the Closing for payment of any real estate taxes or other such charges assessed or imposed against the Property for any period of time prior to the Closing Date or other charge or expense which was subject to proration or a Purchase Price credit in Purchaser's favor at Closing, which was not so adjusted or credited at Closing and which is not the obligation of a Tenant to pay or to reimburse the landlord under a Tenant's Lease, Seller shall pay to Purchaser, within thirty (30) days of demand accompanied by a calculation and reconciliation of the amount due, an amount equal to such tax or credit due Purchaser.

Section 10.5 Costs of Title Company and Closing Costs. Costs of the Title Company and other Closing costs incurred in connection with the Closing will be allocated as follows:

(a) Seller shall pay (i) Seller's attorney's fees; (ii) the cost of the premium for that portion of the Title Policy attributable to so called "CLTA coverage", but in no event the cost of any endorsements to such Title Policy requested by Purchaser; (iii) the charges to record the Deed; and (iv) the brokerage commission, if any, due to any broker.

(b) Purchaser shall pay (i) the cost of any additional coverage under the Title Policy or endorsements or deletions to the Title Policy that are desired by Purchaser; (ii) all premiums and other costs for any mortgagee policy of title insurance, if any, including but not limited to any endorsements or deletions; (iii) Purchaser's attorney's fees; and (iv) the costs of the Updated Survey, as provided for in Section 6.1.

(c) Any other costs and expenses of Closing not provided for in this Section 10.5 shall be allocated between Purchaser and Seller in accordance with the custom in the area in which the Property is located.

Section 10.6 Post-Closing Delivery of Tenant Notice Letters. Immediately following Closing, Purchaser will deliver to each Tenant a Tenant Notice Letter, as described in Section 10.2(e).

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Section 10.7 Like-kind Exchange. Either party may consummate the purchase or sale (as applicable) of the Property as part of a so-called like kind exchange (an "Exchange") pursuant to Section 1031 of the Code, provided that: (a) the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of an Exchange be a condition precedent or condition subsequent to the exchanging party's obligations under this Agreement; (b) the exchanging party shall effect its Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary (c) neither party shall be required to take an assignment of the purchase agreement for the relinquished or replacement property or be required to acquire or hold title to any real property for purposes of consummating an Exchange desired by the other party; and (d) the exchanging party shall pay any additional costs that would not otherwise have been incurred by the non-exchanging party had the exchanging party not consummated the transaction through an Exchange. Neither party shall by this Agreement or acquiescence to an Exchange desired by the other party have its rights under this Agreement affected or diminished in any manner or be responsible for compliance with or be deemed to have warranted to the exchanging party that its Exchange in fact complies with Section 1031 of the Code.

ARTICLE XI CONDEMNATION AND CASUALTY

Section 11.1 Casualty. If, prior to the Closing Date, all or any portion of the Real Property and Improvements is destroyed or damaged by fire or other casualty, Seller will notify Purchaser of such casualty. Purchaser will have the option to terminate this Agreement upon notice to Seller given not later than fifteen (15) days after receipt of Seller's notice if all or a Significant Portion of the Real Property and Improvements are damaged or destroyed or if that portion so damaged or destroyed is uninsured. If this Agreement is terminated, the Earnest Money Deposit and all interest accrued thereon will be returned to Purchaser and thereafter neither Seller nor Purchaser will have any further rights or obligations to the other hereunder except with respect to the Termination Surviving Obligations. If Purchaser does not elect to terminate this Agreement or less than a Significant Portion of the Real Property and Improvements is destroyed or damaged as aforesaid, Seller will not be obligated to repair such damage or destruction but (a) Seller will assign and turn over to Purchaser the insurance proceeds net of reasonable collection costs (or if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty up to the amount of the Purchase Price and (b) the parties will proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price, except that Purchaser will receive credit for any insurance deductible amount. In the event Seller elects to perform any repairs as a result of a casualty, Seller will be entitled to deduct its reasonable actual third party costs and expenses from any amount to which Purchaser is entitled under this Section 11.1, which right shall survive the Closing.

Section 11.2 Condemnation of Property.

(a) In the event of (i) any condemnation or sale in lieu of condemnation of any or all of the Property prior to the Closing, Purchaser will have the option, to be exercised within fifteen (15) days after receipt of notice of such condemnation or sale, of terminating Purchaser's obligations under this Agreement, or electing to have this Agreement remain in full force and effect. In the event that Purchaser does not terminate this Agreement pursuant to the preceding sentence, Seller will assign to Purchaser any and all claims for the proceeds of such condemnation or sale to the extent the same are applicable to the Property, and Purchaser will take title to the Property with the assignment of such proceeds and subject to such condemnation and without reduction of the Purchase Price. Should Purchaser elect to terminate Purchaser's obligations under this Agreement under the provisions of this Section 11.2, the Earnest Money Deposit and any interest thereon will be returned to Purchaser and neither Seller nor Purchaser will have any further obligation under this Agreement, except for the Termination Surviving Obligations.

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ARTICLE XII CONFIDENTIALITY

Section 12.1 Confidentiality. Seller and Purchaser each expressly acknowledge and agree that the transactions contemplated by this Agreement and the terms, conditions, and negotiations concerning the same will be held in the strictest confidence by each of them and will not be disclosed by either of them except to their respective legal counsel, accountants, consultants, officers, employees, partners, directors, and shareholders, and except and only to the extent that such disclosure may be necessary for their respective performances hereunder. Purchaser further acknowledges and agrees that, unless and until the Closing occurs, all information obtained by Purchaser in connection with the Property will not be disclosed by Purchaser to any third persons (other than the Permitted Outside Parties) without the prior written consent of Seller. Nothing contained in this Article XII will preclude or limit either party to this Agreement from disclosing or accessing any information otherwise deemed confidential under this Article XII response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with governmental authorities required by reason of the transactions provided for herein pursuant to an opinion of counsel. Nothing in this Article XII will negate, supersede or otherwise affect the obligations of the parties under the Confidentiality Agreement. In addition, prior to or as a part of the Closing, any release to the public of information with respect to the sale contemplated herein or any matters set forth in this Agreement will be made only in the form approved by Purchaser and Seller and their respective counsel, which approval shall not be unreasonably withheld or delayed. The provisions of this Article XII will survive the Closing or any termination of this Agreement.

ARTICLE XIII REMEDIES

Section 13.1 Default by Seller. In the event the Closing and the transactions contemplated hereby do not occur as herein provided by reason of any default of Seller, Purchaser may, as Purchaser's sole and exclusive remedy, elect by notice to Seller within ten (10) Business Days following the Closing Date, either of the following: (a) terminate this Agreement, in which event Purchaser will receive from the Escrow Agent the Earnest Money Deposit, together with all interest accrued thereon, whereupon Seller and Purchaser will have no further rights or obligations under this Agreement, except with respect to the Termination Surviving Obligations; or (b) seek to enforce specific performance of Seller's obligations under this Agreement. Purchaser expressly waives its rights to seek damages in the event the transactions hereunder do not close by reason of Seller's default hereunder. Purchaser shall be deemed to have elected to terminate this Agreement and receive back the Earnest Money Deposit if Purchaser fails to advise Seller, on or before thirty (30) days following the Closing Date or thirty (30) days following the last date to which Seller had exercised an extension of the Closing past the Closing Date, that it intends to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, and if Purchaser fails to actually file such suit within thirty (30) days thereafter. Notwithstanding the foregoing, nothing contained in this Section 13.1 will limit Purchaser's remedies at law, in equity or as herein provided in pursuing remedies of a breach by Seller of any of the Termination Surviving Obligations.

Section 13.2 Default by Purchaser. In the event the Closing and the consummation of the transactions contemplated herein do not occur as provided herein by reason of any default of Purchaser, Purchaser and Seller agree it would be impractical and extremely difficult to fix the damages which Seller may suffer. Purchaser and Seller hereby agree that (a) an amount equal to the Earnest Money Deposit (together with interest accrued thereon) is a reasonable estimate of the total net detriment Seller would suffer in the event Purchaser defaults and fails to complete the purchase of the Property, and (b) such amount will be the full, agreed and liquidated damages for Purchaser's default and failure to complete the purchase of the Property, and will be Seller's sole and exclusive remedy

(whether at law or in equity) for any default of Purchaser resulting in the failure of consummation of the Closing, whereupon this Agreement will terminate and Seller and Purchaser will have no further rights or obligations hereunder, except with respect to the Termination Surviving Obligations. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty but is intended to constitute liquidated damages to Seller. Notwithstanding the foregoing, nothing contained herein will limit Seller's remedies at law, in equity or as herein provided in the event of a breach by Purchaser of any of the Termination Surviving Obligations.

**ARTICLE XIV
NOTICES**

Section 14.1 Notices.

(a) All notices or other communications required or permitted hereunder shall be in writing, and shall be given by hand delivery (with proof of delivery), by any nationally recognized overnight delivery service (with proof of delivery), or by facsimile transmission (provided that such facsimile is confirmed by the sender by expedited delivery service in the manner previously described), sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee will have designated by written notice sent in accordance herewith. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement will be as follows:

If to Purchaser:	Summit Commercial Properties, Inc. 1970 East Grand Avenue, Suite 300 El Segundo, California 90245 Attention: Real Estate Notices (Ken White/Larry Matsui) Fax No. (310) 648-7251 Telephone No. (310) 648-7500
with a copy to:	Pircher Nichols & Meeks 1925 Century Park East, Suite 1700 Los Angeles, California 90067 Attention: Real Estate Notices (GML) Fax No. (310) 201-8922 Telephone No. (310) 201-8900
If Seller:	Mack-Cali Realty 9060, L.L.C. c/o Mack-Cali Realty Corporation 11 Commerce Drive Cranford, New Jersey 07016
	with separate notices to the attention of:
	Mr. Mitchell E. Hersh Fax No. (908) 272-6755 Telephone No. (908) 272-8000
	and
	Roger W. Thomas, Esq. Executive Vice President and General Counsel Fax No. (908) 497-0485 Telephone No. (908) 272-2612

With a copy to:	Pryor Cashman Sherman & Flynn LLP 410 Park Avenue New York, New York 10022 Attention: Wayne Heicklen, Esq. Fax No. (212) 326-0806 Telephone No. (212) 326-0854
If to Escrow Agent:	Lawyer's Title Insurance Corporation 655 Third Avenue New York, New York 10017 Attention: Debra Sollitto Fax No. (212) 949-2438 Telephone No. (212) 949-0100

(b) Notices given by (i) overnight morning delivery service as aforesaid shall be deemed received and effective on the first Business Day following such dispatch and (ii) facsimile transmission as aforesaid shall be deemed given at the time and on the date of machine transmittal provided same is sent prior to 4:00 p.m. on a Business Day (if sent later, then notice shall be deemed given on the next Business Day). Notices may be given by counsel for the parties described above, and such notices shall be deemed given by said party, for all purposes hereunder.

ASSIGNMENT AND BINDING EFFECT

Section 15.1 Assignment: Binding Effect. Seller shall not have the right to assign this Agreement, or to designate another party to be the grantor, transferor or assignor of the Deed, as the case may be, or to assign any of the other Closing documents (except as otherwise permitted under Section 10.7), without the prior written consent of Purchaser to be given or withheld in Purchaser's sole discretion, except that Seller may assign this Agreement to an entity which is owned or controlled by Mack-Cali Realty Corporation or Mack-Cali Realty, L.P. Purchaser shall not have the right to assign this Agreement, or to designate another party to be the grantee, transferee or assignee of the Deed, as the case may be, or to assign any of the other Closing documents (except as otherwise permitted under Section 10.7), without the prior written consent of Seller to be given or withheld in Seller's sole discretion, except that Purchaser may assign this Agreement, or designate another party to be the grantee, transferee or assignee, as the case may be, to an entity in which one or more principals of Purchaser and/or its parent company, Highridge Partners, Inc., directly or indirectly are investors and exercise day-to-day management responsibility. No such assignment or designation shall be binding on Seller or effective unless and until Seller shall receive a fully executed assignment and assumption agreement, between Purchaser and its assignee, whereby among other things, such assignee assumes all of the obligations and liabilities of Purchaser hereunder. No such assignment and assumption shall relieve the originally named Purchaser of any of the obligations and liabilities of Purchaser hereunder.

ARTICLE XVI BROKERAGE

Section 16.1 Brokers. Purchaser and Seller represent that they have not dealt with any brokers, finders or salesmen, in connection with this transaction, and agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which either party may sustain, incur or be exposed to by reason of any claim for fees or commissions made through the other party. The provisions of this Article XVI will survive any Closing or termination of this Agreement.

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ARTICLE XVII ESCROW AGENT

Section 17.1 Investment and Use of Funds. The Escrow Agent shall invest the Initial Earnest Money Deposit and Additional Earnest Money Deposit in a government insured interest-bearing account satisfactory to Purchaser at an institution having assets of not less than \$125,000,000, shall not commingle the Earnest Money Deposit with any funds of the Escrow Agent or others, and shall promptly provide Purchaser and Seller with confirmation of the investments made. If the Closing under this Agreement occurs, the Escrow Agent shall deliver the Earnest Money Deposit to, or upon the instructions of, Seller on the Closing Date. Provided such supplemental escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time, Seller and Purchaser agree to execute such supplemental escrow instructions as may be appropriate to enable Escrow Agent to comply with the terms of this Agreement.

Section 17.2 Other Terminations. Upon a termination of this Agreement for reasons other than a termination by Purchaser pursuant to Section 5.3 above, either party to this Agreement (the "**Terminating Party**") may give written notice to the Escrow Agent and the other party (the "**Non-Terminating Party**") of such termination and the reason for such termination. Such request shall also constitute a request for the release of the Earnest Money Deposit to the Terminating Party. The Non-Terminating Party shall then have five (5) Business Days in which to object in writing to the release of the Earnest Money Deposit to the Terminating Party. If the Non-Terminating Party provides such an objection, then the Escrow Agent shall retain the Earnest Money Deposit until it receives written instructions executed by both Seller and Purchaser as to the disposition and disbursement of the Earnest Money Deposit, or until ordered by final court order, decree or judgment, which is not subject to appeal, to deliver the Earnest Money Deposit to a particular party, in which event the Earnest Money Deposit shall be delivered in accordance with such notice, instruction, order, decree or judgment.

Section 17.3 Interpleader. Except as provided in Section 17.2 above, Seller and Purchaser mutually agree that in the event of any controversy regarding the Earnest Money Deposit, unless mutual written instructions are received by the Escrow Agent directing the Earnest Money Deposit's disposition, the Escrow Agent shall not take any action, but instead shall await the disposition of any proceeding relating to the Earnest Money Deposit or, at the Escrow Agent's option, the Escrow Agent may interplead all parties and deposit the Earnest Money Deposit with a court of competent jurisdiction in which event the Escrow Agent may recover all of its court costs and reasonable attorneys' fees. Seller or Purchaser, whichever loses in any such interpleader action, shall be solely obligated to pay such costs and fees of the Escrow Agent, as well as the reasonable attorneys' fees of the prevailing party in accordance with the other provisions of this Agreement.

Section 17.4 Liability of Escrow Agent. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of either of the parties, and that the Escrow Agent shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Seller or Purchaser resulting from the Escrow Agent's mistake of law respecting the Escrow Agent's scope or nature of its duties. Seller and Purchaser shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by the Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Escrow Agent.

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Section 17.5 Escrow Fee. Except as expressly provided herein to the contrary, the escrow fee, if any, charged by the Escrow Agent for holding the Earnest Money Deposit or conducting the Closing shall be shared equally by Seller and Purchaser.

ARTICLE XVIII MISCELLANEOUS

Section 18.1 Waivers. No waiver of any breach of any covenant or provisions contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.

Section 18.2 Recovery of Certain Fees. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, then in that event the prevailing party will be entitled to have and recover the reasonable, actual costs and expenses the prevailing party has incurred therein from the other party including all reasonable attorneys' fees and costs resulting therefrom. In the event that one party hereto has not prevailed entirely in any such suit or action, only the party which has prevailed to a greater extent (as determined by the court, agency or other authority before which such suit, action or proceeding is commenced) shall be entitled to so recover, its reasonable actual costs and expenses but such prevailing party shall only be entitled to recover that portion of such costs and expenses which is in proportion to the relative degree to which such party prevailed in such suit or action (as determined by the court, agency or other authority before which such suit, action or proceeding is commenced). For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the

fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 18.2 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

Section 18.3 Construction. Headings at the beginning of each article and section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular will include the plural and the masculine will include the feminine and vice versa. This Agreement will not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule will have the meaning attributable to such term in the body of this Agreement. In the event the date on which Purchaser or Seller is required to take any action under the terms of this Agreement is not a Business Day, the action will be taken on the next succeeding Business Day.

Section 18.4 Counterparts. This Agreement may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement.

Section 18.5 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to

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reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 18.6 Entire Agreement. This Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof, and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument, signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

Section 18.7 Governing Law. THIS AGREEMENT WILL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED. SELLER AND PURCHASER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN A STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED.

Section 18.8 No Recording. The parties hereto agree that neither this Agreement nor any affidavit or memorandum concerning it will be recorded and any recording of this Agreement or any such affidavit or memorandum by Purchaser will be deemed a default by Purchaser hereunder.

Section 18.9 Further Actions. The parties agree to execute such instructions to the Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

Section 18.10 Exhibits. The following sets forth a list of Exhibits to the Agreement:

Exhibit A—	Assignment
Exhibit B—	Assignment of Leases
Exhibit C—	Bill of Sale
Exhibit D—	Legal Description of the Real Property
Exhibit E—	Service Contracts
Exhibit F—	Rent Roll
Exhibit G—	Permitted Exceptions
Exhibit H—	Tenant Estoppel Certificate
Exhibit I—	Suits and Proceedings
Exhibit J—	Certificate as to Foreign Status
Exhibit K—	Tenant Notice Letter
Exhibit L—	Tenant Improvements and Leasing Commissions

Section 18.11 No Partnership. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, it being the intention of the parties to merely create the relationship of Seller and Purchaser with respect to the Property to be conveyed as contemplated hereby.

Section 18.12 Limitations on Benefits. It is the explicit intention of Purchaser and Seller that no person or entity other than Purchaser and Seller and their permitted successors and assigns is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, Purchaser and Seller or their respective successors and assigns as permitted hereunder. Nothing contained in this Agreement shall under any circumstances

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whatsoever be deemed or construed, or be interpreted, as making any third party (including, without limitation, Broker) a beneficiary of any term or provision of this Agreement or any instrument or document delivered pursuant hereto, and Purchaser and Seller expressly reject any such intent, construction or interpretation of this Agreement.

Section 18.13 Discharge of Obligations. The acceptance of the Deed by Purchaser shall be deemed to be full performance and discharge of each and every representation and warranty made by Seller herein and every agreement and obligation on the part of the Seller to be performed hereunder, except those which are specifically stated herein to survive the Closing.

Section 18.14 Cross Default/Termination. A default under this Agreement by a party shall be deemed a default under each Portfolio Sale and Purchase Agreement and the non-defaulting party shall have such rights, remedies and elections as provided herein and therein. If this Agreement shall be terminated by either party hereto pursuant to the provisions hereof, it shall be deemed to be a termination of each Portfolio Sale and Purchase Agreement.

IN WITNESS WHEREOF, Seller and Purchaser have respectively executed this Agreement as of the Effective Date.

Date Executed:

SELLER:

MACK-CALI REALTY 9060, L.L.C.

By: Mack-Cali Realty, L.P.
by: Mack-Cali Realty Corporation

July 2, 2002

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

Title: Executive Vice President/CFO

As to Article XVII only:

ESCROW AGENT:

LAWYERS TITLE INSURANCE CORPORATION

July 3, 2002

By: /s/ Asher Fried

Name: Asher Fried

Title: VP

QuickLinks

[Exhibit 10.22](#)

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- [ARTICLE I DEFINITIONS](#)
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**FIRST AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE
(9060 Via Linda Boulevard, Scottsdale, Arizona)**

This **FIRST AMENDMENT TO AGREEMENT OF SALE AND PURCHASE** (this "**Amendment**") is dated as of August 15, 2002, by and between **MACK-CALI REALTY 9060, L.L.C.**, a limited liability company organized under the laws of the State of Arizona ("**Seller**"), having an address at c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 and **SUMMIT COMMERCIAL PROPERTIES, INC.**, a corporation organized under the laws of the State of California ("**Purchaser**"), having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California 90245.

WITNESSETH:

WHEREAS, Seller and Purchaser have entered into a certain Agreement of Sale and Purchase dated as of July 2, 2002 (the "**Agreement**") pursuant to which Agreement Seller agreed to sell and Purchaser agreed to purchase certain Property located at 9060 Via Linda Boulevard, Scottsdale, Arizona; and

WHEREAS, Seller and Purchaser have agreed to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, intending to be legally bound hereby, the parties hereby agree as follows:

1. The first sentence of the defined term "Closing Date" as set forth in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following "'Closing Date' means October 2, 2002". The second sentence of such defined term is hereby modified to replace the phrase "sixty (60) days" with the phrase "thirty (30) days".
2. The "Evaluation Period" as defined in Section 5.1 of the Agreement is hereby extended to 5:00 p.m. Eastern time on September 6, 2002.
3. The defined term "Portfolio Sale and Purchase Agreement" as set forth in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following definition: "Portfolio Sale and Purchase Agreement" means each of (i) that certain Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Beardsley Limited Partnership, as seller, and Purchaser, as purchaser, as amended by that certain First Amendment to Agreement of Sale and Purchase dated August 15, 2002, and (ii) that certain Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Glendale Limited Partnership, as seller and Purchaser, as purchaser, as amended by that certain First Amendment to Agreement of Sale and Purchase dated August 15, 2002, for the sale and purchase of each Portfolio Property defined therein, as such agreements may hereinafter be amended from time to time."
4. All other terms, conditions and provisions of the Agreement shall continue in full force and effect and unmodified, except to the extent expressly modified hereby.
5. Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Agreement.
6. This Amendment shall be binding upon and inure to the benefit of the successors, legal representatives, heirs and assigns of the parties hereto.
7. This Amendment may be executed by facsimile signatures in any number of counterparts, each of which shall be deemed an original and all of which when considered together shall be one and the same document.
8. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

SELLER:

MACK-CALI REALTY 9060, L.L.C.

By: Mack-Cali Realty, L.P.

By: Mack-Cali Realty Corporation

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

Title: Executive Vice President/CFO

QuickLinks

[Exhibit 10.23](#)

[FIRST AMENDMENT TO AGREEMENT OF SALE AND PURCHASE \(9060 Via Linda Boulevard, Scottsdale, Arizona\)](#)

**SECOND AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE**
(9060 Via Linda Boulevard, Scottsdale, Arizona)

This **SECOND AMENDMENT TO AGREEMENT OF SALE AND PURCHASE** (this "**Amendment**") is dated as of September 13, 2002, by and between **MACK-CALI REALTY 9060, L.L.C.**, a limited liability company organized under the laws of the State of Arizona ("**Seller**"), having an address at c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 and **SUMMIT COMMERCIAL PROPERTIES, INC.**, a corporation organized under the laws of the State of California ("**Purchaser**"), having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California 90245.

WITNESSETH:

WHEREAS, Seller and Purchaser have entered into a certain Agreement of Sale and Purchase dated as of July 2, 2002, as amended by that certain First Amendment to Agreement of Sale and Purchase dated as of August 15, 2002 (collectively, the "**Agreement**") pursuant to which Agreement Seller agreed to sell and Purchaser agreed to purchase certain Property located at 9060 Via Linda Boulevard, Scottsdale, Arizona; and

WHEREAS, Seller and Purchaser have agreed to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, intending to be legally bound hereby, the parties hereby agree as follows:

1. The "Evaluation Period" as defined in Section 5.1 of the Agreement is hereby extended to 5:00 p.m. Eastern time on September 13, 2002.
2. All other terms, conditions and provisions of the Agreement shall continue in full force and effect and unmodified, except to the extent expressly modified hereby.
3. Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Agreement.
4. This Amendment shall be binding upon and inure to the benefit of the successors, legal representatives, heirs and assigns of the parties hereto.
5. This Amendment may be executed by facsimile signatures in any number of counterparts, each of which shall be deemed an original and all of which when considered together shall be one and the same document.
6. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

SELLER:

MACK-CALI REALTY 9060, L.L.C.

By: Mack-Cali Realty, L.P.

By: Mack-Cali Realty Corporation

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

Title: Executive Vice President/CFO

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE ("Agreement") made as of this 2nd day of July, 2002 by and between MACK-CALI GLENDALE LIMITED PARTNERSHIP, a limited partnership organized under the laws of the State of Arizona having an address c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 (collectively, "Seller") and SUMMIT COMMERCIAL PROPERTIES, INC., a corporation organized under the laws of the State of California, having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California, 90245 ("Purchaser").

In consideration of the mutual promises, covenants, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, the following capitalized terms have the meanings set forth in this Section 1.1:

"**Additional Earnest Money Deposit**" has the meaning ascribed to such term in Section 4.1(b).

"**Assignment**" has the meaning ascribed to such term in Section 10.3(d), in the form attached hereto as **Exhibit A**.

"**Assignment of Leases**" has the meaning ascribed to such term in Section 10.3(c), in the form attached hereto as **Exhibit B**.

"**Authorities**" means the various governmental and quasi-governmental bodies or agencies having jurisdiction over the Real Property and Improvements, or any portion thereof.

"**Bill of Sale**" has the meaning ascribed to such term in Section 10.3(b), in the form attached hereto as **Exhibit C**.

"**Broker**" has the meaning ascribed to such term in Section 16.1.

"**Business Day**" means any day other than a Saturday, Sunday or a day on which national banking associations are authorized or required to close.

"**Cap**" has the meaning ascribed to such term in Section 6.3(c).

"**Certificate as to Foreign Status**" has the meaning ascribed to such term in Section 10.3(g).

"**Certifying Person**" has the meaning ascribed to such term in Section 4.3.

"**Closing**" means the consummation of the purchase and sale of the Property contemplated by this Agreement, as provided for in Article X.

"**Closing Date**" means the date which is fifteen (15) days following the earlier to occur of (a) August 16, 2002 and (b) the date that Purchaser waives its right to terminate this Agreement pursuant to Section 5.3(c), TIME BEING OF THE ESSENCE. Notwithstanding anything to the contrary contained herein, Seller shall have the right to extend the Closing Date for up to sixty (60) days upon notice to Purchaser if as of such date (x) a condition precedent to Closing, as set forth in Section 9.1, is not fulfilled by Seller or waived by Purchaser, or (y) Seller is unable to fulfill any of its obligations as set forth in Section 10.3 or any other Section in this Agreement.

"**Closing Statement**" has the meaning ascribed to such term in Section 10.4(a).

"**Closing Surviving Obligations**" means the rights, liabilities and obligations set forth in Sections 3.2, 5.5, 8.2, 8.3, 8.4, 10.4, 10.6, 11.1, 11.2, 16.1, 18.2 and 18.8, and any other provisions which pursuant to their terms survives the Closing hereunder.

"**Code**" has the meaning ascribed to such term in Section 4.3.

"**Confidentiality Agreement**" means those certain Confidentiality Agreements dated February 4, 2002 and April 30, 2002, between Summit Commercial Properties, Inc. and Mack-Cali Realty Corporation.

"**Contract Period**" has the meaning ascribed to such term in Section 7.1(c).

"**Deed**" has the meaning ascribed to such term in Section 10.3(a).

"**Delinquent Rental**" has the meaning ascribed to such term in Section 10.4(b).

"**Documents**" has the meaning ascribed to such term in Section 5.2(a).

"**Earnest Money Deposit**" has the meaning ascribed to such term in Section 4.1(b).

"**Effective Date**" means the latest date on which this Agreement has been executed by Seller or Purchaser, as set forth opposite such party's signature.

"**Entry Notice**" has the meaning ascribed to such term in Section 5.1.

"**Environmental Laws**" means each and every federal, state, county and municipal statute, ordinance, rule, regulation, code, order, requirement, directive, binding written interpretation and binding written policy pertaining to Hazardous Substances issued by any Authorities and in effect as of the date of this Agreement with respect to or which otherwise pertain to or affect the Real Property or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Real Property or the Improvements, or any portion thereof, or Purchaser, and as same have been amended, modified or supplemented from time to time prior to the Effective Date, including, but not

limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), (collectively, the "Environmental Statutes"), and any and all rules and regulations which have become effective prior to the date of this Agreement under any and all of the Environmental Statutes.

"**Environmental Report**" means collectively that certain Phase I Environmental Site Assessment dated January 6, 1998 and that certain letter dated November 12, 1998 each prepared by GEC, Inc., a copy of which has been provided to Purchaser.

"**Escrow Agent**" means the Title Company.

"**Exchange**" has the meaning ascribed to such term in Section 10.7.

"**Existing Survey**" means Seller's existing survey of the Real Property dated November 1, 1997, prepared by A-1 Surveyors, Engineers, Land Planners and Appraisers, a copy of which has been provided to Purchaser.

"**Evaluation Period**" has the meaning ascribed to such term in Section 5.1.

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"**Governmental Regulations**" means all statutes, ordinances, rules and regulations of the Authorities applicable to Seller or the use or operation of the Real Property or the Improvements or any portion thereof.

"**Hazardous Substances**" means (a) asbestos, radon gas and urea formaldehyde foam insulation, (b) any solid, liquid, gaseous or thermal contaminant, including smoke vapor, soot, fumes, acids, alkalis, chemicals, petroleum products or byproducts, PCBs, phosphates, lead or other heavy metals and chlorine, (c) any solid or liquid waste (including, without limitation, hazardous waste), hazardous air pollutant, hazardous substance, hazardous chemical substance and mixture, toxic substance, pollutant, pollution, regulated substance and contaminant, as such terms are defined in any of the Environmental Laws as such Environmental Laws have been amended and/or supplemented from time to time prior to the date of this Agreement, and any and all rules and regulations promulgated under any of the above, and (d) any other chemical, material or substance, the use or presence of which, or exposure to the use or presence of which, is prohibited, limited or regulated by any Environmental Laws.

"**Improvements**" means all buildings, structures, fixtures, parking areas and other improvements located on the Real Property.

"**Initial Earnest Money Deposit**" has the meaning ascribed to such term in Section 4.1(a).

"**Key Individuals**" means Jim Clabby, Jeff Kennimer and Kasey Schamahorn, the building manager, in their capacity as employees of Mack-Cali Realty Corporation, and not in any individual or other capacity whatsoever.

"**Leases**" means all of the leases and other agreements with Tenants with respect to the use and occupancy of the Real Property, together with all renewals and modifications thereof, if any, and any new leases entered into after the Effective Date.

"**Licensee Parties**" has the meaning ascribed to such term in Section 5.1.

"**Licenses and Permits**" means, collectively, all of Seller's right, title and interest, to the extent assignable, in and to licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements now or hereafter issued, approved or granted by the Authorities in connection with the Real Property and the Improvements, together with all renewals and modifications thereof.

"**Liens**" has the meaning ascribed to such term in Section 6.3(c).

"**New Tenant Costs**" has the meaning ascribed to such term in Section 10.4(e).

"**Non-Terminating Party**" has the meaning ascribed to such term in Section 17.2.

"**Operating Expenses**" has the meaning ascribed to such term in Section 10.4(c).

"**Permitted Exceptions**" has the meaning ascribed to such term in Section 6.2(a).

"**Permitted Outside Parties**" has the meaning ascribed to such term in Section 5.2(b).

"**Personal Property**" means all of Seller's right, title and interest in and to all equipment, appliances, tools, supplies, machinery, artwork, furnishings and other tangible personal property attached to, appurtenant to, located in and used exclusively in connection with the ownership or operation of the Improvements and situated at the Property on the date hereof, subject to Seller's right, but not the obligation, to replace such personal property with personal property of comparable value and utility as it elects in the normal course of business.

"**Portfolio**" means, collectively: the Property; and certain other properties located in the County of Maricopa, State of Arizona. Each property within the Portfolio is referred to herein as a "Portfolio Property".

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"**Portfolio Sale and Purchase Agreement**" means each of (i) that certain Agreement of Sale of even date herewith by and between Mack-Cali Beardsley Limited Partnership, as seller, and Purchaser, as purchaser, and (ii) that certain Agreement of Sale of even date herewith by and between Mack-Cali Realty 9060 L.L.C., as seller and Purchaser, for the sale and purchase of each Portfolio Property defined therein.

"**Property**" has the meaning ascribed to such term in Section 2.1.

"*Proration Items*" has the meaning ascribed to such term in Section 10.4(a).

"*Proration Time*" has the meaning ascribed to such term in Section 10.4(a).

"*Purchaser's Costs*" has the meaning ascribed to such term in Section 3.3.

"*Purchase Price*" has the meaning ascribed to such term in Section 3.1.

"*Purchaser's Information*" has the meaning ascribed to such term in Section 5.3(c).

"*Real Property*" means that certain parcel or parcels of real property located in the City of Glendale, County of Maricopa, State of Arizona, commonly referred to as the Talavi Business Park located at 5551 W. Talavi Boulevard, Glendale, Arizona, as more particularly described on the legal description attached hereto and made a part hereof as **Exhibit D**, together with all of Seller's right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller's right, title and interest in and to the adjacent streets, alleys and right-of-ways, and any easement rights, air rights, subsurface development rights and water rights.

"*Rental*" has the meaning ascribed to such term in Section 10.4(b).

"*Rent Roll*" has the meaning ascribed to such term in Section 5.2(a).

"*Security Deposits*" means all security deposits actually held by Seller (together with any interest which has accrued thereon, but only to the extent such interest has accrued for the account of the Tenant), as set forth on the Rent Roll.

"*Service Contracts*" means all of Seller's right, title and interest, to the extent assignable, in all service agreements, maintenance contracts, equipment leasing agreements, warranties, guarantees, bonds, open purchase orders and other contracts for the provision of labor, services, materials or supplies relating solely to the Real Property, Improvements or Personal Property and which are currently in effect, including those listed and described on **Exhibit E** attached hereto, together with all renewals, supplements, amendments and modifications thereof, and any new such agreements entered into after the Effective Date, to the extent permitted by Section 7.1 Service Contracts shall not include brokerage commission agreements.

"*Significant Portion*" means, for purposes of the casualty provisions set forth in Article XI hereof, damage by fire or other casualty to the Real Property and the Improvements or a portion thereof, the cost of which to repair would equal or exceed \$250,000.00.

"*Survey Objection*" has the meaning ascribed to such term in Section 6.1.

"*Tenants*" means the tenants or users who are parties to the Leases as set forth on the Rent Roll.

"*Tenant Notice Letters*" has the meaning ascribed to such term in Section 10.2(e), and are to be delivered by Purchaser to Tenants pursuant to Section 10.6.

"*Terminating Party*" has the meaning ascribed to such term in Section 17.2.

"*Termination Surviving Obligations*" means the rights, liabilities and obligations set forth in Sections 5.2, 5.3, 12.1, Articles XIII and XIV, 16.1, 18.2 and 18.8, and any other provisions which pursuant to their terms survive any termination of this Agreement.

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"*Title Commitment*" has the meaning ascribed to such term in Section 6.2.

"*Title Company*" means Lawyers Title Insurance Corporation.

"*Title Defect*" has the meaning ascribed to such term in Section 6.3(a).

"*Title Objections*" has the meaning ascribed to such term in Section 6.2.

"*Title Policy*" has the meaning ascribed to such term in Section 6.2.

"*To Seller's Knowledge*" means the actual (as opposed to constructive or imputed) knowledge of the Key Individuals, without any independent investigation or inquiry whatsoever.

"*Updated Survey*" has the meaning ascribed to such term in Section 6.1.

Section 1.2 References: Exhibits and Schedules. Except as otherwise specifically indicated, all references in this Agreement to Articles or Sections refer to Articles or Sections of this Agreement, and all references to Exhibits or Schedules refer to Exhibits or Schedules attached hereto, all of which Exhibits and Schedules are incorporated into, and made a part of, this Agreement by reference. The words "herein," "hereof," "hereinafter" and words and phrases of similar import refer to this Agreement as a whole and not to any particular Section or Article.

ARTICLE II AGREEMENT OF PURCHASE AND SALE

Section 2.1 Agreement. Seller hereby agrees to sell, convey and assign to Purchaser, and Purchaser hereby agrees to purchase and accept from Seller, on the Closing Date and subject to the terms and conditions of this Agreement, all of the following (collectively, the "**Property**"):

- (a) the Real Property;
- (b) the Improvements;
- (c) the Personal Property;
- (d) all of Seller's right, title and interest as lessor in and to the Leases and, subject to the terms of the respective applicable Leases, the Security Deposits;
- (e) all of Seller's right, title and interest in, to and under the Service Contracts (other than those to be terminated pursuant to Section 5.4) and the Licenses and

Permits; and

(f) all of Seller's right, title and interest, to the extent assignable or transferable, in and to all other intangible rights, titles, interests, privileges and appurtenances owned by Seller and related to or used exclusively in connection with the ownership, use or operation of the Real Property or the Improvements.

Section 2.2 Indivisible Economic Package. Purchaser has no right to purchase, and Seller has no obligation to sell, less than all of the Portfolio, it being the express agreement and understanding of Purchaser and Seller that, as a material inducement to Seller and Purchaser to enter into this Agreement, Purchaser has agreed to purchase, and Seller has agreed to sell, all of the Portfolio, subject to and in accordance with the terms and conditions hereof.

ARTICLE III CONSIDERATION

Section 3.1 Purchase Price. The purchase price for the Property (the "**Purchase Price**") shall be Seventeen Million Two Hundred Thousand and No/100 Dollars (\$17,200,000.00) in lawful currency of the United States of America, payable as provided in Section 3.3. No portion of the Purchase Price shall be allocated to the Personal Property.

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Section 3.2 Assumption of Obligations. As additional consideration for the purchase and sale of the Property, at Closing Purchaser will assume the Leases, Security Deposits, Service Contracts (other than those to be terminated pursuant to Section 5.4) and Licenses and Permits in accordance with the Assignment of Leases and Assignment to the extent of the obligations thereunder first arising from and after the Closing.

Section 3.3 Method of Payment of Purchase Price. No later than 12:00 p.m. Eastern time on the Closing Date, Purchaser shall deposit with Escrow Agent the Purchase Price (less the Earnest Money Deposit), together with all other costs and amounts to be adjusted, pro-rated or paid by Purchaser at the Closing pursuant to the terms of this Agreement ("**Purchaser's Costs**"), by Federal Reserve wire transfer of immediately available funds to the account of Escrow Agent. Escrow Agent, following authorization by the parties at Closing, shall (i) pay to Seller by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price, subject to any costs or other amounts to be adjusted, pro-rated or paid by Seller at Closing pursuant to the terms of this Agreement, (ii) pay to the appropriate payees out of the proceeds of Closing payable to Seller all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (iii) pay Purchaser's Costs to the appropriate payees at Closing pursuant to the terms of this Agreement.

ARTICLE IV EARNEST MONEY DEPOSIT AND ESCROW INSTRUCTIONS

Section 4.1 The Earnest Money Deposit.

(a) Upon Purchaser's execution and delivery of this Agreement, Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of THIRTY THREE THOUSAND THREE HUNDRED THIRTY FOUR and No/100 Dollars (\$33,334.00) as an initial earnest money deposit on account of the Purchase Price (the "**Initial Earnest Money Deposit**"). TIME IS OF THE ESSENCE with respect to the deposit of the Initial Earnest Money Deposit.

(b) Within one (1) Business Day after the expiration of the Evaluation Period (provided Purchaser shall not have elected to terminate this Agreement in accordance with the provisions of Section 5.3(c)), Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of SIXTY SIX THOUSAND SIX HUNDRED SIXTY EIGHT and No/100 Dollars (\$66,668.00) as additional earnest money deposit on account of the Purchase Price (the "**Additional Earnest Money Deposit**"; together with the Initial Earnest Money Deposit, and all interest earned thereon, the "**Earnest Money Deposit**"). TIME IS OF THE ESSENCE with respect to the deposit of the Additional Earnest Money Deposit.

Section 4.2 Escrow Instructions. The Earnest Money Deposit shall be held in escrow by the Escrow Agent in an interest-bearing account in accordance with the provisions of Article XVII.

Section 4.3 Designation of Certifying Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any related reporting requirements of the Code, the parties hereto agree as follows:

(a) Provided the Escrow Agent shall execute a statement in writing (in form and substance reasonably acceptable to the parties hereunder) pursuant to which it agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, Seller and Purchaser shall designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e) of the Code (the "**Certifying Person**"). If the Escrow Agent refuses to execute a statement pursuant to which it agrees to be the Certifying Person, Seller and Purchaser shall agree to appoint another third party as the Certifying Person.

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(b) Seller and Purchaser each hereby agree:

(i) to provide to the Certifying Person all information and certifications regarding such party, as reasonably requested by the Certifying Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(ii) to provide to the Certifying Person such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Certifying Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Certifying Person is correct.

ARTICLE V INSPECTION OF PROPERTY

Section 5.1 Evaluation Period. Until 5:00 p.m. Eastern time on August 16, 2002 (the "**Evaluation Period**"), Purchaser and its authorized agents and representatives (for purposes of this Article V, the "**Licensee Parties**") shall have the right, subject to the right of any Tenants, to enter upon the Real Property at all reasonable times during normal business hours to perform an inspection of the Real Property, the Improvements and the Personal Property. Purchaser will provide to Seller notice (for purposes of this

Section 5.1(a), an "Entry Notice") of the intention of Purchaser or the other Licensee Parties to enter the Real Property at least 24 hours prior to such intended entry and specify the intended purpose therefor and the inspections and examinations contemplated to be made and with whom any Licensee Party will communicate. At Seller's option, Seller may be present for any such entry and inspection. Purchaser shall not communicate with or contact any of the Tenants or any of the Authorities without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed. If Purchaser shall elect to communicate with any of the Authorities and Seller consents thereto, Purchaser shall give Seller prior notice thereof, and Seller and Seller's representatives shall have the right, but not the obligation, to attend, and participate in, all such meetings. Notwithstanding anything to the contrary contained herein, no so-called Phase II environmental physical testing or sampling shall be conducted during any such entry by Purchaser or any Licensee Party upon the Real Property without Seller's specific prior written consent, which consent shall not be unreasonably withheld or unduly delayed. TIME IS OF THE ESSENCE with respect to the provisions of this Section 5.1.

Section 5.2 Document Review.

(a) During the Evaluation Period, Purchaser and the Licensee Parties shall have the right to review and inspect, at Purchaser's sole cost and expense, such documents and information respecting the Property as Purchaser shall reasonably request, including all of the following to the extent the same are in Seller's possession or control (collectively, the "Documents"): all existing environmental, engineering or consulting reports and studies of the Real Property (which Purchaser shall have the right to have updated at Purchaser's sole cost and expense), architectural, mechanical and structural plans, specifications or drawings related to the original development of the Improvements or any major capital repairs or tenant improvements, real estate tax bills, together with assessments (special or otherwise), ad valorem and personal property tax bills, for the current tax period and the tax period immediately preceding same; its most current rent roll in the form attached hereto as **Exhibit F** (the "**Rent Roll**"); three (3) year historical and current year operating statements; the Leases, lease files, Service Contracts, and Licenses and Permits; capital expenditure history for last three (3) years, together with current year capital expenditure budget; utility bills for last three (3) years and current year; and copies of all property and liability insurance policies for the Property. To the extent Seller has not, prior to the date hereof,

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delivered, or made available, copies of the Documents to Purchaser or the Licensee Parties, Seller shall do so within three (3) calendar days after the Effective Date. To the extent Seller does not possess a set of any architectural, mechanical and structural plans, specifications or drawings relating to the Property which are in the possession of a third party, Seller shall reasonably cooperate with Purchaser in obtaining such plans from the third party, if requested by Purchaser. Inspections of any Documents for which Seller has not provided Purchaser and the Licensee Parties a copy shall occur at a location selected by Seller, which may be at the office of Seller, Seller's counsel, Seller's property manager, at the Real Property or any of them. Purchaser shall not have the right to review or inspect Seller's internal memoranda, financial projections, budgets, appraisals, proposals for work not actually undertaken, accounting and income tax records and similar proprietary, elective or confidential internal information.

(b) Purchaser acknowledges that any and all of the Documents may be proprietary and confidential in nature and have been provided to Purchaser solely to assist Purchaser in determining the desirability of purchasing the Property. Subject only to the provisions of Article XII, Purchaser agrees not to disclose the contents of the Documents or any of the provisions, terms or conditions contained therein, to any party outside of Purchaser's organization other than its attorneys, partners, accountants, lenders or investors (collectively, for purposes of this Section 5.2(b), the "**Permitted Outside Parties**"). Purchaser further agrees that within its organization, or as to the Permitted Outside Parties, the Documents will be disclosed and exhibited only to those persons within Purchaser's organization or to those Permitted Outside Parties who are involved in determining the desirability of Purchaser's acquisition of the Property. Purchaser further acknowledges that the Documents and other information relating to the leasing arrangements between Seller and Tenants are proprietary and confidential in nature. Purchaser agrees not to divulge the contents of such Documents and other information except in strict accordance with the confidentiality standards set forth in this Section 5.2 and Article XII. In permitting Purchaser and the Permitted Outside Parties to review the Documents and other information to assist Purchaser, Seller has not waived any privilege or claim of confidentiality with respect thereto, and no third party benefits or relationships of any kind, either express or implied, have been offered, intended or created by Seller, and any such claims are expressly rejected by Seller and waived by Purchaser and the Permitted Outside Parties, for whom, by its execution of this Agreement, Purchaser is acting as an agent with regard to such waiver.

(c) Purchaser acknowledges that some of the Documents may have been prepared by third parties and may have been prepared prior to Seller's ownership of the Property. **PURCHASER HEREBY ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS EXECUTED OR DELIVERED AT CLOSING (THE "CLOSING DOCUMENTS"), SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY REGARDING THE TRUTH, ACCURACY OR COMPLETENESS OF ANY OF THE DOCUMENTS OR THE SOURCES THEREOF OR THAT SELLER HAS DELIVERED ALL OF THE DOCUMENTS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER HAS NOT UNDERTAKEN ANY INDEPENDENT INVESTIGATION AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF ANY OF THE DOCUMENTS AND IS PROVIDING THE DOCUMENTS SOLELY AS AN ACCOMMODATION TO PURCHASER.**

Section 5.3 Entry and Inspection Obligations; Termination of Agreement.

(a) Purchaser agrees that in entering upon and inspecting or examining the Property, Purchaser and the other Licensee Parties will not: disturb the Tenants or interfere with the use of the Property pursuant to the Leases; interfere with the operation and maintenance of the Real Property or Improvements in any material respect; damage any part of the Property or any personal property owned or held by Tenants or any other person or entity; injure or otherwise

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cause bodily harm to Seller or any Tenant, or to any of their respective agents, guests, invitees, contractors and employees, or to any other person or entity; permit any liens to attach to the Real Property by reason of the exercise of Purchaser's rights under this Article V; and reveal or disclose any information obtained concerning the Property and the Documents to anyone outside Purchaser's organization, except in accordance with the confidentiality standards set forth in Section 5.2(b) and Article XII. Purchaser will: (i) cause all of Purchaser's consultants which are to perform physical inspections and/or testing on the Real Property or Improvements to maintain comprehensive general liability (occurrence) insurance in amounts which reasonably prudent consultants in their field customarily maintain insuring Seller, Purchaser and such other parties as Seller shall reasonably request, covering any accident or event arising in connection with the presence of Purchaser or the other Licensee Parties on the Real Property or Improvements, and deliver evidence of insurance verifying such coverage to Seller prior to each entry upon the Real Property or Improvements; (ii) promptly pay when due the costs of all entry and inspections and examinations done with regard to the Property by or on behalf of Purchaser or the Licensee Party; (iii) cause any inspection to be conducted in accordance with standards customarily employed in the industry and in compliance with all Governmental Regulations; (iv) at Seller's written request, furnish to Seller copies of any third party studies, reports or test results received by Purchaser regarding the Property, promptly after such receipt, in connection with such inspection; and (v) repair and restore the Real Property and Improvements to the condition in which the same were found before any such entry upon the Real Property and inspection or examination was undertaken.

(b) Purchaser hereby indemnifies, defends and holds Seller and its partners, agents, directors, officers, employees, successors and assigns harmless from and against any and all liens, claims, causes of action, demands, suits, obligations to third parties, together with all actual (but not consequential or punitive) damages, liabilities losses, penalties, costs and expenses relating to any of the foregoing (including but not limited to court costs and reasonable attorneys' fees) arising out of any personal injury, property damages or liens directly or indirectly caused by any inspections, investigations, examinations, sampling or tests conducted by Purchaser or

any of the Licensee Parties, whether prior to or after the date hereof, with respect to the Property or any violation of the provisions of this Article V.

(c) In the event that Purchaser determines in its sole and absolute discretion, after its inspection of the Documents and Real Property and Improvements, that for any reason, or for no reason, Purchaser does not elect to purchase the Property Purchaser shall have the right to terminate this Agreement by providing written notice to Seller prior to the expiration of the Evaluation Period, WITH TIME BEING OF THE ESSENCE WITH RESPECT THERETO. In the event Purchaser terminates this Agreement in accordance with this Section 5.3(c), Purchaser shall have the right to receive a refund of the Initial Earnest Money Deposit, together with all interest which has accrued thereon, and except with respect to the Termination Surviving Obligations, this Agreement shall be null and void and the parties shall have no further obligation to each other. In the event this Agreement is terminated, Purchaser shall return to Seller, or destroy, all copies Purchaser has made of the Documents and at Seller's written request, deliver to Seller, all copies of any third party studies, reports or test results regarding any part of the Property obtained by Purchaser, before or after the execution of this Agreement, in connection with Purchaser's inspection of the Property (collectively, "**Purchaser's Information**") promptly following the time this Agreement is terminated for any reason. In the event Purchaser does not elect to proceed to Closing by giving written notice thereof to Seller prior to the expiration of the Evaluation Period, and depositing the Additional Earnest Money Deposit within one (1) Business Day thereafter, then Purchaser shall be deemed to have elected (i) to terminate this Agreement pursuant to this Section 5.3(c) and (ii) not to proceed to Closing as provided herein.

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Section 5.4 Service Contracts; Property Management Agreement. During the Evaluation Period, the parties will endeavor to agree as to which Service Contracts Purchaser will assume and which Service Contracts will be terminated by Seller at Closing. Purchaser will assume the obligations arising from and after the Closing Date under those Service Contracts that are not in default as of the Closing Date and which Seller and Purchaser have not agreed will be terminated. Seller shall terminate at Closing all Service Contracts that are not so assumed. If requested by Purchaser, Seller shall terminate at Closing, and Purchaser shall not assume, any property management agreement affecting the Property. Purchaser may not hire any on-site property management personnel, including those employed by Seller, without Seller's prior written consent.

Section 5.5 Sale "As Is" THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND PURCHASER. THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF SELLER AND PURCHASER, AND PURCHASER HAS THE RIGHT TO CONDUCT ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION, WARRANTY, COVENANT OR AGREEMENT OF SELLER OR ANY OF SELLER'S AGENTS OR REPRESENTATIVES, AND PURCHASER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER SPECIFICALLY DISCLAIMS, AND NEITHER IT NOR ANY OF ITS AFFILIATES NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO PURCHASER, AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY PURCHASER WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (e) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, (f) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY AND (g) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS", WITH ALL FAULTS. PURCHASER REPRESENTS THAT IT IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED PURCHASER OF REAL ESTATE, AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER'S CONSULTANTS IN PURCHASING THE PROPERTY. PURCHASER HAS BEEN OR WILL BE GIVEN A SUFFICIENT OPPORTUNITY HEREIN TO CONDUCT AND HAS CONDUCTED OR WILL CONDUCT SUCH INSPECTIONS, INVESTIGATIONS AND OTHER INDEPENDENT EXAMINATIONS OF THE PROPERTY AND RELATED MATTERS AS PURCHASER DEEMED NECESSARY, INCLUDING BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, WILL RELY UPON SAME AND NOT UPON ANY STATEMENTS OF SELLER NOR OF ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF SELLER. PURCHASER ACKNOWLEDGES

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THAT ALL INFORMATION OBTAINED BY PURCHASER WAS OBTAINED FROM A VARIETY OF SOURCES, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER WILL NOT BE DEEMED TO HAVE REPRESENTED OR WARRANTED THE COMPLETENESS, TRUTH OR ACCURACY OF ANY OF THE DOCUMENTS OR OTHER SUCH INFORMATION HERETOFORE OR HEREAFTER FURNISHED TO PURCHASER. UPON CLOSING, PURCHASER WILL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, SELLER WILL SELL AND CONVEY TO PURCHASER, AND PURCHASER WILL ACCEPT THE PROPERTY, "AS IS, WHERE IS," WITH ALL FAULTS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY, BY SELLER, ANY AGENT OF SELLER OR ANY THIRD PARTY. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH OR REFERRED TO HEREIN OR IN THE CLOSING DOCUMENTS. PURCHASER ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS THE "AS IS, WHERE IS" NATURE OF THIS SALE AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE PROPERTY. PURCHASER, WITH PURCHASER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT AND UNDERSTANDS THEIR SIGNIFICANCE AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO PURCHASER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT. THE TERMS AND CONDITIONS OF THIS SECTION 5.4 WILL EXPRESSLY SURVIVE THE CLOSING, WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND ARE HEREBY DEEMED INCORPORATED INTO THE DEED AS FULLY AS IF SET FORTH AT LENGTH THEREIN.

PURCHASER FURTHER COVENANTS AND AGREES NOT TO SUE SELLER, AND RELEASES SELLER OF AND FROM AND WAIVES ANY CLAIM OR CAUSE OF ACTION THAT PURCHASER MAY HAVE AGAINST THE SELLER UNDER ANY ENVIRONMENTAL LAW, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, RELATING TO ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATED TO ENVIRONMENTAL CONDITIONS OR ENVIRONMENTAL MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PREMISES; PROVIDED, HOWEVER, THAT THE FOREGOING AGREEMENT SHALL NOT APPLY TO ANY CLAIMS OR ACTIONS BROUGHT BY OR ON BEHALF OF ANY PERSON OR ENTITY OTHER

**ARTICLE VI
TITLE AND SURVEY MATTERS**

Section 6.1 Survey. Seller has delivered, or within three (3) business days of the Effective Date, shall deliver to Purchaser, a copy of the Existing Survey. Any modification, update or recertification of the Existing Survey shall be at Purchaser's election and sole cost and expense. The Existing Survey, together with any update Purchaser has elected to obtain, if any, is herein referred to as the "**Updated Survey**". In the event that the Existing Survey or the Updated Survey sets forth any survey matters which are (a) objectionable to Purchaser, and (b) materially interfere with the use of the Real Property and the Improvements for their intended use, Purchaser agrees to provide Seller with notice of such objections (the "**Survey Objections**") prior to the expiration of the Evaluation Period. Purchaser agrees to cause the party preparing the Updated Survey to provide two (2) copies of same to Seller's counsel simultaneous with the delivery of the Updated Survey to Purchaser.

Section 6.2 Title Commitment.

(a) Purchaser acknowledges receipt of that certain title insurance commitment issued by Lawyer's Title Insurance Corporation under Commitment No. NYN-02-001837 (the "**Title Commitment**"), together with copies of the title exceptions listed thereon. Purchaser will deliver written notice of any objections to matters shown on the Title Commitment on or prior to the expiration of the Evaluation Period. In addition, Purchaser shall have five (5) Business Days after Purchaser's counsel receives notice of any new objection or exception to the title to the Real Property raised by the Title Company after the effective date of the Title Commitment and prior to the Closing, Purchaser shall provide Seller with written notice of such new objection if Purchaser deems same unacceptable (title matters objected to by Purchaser as set forth in this Section 6.2 are herein called "**Title Objections**"). If Purchaser's counsel receives notice of any Title Objections with less than five (5) Business Days prior to the Closing Date, then (x) the Closing shall be postponed for a sufficient number of days in order for Purchaser's counsel to have five (5) Business Days to review said Title Objections and to advise Seller if Purchaser deems same unacceptable and (y) the balance of this Agreement shall apply with respect to Seller's right to cure same. In the event Seller does not receive the Title Objections by the applicable objection date, Purchaser will be deemed to have accepted the exceptions to title set forth on the Title Commitment or on any updates thereto as Permitted Exceptions. Prior to the expiration of the Evaluation Period (unless this Agreement has been terminated or is deemed terminated by Purchaser), Purchaser shall cause the Title Company to furnish to Purchaser and Seller's counsel a preliminary title report or title commitment, by the terms of which the Title Company agrees to issue to Purchaser at Closing, an owner's policy of title insurance (the "**Title Policy**") in the amount of the Purchase Price on the then-standard ALTA owner's form insuring Purchaser's fee simple title to the Real Property, subject to the terms of such policy and the exceptions described therein (including, without limitation, the standard or general exceptions). Subject to this Section 6.2(a) and Purchaser's review and acceptance of same, all matters shown on such form Title Commitment and the exceptions shown on **Exhibit G** (collectively, the "**Permitted Exceptions**") are conclusively deemed to be acceptable to Purchaser.

(b) All taxes, water rates or charges, sewer rents and assessments, plus interest and penalties thereon, which on the Closing Date are liens against the Real Property and which Seller is obligated to pay and discharge will be credited against the Purchase Price (subject to the provision for apportionment of taxes, water rates and sewer rents herein contained) and shall not be deemed a Title Objection (and the Title Company shall affirmatively insure same). If on the Closing Date there shall be security interests filed against the Real Property which relate to personal property, such items shall not be Title Objections if (A) (i) the personal property covered by such security interests are no longer in or on the Real Property, or (ii) such personal property is the property of

a Tenant, or the security interest has expired under applicable law, and (B) the Title Company shall affirmatively insure over the same.

(c) If on the Closing Date the Real Property shall be affected by any lien which, pursuant to the provisions of this Agreement, is required to be discharged or satisfied by Seller, Seller shall not be required to discharge or satisfy the same of record provided the money necessary to satisfy the lien is retained by the Title Company at Closing, and the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof in a manner reasonably satisfactory to Purchaser, and a credit is given to Purchaser for the recording charges for a satisfaction or discharge of such lien.

(d) No franchise, transfer, inheritance, income, corporate or other tax open, levied or imposed against Seller or any former owner of the Property, that may be a lien against the Property on the Closing Date, shall be an objection to title if the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof from or out of the Real Property and/or the Improvements, in a manner reasonably satisfactory to Purchaser, and provided further that Seller deposits with the Title Company a sum reasonably sufficient to secure a release of the Property from the lien thereof. If a search of title discloses judgments, bankruptcies, or other returns against other persons having names similar to that of Seller, Seller will deliver to Purchaser an affidavit stating that such judgments, bankruptcies or other returns do not apply to Seller, and such search results shall not be deemed Title Objections if the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof from or out of the Real Property and/or the Improvements in a manner reasonably satisfactory to Purchaser.

Section 6.3 Title Defect.

(a) In the event Seller receives any Survey Objection or Title Objection (collectively and individually, a "**Title Defect**") within the time periods required under Sections 6.1 and 6.2 above, Seller may elect (but shall not be obligated) to attempt to remove, or cause to be removed at its expense, any such Title Defect, and shall provide Purchaser with notice, within five (5) days of its receipt of any such objection, of its intention to cure such any such Title Defect. If Seller elects to attempt to cure any Title Defect, it shall do so in a prompt and diligent manner, and the Closing Date shall be extended for one or more periods not to exceed in the aggregate sixty (60) days, for the purpose of such removal. In the event that (i) Seller elects not to attempt to cure any such Title Defect, or (ii) after exercising reasonable diligent efforts, but in no event requiring Seller to expend sums of money to cure such default except as otherwise set forth in this Agreement, Seller is unable to cure any such Title Defect for any period elected by Seller but not to exceed sixty (60) days from the Closing Date, Seller shall so advise Purchaser and Purchaser shall have the right to terminate this Agreement and receive a refund of the Earnest Money Deposit, together with all interest which has accrued thereon, or to waive such Title Defect and proceed to the Closing. Purchaser shall make such election within ten (10) days of receipt of Seller's notice. If Purchaser elects to proceed to the Closing, any Title Defects waived by Purchaser shall be deemed Permitted Exceptions.

(b) Notwithstanding any provision of this Article VI to the contrary, Seller will be obligated to cure exceptions to title to the Property, in the manner described above, relating to liens and security interests securing any financings to or assumed or taken subject to by Seller, and any mechanic's liens resulting from work at the

Property commissioned by Seller, and any other encumbrances placed of record by Seller which may be satisfied by the payment of a sum certain.

(c) Notwithstanding anything to the contrary set forth in this Section 6 or elsewhere in this Agreement, Seller shall not be obligated to bring any action or proceeding, to make any payments or otherwise to incur any expense in order to eliminate any Title Defect not waived by Purchaser

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or to arrange for title insurance insuring against enforcement of such Title Defects against, or collection out of the Real Property; provided, however, that Seller shall satisfy or discharge mortgages, real estate taxes and assessments, tax or judgment liens against Seller, and all mechanic's liens secured by or affecting the Real Property resulting from work at the Property commissioned by Seller regardless of amount; provided, however, Seller's obligation to satisfy or discharge judgments against Seller, administrative or other violations (collectively, "**Liens**") secured by or affecting the Real Property which can be satisfied by payment of readily ascertainable amounts shall not exceed, in the aggregate for all such Liens, a sum equal to Fifty Thousand and No/100 Dollars (\$50,000.00) (the "**Cap**"). Notwithstanding the foregoing, in the event that Seller fails to satisfy or discharge all mortgages, real estate taxes and assessments and mechanic's liens secured by or affecting the Real Property as aforesaid, then Seller shall direct the Title Company to satisfy or discharge all such unsatisfied mortgages, real estate taxes and assessments out of the Closing proceeds so that the Title Company shall be able to omit such mortgages, real estate taxes and assessments, and mechanic's liens from the Title Policy (hereinafter defined). In the event that the cost of discharging or satisfying the Liens on the Property exceeds the Cap, Purchaser shall have the right to either (a) waive the Liens as a Title Defect and close on the Property, without a reduction in the Purchase Price, in which event Seller shall be obligated to credit Purchaser at Closing with an amount equal to the Cap; or (b) terminate the Agreement and receive a refund of the Earnest Money Deposit. Without limiting the generality of the preceding provisions of this Section 6.3, for the purposes of this Agreement, Seller's failure or refusal to bring any action or proceeding, to make any payments or to otherwise incur any expense (except for Seller's obligation to satisfy mortgages, real estate taxes, assessments, and mechanic's liens, regardless of amount, and Liens which, in the aggregate, can be satisfied by payment of readily ascertainable amounts not to exceed the Cap) in order to eliminate Title Defects not waived by Purchaser or to arrange for such title insurance shall be deemed an inability of Seller to eliminate such Title Defects or to arrange for such title insurance and shall not constitute a default by Seller hereunder (willful or otherwise).

ARTICLE VII INTERIM OPERATING COVENANTS, ESTOPPELS

Section 7.1 Interim Operating Covenants. Seller covenants to Purchaser that Seller will:

(a) **Operations.** From the Effective Date until Closing, continue to operate, manage and maintain the Improvements in the ordinary course of Seller's business and substantially in accordance with Seller's present practice, subject to ordinary wear and tear and further subject to Article XI of this Agreement.

(b) **Compliance with Governmental Regulations.** From the Effective Date until Closing, not take any action that would result in a failure to comply in all material respects with all Governmental Regulations applicable to the Property, it being understood and agreed that prior to Closing, Seller will have the right to contest any such Governmental Regulations.

(c) **Service Contracts.** From the expiration of the Effective Period until Closing, not enter into any service contract other than in the ordinary course of business, unless such service contract is terminable on thirty (30) days notice without penalty or unless Purchaser consents thereto in writing.

(d) **Notices.** To the extent received by Seller, from the Effective Date until Closing, promptly deliver to Purchaser copies of written default notices, notices of lawsuits and notices of violations affecting the Property.

(e) **Leasing Arrangements.** From the Effective Date through Closing (the "**Contract Period**"), without Purchaser's prior written consent in each instance, Seller will not amend or terminate any

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existing Lease or enter into any new Lease without Purchaser's prior written consent (which may be given or withheld in its sole and absolute discretion). Without limitation thereon, any and all Leases to be entered into during the Contract Period shall be on Seller's standard lease form delivered to Purchaser and otherwise on terms and conditions acceptable to Purchaser. If Purchaser fails to grant or withhold its consent to any proposed Lease within five (5) days of receipt thereof, Purchaser shall be deemed to have consented to such Lease. Notwithstanding anything contained herein to the contrary, Purchaser's consent shall not be required with respect to any renewal Lease or consent to a sublease or assignment of Lease which Seller, as a matter of law or by a Lease, shall be required to deliver. Notwithstanding anything to the contrary contained in this Agreement, Seller reserves the right, but is not obligated, to institute summary proceedings against any Tenant or terminate any Lease as a result of a default by the tenant thereunder prior to the Closing Date. Seller makes no representations and assumes no responsibility with respect to the continued occupancy of the Property or any part thereof by any Tenant. The removal of a Tenant prior to the Closing Date, whether by summary proceedings (or any written agreement accepting surrender or termination of the Lease subsequent to the commencement of such summary proceedings) or unilateral act of such Tenant, shall not give rise to any claim on the part of Purchaser; provided, however, Purchaser shall have the right within ten (10) days of the removal of any Tenant as Purchaser's sole and exclusive remedy, to terminate this Agreement and receive a refund of any portion of the Earnest Money Deposit previously tendered by Purchaser to the Escrow Agent, whereupon this Agreement shall terminate and the parties shall have no further rights and obligations to one another except for those obligations expressly stated herein to survive. If Purchaser fails to terminate this Agreement within such ten (10) day period, Purchaser shall be deemed to have waived its right to terminate pursuant to this Section 7.1(e) and Purchaser shall proceed to Closing without credit against, or reduction of, the Purchase Price.

Section 7.2 Estoppels.

(a) It will be a condition to Closing that Seller obtain from each Tenant an executed estoppel certificate in the form prescribed by the Lease for each such Tenant dated no earlier than 30 days prior to Closing, except to the extent that Purchaser shall cause or request an extension of the Closing Date. Notwithstanding the foregoing, Seller agrees to request that each Tenant execute an estoppel certificate in the form reasonably requested by Purchaser and annexed hereto as **Exhibit H**. No later than five (5) Business Days after the end of the Evaluation Period, Seller will request each Tenant to execute an estoppel certificate in the form of **Exhibit H** required herein, and use good faith efforts to obtain same. Seller shall not be in default of its obligations hereunder if any Tenant fails to deliver an estoppel certificate, or delivers an estoppel certificate which is not in the form of **Exhibit H**. Purchaser agrees that an estoppel from any Tenant in the form prescribed by such Tenant's Lease shall satisfy the estoppel delivery condition in this Section 7.2 for such Tenant, provided that (i) the rental information contained in such estoppel shall conform in all material respects to the rent roll delivered at Closing, and (ii) there shall be no material defaults which remain uncured after notice and expiration of applicable grace periods.

(b) Notwithstanding anything to the contrary contained herein, to the extent that a Tenant shall certify in its estoppel confirming any matter set forth in Section 8.1(f), then Seller's representations and warranties as to such matters shall terminate. The provisions of this Section 7.2(b) shall survive the Closing and the execution and delivery of the Deed.

Section 7.3 *Intentionally omitted.*

**ARTICLE VIII
REPRESENTATIONS AND WARRANTIES**

Section 8.1 Seller's Representations and Warranties. The following constitute the sole representations and warranties of Seller, which representations and warranties shall be true as of the Effective Date. Subject to the limitations set forth in Section 8.3 of this Agreement, Seller represents and warrants to Purchaser the following:

- (a) **Status.** Seller is a limited partnership, duly organized and validly existing under the laws of the State of Arizona.
- (b) **Authority.** (i) The execution and delivery of this Agreement and the performance of Seller's obligations hereunder have been or will be duly authorized by all necessary action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller, and (ii) no consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of the transactions contemplated hereby.
- (c) **Non-Contravention.** The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of, or constitute a default under the organizational documents of Seller, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Seller is a party or by which it is bound.
- (d) **Suits and Proceedings.** To Seller's Knowledge, except as listed in *Exhibit I*, there are no legal actions, suits or similar proceedings pending and served, or threatened against Seller or the Property which (i) are not adequately covered by existing insurance and (ii) if adversely determined, would affect, in other than a *de minimus* manner, the value of the Property, the continued operations thereof, or Seller's ability to consummate the transactions contemplated hereby.
- (e) **Non-Foreign Entity.** Seller is not a "foreign person" or "foreign corporation" as those terms are defined in the Code, and the regulations promulgated thereunder.
- (f) **Tenants.** As of the date of this Agreement, to Seller's Knowledge: (i) the only tenants of the Property are the tenants set forth in the Rent Roll listed on *Exhibit F* and the only agreements or understandings related to the use or occupancy of the Property are the Leases listed on the Rent Roll; (ii) each Lease is in full force and effect, and the term of the same and the obligation to pay rent thereunder has commenced and the tenant thereunder is in full possession and actual occupancy thereof, and all improvements required to be completed under the provisions thereof are completed; (iii) no rebates, rental concessions, free-rent periods, credits, setoffs, or rent reductions relating to any period after Closing have been given under any Lease; (iv) no tenant is making any claim against Seller or the Property or is entitled to or is claiming any of the same; (v) all brokerage commissions with respect to Leases have been paid in full or will have been paid in full prior to Closing and Seller has not received written notice of any default with respect to any brokerage commissions due with respect to the Leases, and except as specifically set forth in the Rent Roll, there are and will be no commissions payable with respect to renewals, extensions or expansions of or under any Lease; (vi) Seller has executed no exclusive brokerage agencies; and (vii) the Documents made available to Purchaser pursuant to Section 5.2 hereof include true and correct copies of all of the Leases listed on *Exhibit F*.
- (g) **Service Contracts.** Seller has paid, or will pay in the normal course after Closing, all amounts due prior to Closing under the Service Contracts. The Documents made available to Purchaser pursuant to Section 5.2 hereof include copies of all existing Service Contracts listed on *Exhibit E* under which Seller is currently paying for services rendered in connection with the Property.

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- (h) **Key Individuals.** The Key Individuals are the employees of Mack-Cali Realty Corporation or Seller who have significant responsibilities with respect to the Property.
 - (i) **Condemnation.** Seller has received no written notice of any condemnation proceedings or special assessment proceedings either instituted or pending with respect to the Property; and, to Seller's Knowledge, there are no condemnation proceedings or special assessment proceedings planned to be instituted with respect to the Property.
 - (j) **Employees.** No person who is employed in connection with the management, operation or maintenance of the Property and who will become the obligation of Purchaser after the Closing is covered by an employment agreement or a union contract, and none of the employment arrangements with respect to the employees will be binding on Purchaser after Closing.
 - (k) **ERISA.** The Property is not a "plan asset" within the meaning of that term under any regulations promulgated under the Employee Retirement and Income Security Act of 1974, as amended.
 - (l) **Default.** Seller is not in material default in respect of any of its material obligations or liabilities pertaining to the Property. Without limitation of the foregoing, the Service Contracts, the Permitted Exceptions and the Leases are free from material default by Seller and, to Seller's knowledge, by any party thereto.
 - (m) **Personal Property.** Seller holds good title to, and the entire right, title and interest in and to the Personal Property more particularly described in Exhibit C, free and clear of any and all liens, leases, encumbrances or other liabilities, except the Permitted Exceptions and the Leases.
 - (n) **Environmental Laws.** To Seller's knowledge, except as set forth in the Environmental Report, there are no Hazardous Materials existing at, in or under the Property, and Seller has received no written notice from any Authorities of any violation of Environmental Laws.
 - (o) **Notices; Requests.** Seller has received no written notice from any of the Authorities of any violations against Seller or the Property pertaining to the construction, use or operation of the Property.
 - (p) **Existing Agreements.** There are no written agreements relating to the Property which will be binding on Purchaser or the Property from and after Closing, except for the Permitted Exceptions, the Leases and the Service Contracts which are not terminable upon thirty (30) days notice.

Section 8.2 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller the following:

- (a) **Status.** Purchaser is a corporation, duly organized and validly existing under the laws of the State of California.
- (b) **Authority.** The execution and delivery of this Agreement and the performance of Purchaser's obligations hereunder have been duly authorized by all necessary action on the part of Purchaser and this Agreement constitutes the legal, valid and binding obligation of Purchaser.
- (c) **Non-Contravention.** The execution and delivery of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of or constitute a default under the organizational documents of Purchaser, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchaser is a party or by which it is bound.

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(d) **Consents.** No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transactions contemplated hereby.

Section 8.3 Modification and Waiver of Representations, Warranties and Covenants; Bring Down Certificate.

(a) To the extent that any information (i) contained in the copies of the Leases or any other Documents furnished to or made available to Purchaser by Seller; (ii) contained in reports provided to Purchaser from professionals; (iii) contained in Seller's filings with the Securities and Exchange Commission or other publicly available documents; (iv) obtained by Purchaser prior to the expiration of the Evaluation Period through written communications with, or other written evidence of oral communications with, Seller's employees, (v) obtained by Purchaser (whether prior to or following the expiration of the Evaluation Period) through oral or written communications with Seller's tenants, is inconsistent with the representations and warranties contained in Section 8.1 hereof, such representations and warranties shall be deemed modified to the extent necessary to eliminate such inconsistency and to conform such representations and warranties to such information.

(b) If Purchaser becomes aware or should have become aware (whether through its own investigations, by notice from Seller or otherwise) that any such representation or warranty is untrue, inaccurate or incorrect in any material respect, and is not cured or corrected by Seller on or before the Closing Date (whether or not the Closing is adjourned as provided above), then Purchaser, as its sole remedy for any and all such materially untrue, inaccurate or incorrect representations or warranties, shall have the right to elect either (A) to waive such materially untrue, inaccurate or incorrect representations or warranties, and proceed to Closing, and receive no credit against, or reduction of, the Purchase Price due to such materially untrue, inaccurate or incorrect representations or warranties; and/or (B) to terminate this Agreement; provided, however, that if Seller intentionally or knowingly made any such materially untrue, inaccurate or incorrect representations or warranties, then, in the event that Purchaser elects to terminate this Agreement, Purchaser's sole remedy shall be to receive a refund of the Earnest Money Deposit together with its actual out of pocket expenses up to the sum of \$25,000 for each Portfolio Property. For the purposes of this Section 8.3, a representation shall be deemed to be materially untrue, inaccurate or incorrect if, as a result of such untruth, inaccuracy or incorrectness, there is a material, adverse affect upon the Property and/or the business, properties, assets, financial condition, or results of operations of Seller, taken as a whole, including, without limitation, the ability of such Seller to consummate the transactions contemplated herein.

(c) If, despite changes or other matters described in the certificate described in Section 10.3(i) herein, the Closing occurs, Seller's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate.

Section 8.4 Survival of Representations, Warranties and Covenants.

(a) The representations and warranties of Seller set forth in Section 8.1, and the covenants of Seller set forth in Section 7.1, will survive the Closing for a period of nine (9) months. Purchaser will not have any right to bring any action against Seller as a result of any untruth or inaccuracy of such representations and warranties, or any such breach, unless and until the aggregate amount of all liability and losses arising out of any such untruth or inaccuracy, or any such breach exceeds Twenty Thousand and No/100 Dollars (\$20,000.00); it being agreed that if such threshold amount shall be exceeded, Purchaser may recover all damages from "first dollar". In addition, in no event will Seller's liability for all such breaches relating to this Agreement and/or any other Portfolio Sale and Purchase Agreement (including, without limitation, statements made by Seller in any

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Closing Document) exceed with respect to the Property and the other Portfolio Properties, in the aggregate, the sum of Three Million and No/100 Dollars (\$3,000,000.00). Subject to Section 8.3 (b) above, Seller shall have no liability with respect to any of Seller's representations, warranties and covenants herein if, prior to the Closing, Purchaser has knowledge (from whatever source, including, without limitation, any estoppel certificates, as a result of Purchaser's due diligence tests, investigations and inspections of the Property, or written disclosure by Seller or Seller's agents and employees) of any breach of a covenant of Seller herein, or if the officers and employees of Purchaser primarily responsible for this transaction have actual knowledge (as opposed to constructive or imputed knowledge) or obtain knowledge that contradicts any of Seller's representations, warranties and covenants herein or statements made by Seller in any Closing Document, and Purchaser nevertheless consummates the transaction contemplated by this Agreement. The Closing Surviving Obligations and the Termination Surviving Obligations will survive Closing without limitation unless a specified period is otherwise provided in this Agreement. All other representations, warranties, covenants and agreements made or undertaken by Seller under this Agreement, unless otherwise specifically provided herein, will not survive the Closing Date but will be merged into the Deed and other Closing documents delivered at the Closing.

(b) Notwithstanding anything to the contrary contained in Section 8.3 or this Section 8.4, if at any time after the expiration of the Evaluation Period but prior to Closing, Purchaser discovers that Seller has failed to provide Purchaser with any lease or lease amendment which contains terms and conditions which have a material, adverse effect upon the Property and/or the ability of Seller to consummate the transactions contemplated herein, Purchaser, as its sole and exclusive remedy shall have the right to terminate this Agreement by written notice to Seller (the "Discovery Notice") no later than the sooner of four days from the date of such discovery or Closing. In the event of such termination, Purchaser shall receive a refund of the Earnest Money Deposit, and upon the return of the Earnest Money Deposit, together with its actual, reasonable out of pocket expenses incurred in connection with the transactions contemplated herein as well as in each of the other Portfolio Sale and Purchase Agreements, there shall be no further obligations or liabilities between the parties except for the Termination Surviving Obligations. Purchaser's failure to deliver the Discovery Notice shall be deemed Purchaser's election to proceed to Closing. In the event that such lease or lease amendment is either (i) immaterial, or (ii) material as set forth above but Purchaser proceeds to Closing as set forth herein, then Purchaser shall be deemed to have waived its right to receive a reimbursement of any of its out of pocket expenses, as set forth above, and Purchaser shall close the transaction with no credit against, or reduction of, the Purchase Price.

**ARTICLE IX
CONDITIONS PRECEDENT TO CLOSING**

Section 9.1 Conditions Precedent to Obligation of Purchaser. The obligation of Purchaser to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion:

(a) Seller shall have delivered to Purchaser all of the items required to be delivered to Purchaser pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.3.

(b) All of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the date of Closing (with appropriate modifications permitted under this Agreement).

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(c) Seller shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Seller as of the Closing Date.

(d) Seller shall be ready, willing and able to simultaneously close on each Portfolio Property in accordance with the terms and conditions of each Portfolio Sale and Purchase Agreement.

(e) The Title Company shall be irrevocably committed to issue the Title Policy in the form provided herein, and all other conditions to Purchaser's obligations hereunder shall have been satisfied or waived in writing by Purchaser.

Section 9.2 Conditions Precedent to Obligation of Seller. The obligation of Seller to consummate the transaction hereunder shall be subject to the fulfillment on or before the date of Closing of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

(a) Seller shall have received the Purchase Price as adjusted pursuant to, and payable in the manner provided for, in this Agreement.

(b) Purchaser shall have delivered to Seller all of the items required to be delivered to Seller pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.2.

(c) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the date of Closing (with any appropriate modifications permitted under this Agreement or not materially adverse to Seller).

(d) Purchaser shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Purchaser as of the Closing Date.

(e) Purchaser shall be ready, willing and able to simultaneously close on each Portfolio Property in accordance with the terms and conditions of each Portfolio Sale and Purchase Agreement including but not limited to satisfaction by Purchaser of all Closing Conditions set forth in those certain Portfolio Sale and Purchase Agreements, if any between Seller and Purchaser.

**ARTICLE X
CLOSING**

Section 10.1 Closing. The consummation of the transaction contemplated by this Agreement by delivery of documents and payments of money shall take place at 12:00 p.m. Eastern Time on the Closing Date at the offices of the Escrow Agent. At Closing, the events set forth in this Article X will occur, it being understood that the performance or tender of performance of all matters set forth in this Article X are mutually concurrent conditions which may be waived by the party for whose benefit they are intended.

Section 10.2 Purchaser's Closing Obligations. On the Closing Date, Purchaser, at its sole cost and expense, will deliver the following items to Seller at Closing as provided herein:

(a) The Purchase Price, after all adjustments are made as herein provided, by Federal Reserve wire transfer of immediately available funds, in accordance with the timing and other requirements of Section 3.3;

(b) A counterpart original of the Assignment of Leases, duly executed by Purchaser;

(c) A counterpart original of the Assignment, duly executed by Purchaser;

(d) Evidence reasonably satisfactory to Seller that the person executing the Assignment of Leases, the Assignment, and the Tenant Notice Letters on behalf of Purchaser has full right, power and authority to do so;

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(e) Written notice, in the form of *Exhibit K*, executed by Purchaser and to be addressed and delivered to the Tenants by Purchaser in accordance with Section 10.6 herein, (i) acknowledging the sale of the Property to Purchaser, (ii) acknowledging that Purchaser has received and that Purchaser is responsible for the Security Deposit (specifying the exact amount of the Security Deposit) and (iii) indicating that rent should thereafter be paid to Purchaser and giving instructions therefor (the "*Tenant Notice Letters*");

(f) A counterpart original of the Closing Statement, duly executed by Purchaser;

(g) Counterpart originals of the transfer tax declarations, each duly executed by Purchaser;

(h) A certificate, dated as of the date of Closing, stating that the representations and warranties of Purchaser contained in Section 8.2 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. In no event shall Purchaser be liable to Seller for, or be deemed to be in default hereunder if any representation or warranty is not true and correct in all material respects; provided, however, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.2(c). If, despite changes or other matters described in such certificate, the Closing occurs, Purchaser's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

(i) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.3 Seller's Closing Obligations. At the Closing, Seller, at its sole cost and expense, will deliver to Purchaser the following documents:

(a) A special warranty deed (the "**Deed**"), duly executed and acknowledged by Seller, conveying to the Purchaser the Real Property and the Improvements subject only to the Permitted Exceptions;

(b) A blanket assignment and bill of sale in the form attached hereto as **Exhibit C** (the "**Bill of Sale**"), duly executed by Seller, assigning and conveying to Purchaser, without representation or warranty, title to the Personal Property;

(c) A counterpart original of an assignment and assumption of the Seller's interest, as lessor, in the Leases and Security Deposits in the form attached hereto as **Exhibit B** (the "**Assignment of Leases**"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title and interest in the Leases and Security Deposits;

(d) A counterpart original of an assignment and assumption of Seller's interest in the Service Contracts (other than those to be terminated pursuant to Section 5.4) and the Licenses and Permits in the form attached hereto as **Exhibit A** (the "**Assignment**"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title, and interest, if any, in the Service Contracts and the Licenses and Permits;

(e) The Tenant Notice Letters, duly executed by Seller;

(f) Evidence reasonably satisfactory to Purchaser and Title Company that the person executing the documents delivered by Seller pursuant to this Section 10.3 on behalf of Seller has full right, power, and authority to do so;

(g) A certificate in the form attached hereto as **Exhibit J** ("**Certificate as to Foreign Status**") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Code, as well as any form or other document required under applicable laws to be executed by Seller in connection with any transfer tax applicable to the transaction contemplated by this Agreement;

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(h) All original Leases, to the extent in Seller's possession, and all original Licenses and Permits and Service Contracts in Seller's control bearing on the Property;

(i) A certificate, dated as of the date of Closing, stating that the representations and warranties of Seller contained in Section 8.1 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein and subject to Section 8.4) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. Subject to 8.3(b), in no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder if any representation or warranty is not true and correct in all material respects; *provided, however*, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.1(b). If, despite changes or other matters described in such certificate, the Closing occurs, Seller's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

(j) The Rent Roll, updated to show any changes dated as of no more than five (5) Business Days prior to the Closing Date; and

(k) Counterparts of the transfer tax declarations, duly executed by Seller;

(l) A counterpart original of the Closing Statement, duly executed by Seller;

(m) An original executed estoppel certificate from each Tenant, subject to Section 7.2.

(n) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.4 Prorations.

(a) Seller and Purchaser agree to adjust, as of 11:59 p.m. on the day preceding the Closing Date (the "**Proration Time**"), the following (collectively, the "**Proration Items**"):

(i) Rents, in accordance with Subsection 10.4(b) below.

(ii) Security Deposits and any prepaid rents, together with interest required to be paid thereon.

(iii) Utility charges payable by Seller, including, without limitation, electricity, water charges and sewer charges. If there are meters on the Real Property, Seller will cause readings of all said meters to be performed not more than five (5) days prior to the Closing Date, and a per diem adjustment shall be made for the days between the meter reading date and the Closing Date based on the most recent meter reading.

(iv) Amounts payable under the Service Contracts other than those Service Contracts which Purchaser has elected not to assume.

(v) Real estate taxes due and payable for the calendar year. If the Closing Date shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. If subsequent to the Closing Date, real estate taxes (by reason of change in either assessment or rate or for any other reason) for the Real Property should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Seller agrees to pay Purchaser any increase shown by such recomputation and vice versa.

Seller will be charged and credited for the amounts of all of the Proration Items relating to the period up to and including the Proration Time, and Purchaser will be

submitted to Purchaser prior to the Closing Date (the "**Closing Statement**"). The Closing Statement, once agreed upon, shall be signed by Purchaser and Seller. The proration shall be paid at Closing by Purchaser to Seller (if the prorations result in a net credit to Seller) or by Seller to Purchaser (if the prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. If the actual amounts of the Proration Items are not known as of the Closing Date, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Purchaser. No prorations will be made in relation to insurance premiums, and Seller's insurance policies will not be assigned to Purchaser. Final readings and final billings for utilities will be made if possible as of the Closing Date, in which event no proration will be made at the Closing with respect to utility bills. Seller will be entitled to all deposits presently in effect with the utility providers, and Purchaser will be obligated to make its own arrangements for any deposits with the utility providers. The provisions of this Section 10.4(a) will survive the Closing for twelve (12) months.

(b) Purchaser will receive a credit on the Closing Statement for the prorated amount (as of the Proration Time) of all Rental previously paid to or collected by Seller and attributable to any period following the Proration Time. After the Closing, Seller will cause to be paid or turned over to Purchaser all Rental, if any, received by Seller after Closing and attributable to any period following the Proration Time. "**Rental**" as used herein includes fixed monthly rentals, additional rentals, percentage rentals, escalation rentals (which include each Tenant's proration share of building operation and maintenance costs and expenses as provided for under the Lease, to the extent the same exceeds any expense stop specified in such Lease), retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, telephone receipts, locker rentals, vending machine receipts and other sums and charges payable by Tenants under the Leases or from other occupants or users of the Property. Rental is delinquent when it was due prior to the Closing Date, and payment thereof has not been made on or before the Proration Time ("**Delinquent Rental**"). Delinquent Rental will not be prorated at Closing. Purchaser agrees to include any Delinquent Rentals in its usual billing for up to six (6) months after Closing, but Purchaser will have no liability for the failure to collect any such amounts and will not be required to declare a default under any Lease or pursue legal action or incur any costs or expenses to enforce collection of any such amounts owed to Seller by any Tenant. All sums collected by Purchaser from and after Closing from each Tenant (excluding tenant specific billings for tenant work orders and other specific services will be applied first to current amounts owed by such Tenant to Purchaser and then to Delinquent Rental owed by such Tenant to Seller. Any sums due Seller will be promptly remitted to Seller.

(c) At the Closing, Seller shall deliver to Purchaser a list of additional rent, however characterized, under each Lease, including without limitation, real estate taxes, electrical charges, utility costs and operating expenses (collectively, "**Operating Expenses**") billed to Tenants for the calendar year in which the Closing occurs (both on a monthly basis and in the aggregate), the basis on which the monthly amounts are being billed and the amounts incurred by Seller on account of the components of Operating Expenses for such calendar year. Upon the reconciliation by Purchaser of the Operating Expenses billed to Tenants, and the amounts actually incurred for such calendar year, Seller and Purchaser shall be liable for overpayments of Operating Expenses, and shall be entitled to payments from Tenants, as the case may be, on a pro-rata basis based upon each party's period of ownership during such calendar year.

(d) With respect to specific tenant billings for work orders, special items performed or provided at the request of a Tenant or other specific services, which are collected by Purchaser after the Closing Date but relate to the foregoing specific services rendered by Seller prior to the Proration Time, then notwithstanding anything to the contrary contained herein, Purchaser shall cause the first amounts collected from such Tenant to be paid to Seller on account thereof.

(e) Notwithstanding any provision of this Section 10.4 to the contrary, Purchaser will be solely responsible for any leasing commissions, tenant improvement costs or other expenditures due with respect to any renewal and/or expansion rights under any existing Lease which are exercised after the Effective Date, and Seller shall be responsible for any leasing commissions, tenant improvement costs or other expenditures due on account of the initial term, or renewal period of any Lease, if the initial term or the renewal period began prior to the Effective Date. Purchaser further agrees to be solely responsible for all leasing commissions, tenant improvement costs and other expenditures (for purposes of this Section 10.4(e), "**New Tenant Costs**") incurred or to be incurred in connection with any new lease or amendment of any existing Lease executed on or after the Effective Date and approved by Purchaser hereunder, and Purchaser will pay to Seller at Closing as an addition to the Purchase Price an amount equal to the New Tenant Costs paid by Seller.

(f) Notwithstanding any other provision of this Agreement to the contrary, if Purchaser shall become liable after the Closing for payment of any real estate taxes or other such charges assessed or imposed against the Property for any period of time prior to the Closing Date or other charge or expense which was subject to proration or a Purchase Price credit in Purchaser's favor at Closing, which was not so adjusted or credited at Closing and which is not the obligation of a Tenant to pay or to reimburse the landlord under a Tenant's Lease, Seller shall pay to Purchaser, within thirty (30) days of demand accompanied by a calculation and reconciliation of the amount due, an amount equal to such tax or credit due Purchaser.

Section 10.5 Costs of Title Company and Closing Costs. Costs of the Title Company and other Closing costs incurred in connection with the Closing will be allocated as follows:

(a) Seller shall pay (i) Seller's attorney's fees; (ii) the cost of the premium for that portion of the Title Policy attributable to so called "CLTA coverage", but in no event the cost of any endorsements to such Title Policy requested by Purchaser; (iii) the charges to record the Deed; and (iv) the brokerage commission, if any, due to any broker.

(b) Purchaser shall pay (i) the cost of any additional coverage under the Title Policy or endorsements or deletions to the Title Policy that are desired by Purchaser; (ii) all premiums and other costs for any mortgagee policy of title insurance, if any, including but not limited to any endorsements or deletions; (iii) Purchaser's attorney's fees; and (iv) the costs of the Updated Survey, as provided for in Section 6.1.

(c) Any other costs and expenses of Closing not provided for in this Section 10.5 shall be allocated between Purchaser and Seller in accordance with the custom in the area in which the Property is located.

Section 10.6 Post-Closing Delivery of Tenant Notice Letters. Immediately following Closing, Purchaser will deliver to each Tenant a Tenant Notice Letter, as described in Section 10.2(e).

Section 10.7 Like-kind Exchange. Either party may consummate the purchase or sale (as applicable) of the Property as part of a so-called like kind exchange (an "**Exchange**") pursuant to Section 1031 of the Code, provided that: (a) the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of an Exchange be a condition precedent or condition subsequent to the exchanging party's obligations under this Agreement; (b) the exchanging party shall effect its Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary (c) neither party shall be required to take an assignment of the purchase agreement for the relinquished or replacement property or be required to acquire or hold title to any real property for purposes of consummating an Exchange desired by the other party; and (d) the exchanging party shall pay any additional costs that would not otherwise have been incurred by the non-exchanging party had the exchanging party not consummated the transaction through an

Exchange. Neither party shall by this Agreement or acquiescence to an Exchange desired by the other party have its rights under this Agreement affected or diminished in any manner or be responsible for compliance with or be deemed to have warranted to the exchanging party that its Exchange in fact complies with Section 1031 of the Code.

ARTICLE XI CONDEMNATION AND CASUALTY

Section 11.1 Casualty. If, prior to the Closing Date, all or any portion of the Real Property and Improvements is destroyed or damaged by fire or other casualty, Seller will notify Purchaser of such casualty. Purchaser will have the option to terminate this Agreement upon notice to Seller given not later than fifteen (15) days after receipt of Seller's notice if all or a Significant Portion of the Real Property and Improvements are damaged or destroyed or if that portion so damaged or destroyed is uninsured. If this Agreement is terminated, the Earnest Money Deposit and all interest accrued thereon will be returned to Purchaser and thereafter neither Seller nor Purchaser will have any further rights or obligations to the other hereunder except with respect to the Termination Surviving Obligations. If Purchaser does not elect to terminate this Agreement or less than a Significant Portion of the Real Property and Improvements is destroyed or damaged as aforesaid, Seller will not be obligated to repair such damage or destruction but (a) Seller will assign and turn over to Purchaser the insurance proceeds net of reasonable collection costs (or if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty up to the amount of the Purchase Price and (b) the parties will proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price, except that Purchaser will receive credit for any insurance deductible amount. In the event Seller elects to perform any repairs as a result of a casualty, Seller will be entitled to deduct its reasonable actual third party costs and expenses from any amount to which Purchaser is entitled under this Section 11.1, which right shall survive the Closing.

Section 11.2 Condemnation of Property.

(a) In the event of (i) any condemnation or sale in lieu of condemnation of any or all of the Property prior to the Closing, Purchaser will have the option, to be exercised within fifteen (15) days after receipt of notice of such condemnation or sale, of terminating Purchaser's obligations under this Agreement, or electing to have this Agreement remain in full force and effect. In the event that Purchaser does not terminate this Agreement pursuant to the preceding sentence, Seller will assign to Purchaser any and all claims for the proceeds of such condemnation or sale to the extent the same are applicable to the Property, and Purchaser will take title to the Property with the assignment of such proceeds and subject to such condemnation and without reduction of the Purchase Price. Should Purchaser elect to terminate Purchaser's obligations under this Agreement under the provisions of this Section 11.2, the Earnest Money Deposit and any interest thereon will be returned to Purchaser and neither Seller nor Purchaser will have any further obligation under this Agreement, except for the Termination Surviving Obligations.

ARTICLE XII CONFIDENTIALITY

Section 12.1 Confidentiality. Seller and Purchaser each expressly acknowledge and agree that the transactions contemplated by this Agreement and the terms, conditions, and negotiations concerning the same will be held in the strictest confidence by each of them and will not be disclosed by either of them except to their respective legal counsel, accountants, consultants, officers, employees, partners, directors, and shareholders, and except and only to the extent that such disclosure may be necessary for their respective performances hereunder. Purchaser further acknowledges and agrees that, unless and until the Closing occurs, all information obtained by Purchaser in connection with the Property will not be disclosed by Purchaser to any third persons (other than the Permitted Outside Parties) without the

prior written consent of Seller. Nothing contained in this Article XII will preclude or limit either party to this Agreement from disclosing or accessing any information otherwise deemed confidential under this Article XII response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with governmental authorities required by reason of the transactions provided for herein pursuant to an opinion of counsel. Nothing in this Article XII will negate, supersede or otherwise affect the obligations of the parties under the Confidentiality Agreement. In addition, prior to or as a part of the Closing, any release to the public of information with respect to the sale contemplated herein or any matters set forth in this Agreement will be made only in the form approved by Purchaser and Seller and their respective counsel, which approval shall not be unreasonably withheld or delayed. The provisions of this Article XII will survive the Closing or any termination of this Agreement.

ARTICLE XIII REMEDIES

Section 13.1 Default by Seller. In the event the Closing and the transactions contemplated hereby do not occur as herein provided by reason of any default of Seller, Purchaser may, as Purchaser's sole and exclusive remedy, elect by notice to Seller within ten (10) Business Days following the Closing Date, either of the following: (a) terminate this Agreement, in which event Purchaser will receive from the Escrow Agent the Earnest Money Deposit, together with all interest accrued thereon, whereupon Seller and Purchaser will have no further rights or obligations under this Agreement, except with respect to the Termination Surviving Obligations; or (b) seek to enforce specific performance of Seller's obligations under this Agreement. Purchaser expressly waives its rights to seek damages in the event the transactions hereunder do not close by reason of Seller's default hereunder. Purchaser shall be deemed to have elected to terminate this Agreement and receive back the Earnest Money Deposit if Purchaser fails to advise Seller, on or before thirty (30) days following the Closing Date or thirty (30) days following the last date to which Seller had exercised an extension of the Closing past the Closing Date, that it intends to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, and if Purchaser fails to actually file such suit within thirty (30) days thereafter. Notwithstanding the foregoing, nothing contained in this Section 13.1 will limit Purchaser's remedies at law, in equity or as herein provided in pursuing remedies of a breach by Seller of any of the Termination Surviving Obligations.

Section 13.2 Default by Purchaser. In the event the Closing and the consummation of the transactions contemplated herein do not occur as provided herein by reason of any default of Purchaser, Purchaser and Seller agree it would be impractical and extremely difficult to fix the damages which Seller may suffer. Purchaser and Seller hereby agree that (a) an amount equal to the Earnest Money Deposit (together with interest accrued thereon) is a reasonable estimate of the total net detriment Seller would suffer in the event Purchaser defaults and fails to complete the purchase of the Property, and (b) such amount will be the full, agreed and liquidated damages for Purchaser's default and failure to complete the purchase of the Property, and will be Seller's sole and exclusive remedy (whether at law or in equity) for any default of Purchaser resulting in the failure of consummation of the Closing, whereupon this Agreement will terminate and Seller and Purchaser will have no further rights or obligations hereunder, except with respect to the Termination Surviving Obligations. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty but is intended to constitute liquidated damages to Seller. Notwithstanding the foregoing, nothing contained herein will limit Seller's remedies at law, in equity or as herein provided in the event of a breach by Purchaser of any of the Termination Surviving Obligations.

**ARTICLE XIV
NOTICES**

Section 14.1 Notices.

(a) All notices or other communications required or permitted hereunder shall be in writing, and shall be given by hand delivery (with proof of delivery), by any nationally recognized overnight delivery service (with proof of delivery), or by facsimile transmission (provided that such facsimile is confirmed by the sender by expedited delivery service in the manner previously described), sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee will have designated by written notice sent in accordance herewith. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement will be as follows:

If to Purchaser: Summit Commercial Properties, Inc.
1970 East Grand Avenue, Suite 300
El Segundo, California 90245
Attention: Real Estate Notices
(Ken White/Larry Matsui)
Fax No. (310) 648-7251
Telephone No. (310) 648-7500

with a copy to: Pircher Nichols & Meeks
1925 Century Park East, Suite 1700
Los Angeles, California 90067
Attention: Real Estate Notices (GML)
Fax No. (310) 201-8922
Telephone No. (310) 201-8900

If Seller: Mack-Cali Glendale Limited Partnership
c/o Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

with separate notices to the attention of:

Mr. Mitchell E. Hersh
Fax No. (908) 272-6755
Telephone No. (908) 272-8000

and

Roger W. Thomas, Esq.
Executive Vice President and General Counsel
Fax No. (908) 497-0485
Telephone No. (908) 272-2612

With a copy to: Pryor Cashman Sherman & Flynn LLP
410 Park Avenue
New York, New York 10022
Attention: Wayne Heicklen, Esq.
Fax No. (212) 326-0806
Telephone No. (212) 326-0854

If to Escrow Agent: Lawyer's Title Insurance Corporation
655 Third Avenue
New York, New York 10017
Attention: Debra Sollitto
Fax No. (212) 949-2438
Telephone No. (212) 949-0100

(b) Notices given by (i) overnight morning delivery service as aforesaid shall be deemed received and effective on the first Business Day following such dispatch and (ii) facsimile transmission as aforesaid shall be deemed given at the time and on the date of machine transmittal provided same is sent prior to 4:00 p.m. on a Business Day (if sent later, then notice shall be deemed given on the next Business Day). Notices may be given by counsel for the parties described above, and such notices shall be deemed given by said party, for all purposes hereunder.

**ARTICLE XV
ASSIGNMENT AND BINDING EFFECT**

Section 15.1 Assignment: Binding Effect. Seller shall not have the right to assign this Agreement, or to designate another party to be the grantor, transferor or assignor of the Deed, as the case may be, or to assign any of the other Closing documents (except as otherwise permitted under Section 10.7), without the prior written consent of Purchaser to be given or withheld in Purchaser's sole discretion, except that Seller may assign this Agreement to an entity which is owned or controlled by Mack-Cali Realty Corporation or Mack-Cali Realty, L.P. Purchaser shall not have the right to assign this Agreement, or to designate another party to be the grantee, transferee or assignee of the Deed, as the case may be, or to assign any of the other Closing documents (except as otherwise permitted under Section 10.7), without the prior written consent of Seller to be given or withheld in Seller's sole discretion, except that Purchaser may assign this Agreement, or designate another party to be the grantee, transferee or assignee, as the case

may be, to an entity in which one or more principals of Purchaser and/or its parent company, Highridge Partners, Inc., directly or indirectly are investors and exercise day-to-day management responsibility. No such assignment or designation shall be binding on Seller or effective unless and until Seller shall receive a fully executed assignment and assumption agreement, between Purchaser and its assignee, whereby among other things, such assignee assumes all of the obligations and liabilities of Purchaser hereunder. No such assignment and assumption shall relieve the originally named Purchaser of any of the obligations and liabilities of Purchaser hereunder.

ARTICLE XVI BROKERAGE

Section 16.1 Brokers. Purchaser and Seller represent that they have not dealt with any brokers, finders or salesmen, in connection with this transaction, and agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which either party may sustain, incur or be exposed to by reason of any claim for fees or commissions made through the other party. The provisions of this Article XVI will survive any Closing or termination of this Agreement.

ARTICLE XVII ESCROW AGENT

Section 17.1 Investment and Use of Funds. The Escrow Agent shall invest the Initial Earnest Money Deposit and Additional Earnest Money Deposit in a government insured interest-bearing account satisfactory to Purchaser at an institution having assets of not less than \$125,000,000, shall not commingle the Earnest Money Deposit with any funds of the Escrow Agent or others, and shall promptly provide Purchaser and Seller with confirmation of the investments made. If the Closing under

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this Agreement occurs, the Escrow Agent shall deliver the Earnest Money Deposit to, or upon the instructions of, Seller on the Closing Date. Provided such supplemental escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time, Seller and Purchaser agree to execute such supplemental escrow instructions as may be appropriate to enable Escrow Agent to comply with the terms of this Agreement.

Section 17.2 Other Terminations. Upon a termination of this Agreement for reasons other than a termination by Purchaser pursuant to Section 5.3 above, either party to this Agreement (the "**Terminating Party**") may give written notice to the Escrow Agent and the other party (the "**Non-Terminating Party**") of such termination and the reason for such termination. Such request shall also constitute a request for the release of the Earnest Money Deposit to the Terminating Party. The Non-Terminating Party shall then have five (5) Business Days in which to object in writing to the release of the Earnest Money Deposit to the Terminating Party. If the Non-Terminating Party provides such an objection, then the Escrow Agent shall retain the Earnest Money Deposit until it receives written instructions executed by both Seller and Purchaser as to the disposition and disbursement of the Earnest Money Deposit, or until ordered by final court order, decree or judgment, which is not subject to appeal, to deliver the Earnest Money Deposit to a particular party, in which event the Earnest Money Deposit shall be delivered in accordance with such notice, instruction, order, decree or judgment.

Section 17.3 Interpleader. Except as provided in Section 17.2 above, Seller and Purchaser mutually agree that in the event of any controversy regarding the Earnest Money Deposit, unless mutual written instructions are received by the Escrow Agent directing the Earnest Money Deposit's disposition, the Escrow Agent shall not take any action, but instead shall await the disposition of any proceeding relating to the Earnest Money Deposit or, at the Escrow Agent's option, the Escrow Agent may interplead all parties and deposit the Earnest Money Deposit with a court of competent jurisdiction in which event the Escrow Agent may recover all of its court costs and reasonable attorneys' fees. Seller or Purchaser, whichever loses in any such interpleader action, shall be solely obligated to pay such costs and fees of the Escrow Agent, as well as the reasonable attorneys' fees of the prevailing party in accordance with the other provisions of this Agreement.

Section 17.4 Liability of Escrow Agent. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of either of the parties, and that the Escrow Agent shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Seller or Purchaser resulting from the Escrow Agent's mistake of law respecting the Escrow Agent's scope or nature of its duties. Seller and Purchaser shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by the Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Escrow Agent.

Section 17.5 Escrow Fee. Except as expressly provided herein to the contrary, the escrow fee, if any, charged by the Escrow Agent for holding the Earnest Money Deposit or conducting the Closing shall be shared equally by Seller and Purchaser.

ARTICLE XVIII MISCELLANEOUS

Section 18.1 Waivers. No waiver of any breach of any covenant or provisions contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or

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provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.

Section 18.2 Recovery of Certain Fees. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, then in that event the prevailing party will be entitled to have and recover the reasonable, actual costs and expenses the prevailing party has incurred therein from the other party including all reasonable attorneys' fees and costs resulting therefrom. In the event that one party hereto has not prevailed entirely in any such suit or action, only the party which has prevailed to a greater extent (as determined by the court, agency or other authority before which such suit, action or proceeding is commenced) shall be entitled to so recover, its reasonable actual costs and expenses but such prevailing party shall only be entitled to recover that portion of such costs and expenses which is in proportion to the relative degree to which such party prevailed in such suit or action (as determined by the court, agency or other authority before which such suit, action or proceeding is commenced). For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 18.2 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

Section 18.3 Construction. Headings at the beginning of each article and section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular will include the plural and the masculine will include the feminine and vice versa. This Agreement will not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule will have the meaning attributable to such term in the body of this Agreement. In the event the date on which Purchaser or Seller is required to take any action under the terms of this Agreement is not a Business Day, the action will be taken on the next succeeding Business Day.

Section 18.4 Counterparts. This Agreement may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement.

Section 18.5 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 18.6 Entire Agreement. This Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof, and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument, signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

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Section 18.7 Governing Law. THIS AGREEMENT WILL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED. SELLER AND PURCHASER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN A STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED.

Section 18.8 No Recording. The parties hereto agree that neither this Agreement nor any affidavit or memorandum concerning it will be recorded and any recording of this Agreement or any such affidavit or memorandum by Purchaser will be deemed a default by Purchaser hereunder.

Section 18.9 Further Actions. The parties agree to execute such instructions to the Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

Section 18.10 Exhibits. The following sets forth a list of Exhibits to the Agreement:

Exhibit A—	Assignment
Exhibit B—	Assignment of Leases
Exhibit C—	Bill of Sale
Exhibit D—	Legal Description of the Real Property
Exhibit E—	Service Contracts
Exhibit F—	Rent Roll
Exhibit G—	Permitted Exceptions
Exhibit H—	Tenant Estoppel Certificate
Exhibit I—	Suits and Proceedings
Exhibit J—	Certificate as to Foreign Status
Exhibit K—	Tenant Notice Letter

Section 18.11 No Partnership. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, it being the intention of the parties to merely create the relationship of Seller and Purchaser with respect to the Property to be conveyed as contemplated hereby.

Section 18.12 Limitations on Benefits. It is the explicit intention of Purchaser and Seller that no person or entity other than Purchaser and Seller and their permitted successors and assigns is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, Purchaser and Seller or their respective successors and assigns as permitted hereunder. Nothing contained in this Agreement shall under any circumstances whatsoever be deemed or construed, or be interpreted, as making any third party (including, without limitation, Broker) a beneficiary of any term or provision of this Agreement or any instrument or document delivered pursuant hereto, and Purchaser and Seller expressly reject any such intent, construction or interpretation of this Agreement.

Section 18.13 Discharge of Obligations. The acceptance of the Deed by Purchaser shall be deemed to be full performance and discharge of each and every representation and warranty made by Seller herein and every agreement and obligation on the part of the Seller to be performed hereunder, except those which are specifically stated herein to survive the Closing.

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Section 18.14 Cross Default/Termination. A default under this Agreement by a party shall be deemed a default under each Portfolio Sale and Purchase Agreement and the non-defaulting party shall have such rights, remedies and elections as provided herein and therein. If this Agreement shall be terminated by either party hereto pursuant to the provisions hereof, it shall be deemed to be a termination of each Portfolio Sale and Purchase Agreement.

[Remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, Seller and Purchaser have respectively executed this Agreement as of the Effective Date.

Date Executed:

SELLER:

MACK-CALI GLENDALE LIMITED PARTNERSHIP

By: Mack-Cali Sub XXII, Inc. its general partner

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

Title: Executive Vice President/CFO

As to Article XVII only:

ESCROW AGENT:

LAWYERS TITLE INSURANCE CORPORATION

By: /s/ Asher Fried

Name: Asher Fried

Title: VP

July 3, 2002

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[Exhibit 10.25](#)

[AGREEMENT OF SALE AND PURCHASE](#)

[ARTICLE I DEFINITIONS](#)

[ARTICLE II AGREEMENT OF PURCHASE AND SALE](#)

[ARTICLE III CONSIDERATION](#)

[ARTICLE IV EARNEST MONEY DEPOSIT AND ESCROW INSTRUCTIONS](#)

[ARTICLE V INSPECTION OF PROPERTY](#)

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[ARTICLE XVII ESCROW AGENT](#)

[ARTICLE XVIII MISCELLANEOUS](#)

**FIRST AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE
(Talavi Business Park)**

This **FIRST AMENDMENT TO AGREEMENT OF SALE AND PURCHASE** (this "**Amendment**") is dated as of August 15, 2002, by and between **MACK-CALI GLENDALE LIMITED PARTNERSHIP**, a limited partnership organized under the laws of the State of Arizona ("**Seller**"), having an address at c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 and **SUMMIT COMMERCIAL PROPERTIES, INC.**, a corporation organized under the laws of the State of California ("**Purchaser**"), having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California 90245.

WITNESSETH:

WHEREAS, Seller and Purchaser have entered into a certain Agreement of Sale and Purchase dated as of July 2, 2002 (the "**Agreement**") pursuant to which Agreement Seller agreed to sell and Purchaser agreed to purchase certain Property located at 5551 West Talavi Boulevard, Glendale, Arizona; and

WHEREAS, Seller and Purchaser have agreed to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, intending to be legally bound hereby, the parties hereby agree as follows:

1. The word "Realty", which was incorrectly inserted in the Agreement as part of Seller's name, is hereby deleted and all references to Seller in the Agreement shall be deemed to refer to "Mack-Cali Glendale Limited Partnership".
2. The first sentence of the defined term "Closing Date" as set forth in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following "*Closing Date*" means October 2, 2002". The second sentence of such defined term is hereby modified to replace the phrase "sixty (60) days" with the phrase "thirty (30) days".
3. The "Evaluation Period" as defined in Section 5.1 of the Agreement is hereby extended to 5:00 p.m. Eastern time on September 6, 2002.
4. The defined term "Portfolio Sale and Purchase Agreement" as set forth in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following definition: "*Portfolio Sale and Purchase Agreement*" means each of (i) that certain Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Beardsley Limited Partnership, as seller, and Purchaser, as purchaser, as amended by that certain First Amendment to Agreement of Sale and Purchase dated August 15, 2002, and (ii) that certain Agreement of Sale and Purchase dated as of July 2, 2002 by and between Mack-Cali Realty 9060, L.L.C., as seller and Purchaser, as purchaser, as amended by that certain First Amendment to Agreement of Sale and Purchase dated August 15, 2002, for the sale and purchase of each Portfolio Property defined therein, as such agreements may hereinafter be amended from time to time."
5. All other terms, conditions and provisions of the Agreement shall continue in full force and effect and unmodified, except to the extent expressly modified hereby.
6. Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Agreement.
7. This Amendment shall be binding upon and inure to the benefit of the successors, legal representatives, heirs and assigns of the parties hereto.

8. This Amendment may be executed by facsimile signatures in any number of counterparts, each of which shall be deemed an original and all of which when considered together shall be one and the same document.

9. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

SELLER:

MACK-CALI GLENDALE LIMITED PARTNERSHIP
By: Mack-Cali Sub XXII, Inc. its general partner

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui
Name: Larry M. Matsui
Title: Executive Vice President/CFO

QuickLinks

[Exhibit 10.26](#)

[FIRST AMENDMENT TO AGREEMENT OF SALE AND PURCHASE \(Talavi Business Park\)](#)

**SECOND AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE
(Talavi Business Park)**

This **SECOND AMENDMENT TO AGREEMENT OF SALE AND PURCHASE** (this "**Amendment**") is dated as of September , 2002, by and between **MACK-CALI GLENDALE LIMITED PARTNERSHIP**, a limited partnership organized under the laws of the State of Arizona ("**Seller**"), having an address at c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 and **SUMMIT COMMERCIAL PROPERTIES, INC.**, a corporation organized under the laws of the State of California ("**Purchaser**"), having an address at c/o Summit Commercial, 1970 East Grand Avenue, Suite 300, El Segundo, California 90245.

WITNESSETH:

WHEREAS, Seller and Purchaser have entered into a certain Agreement of Sale and Purchase dated as of July 2, 2002, as amended by that certain First Amendment to Agreement of Sale and Purchase dated as of August 15, 2002 (collectively, the "**Agreement**") pursuant to which Agreement Seller agreed to sell and Purchaser agreed to purchase certain Property located at 5551 West Talavi Boulevard, Glendale, Arizona; and

WHEREAS, Seller and Purchaser have agreed to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, intending to be legally bound hereby, the parties hereby agree as follows:

1. The "Evaluation Period" as defined in Section 5.1 of the Agreement is hereby extended to 5:00 p.m. Eastern time on September 13, 2002.
2. All other terms, conditions and provisions of the Agreement shall continue in full force and effect and unmodified, except to the extent expressly modified hereby.
3. Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Agreement.
4. This Amendment shall be binding upon and inure to the benefit of the successors, legal representatives, heirs and assigns of the parties hereto.
5. This Amendment may be executed by facsimile signatures in any number of counterparts, each of which shall be deemed an original and all of which when considered together shall be one and the same document.
6. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

SELLER:

MACK-CALI GLENDALE LIMITED PARTNERSHIP
By: Mack-Cali Sub XXII, Inc. its general partner

By: /s/ Roger W. Thomas

Name: Roger W. Thomas

Title: Executive Vice President & General Counsel

PURCHASER:

SUMMIT COMMERCIAL PROPERTIES, INC.

By: /s/ Larry M. Matsui

Name: Larry M. Matsui

Title: Executive Vice President/CFO

**INDEMNIFICATION AGREEMENT
(Directors and Officers)**

THIS INDEMNIFICATION AGREEMENT is made and entered into this 22nd day of October, 2002 by and between MACK-CALI REALTY CORPORATION, a Maryland corporation (the "Company"), and [Name of Director and/or Officer], an individual residing at [address], ("Indemnitee").

RECITALS

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available; and

WHEREAS, Indemnitee is a director and/or officer of the Company; and

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of companies in today's environment; and

WHEREAS, the Company's charter (the "Charter") and bylaws (the "Bylaws") provide that the Company will indemnify its directors and officers to the fullest extent permitted by law and will advance expenses in connection therewith, and Indemnitee's willingness to serve as a director and/or officer of the Company is based on Indemnitee's reliance on such provisions; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, and Indemnitee's reliance on the aforesaid provisions of the Charter and Bylaws, and in part to provide Indemnitee with specific contractual assurance that the protection promised by such provisions will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such provisions or any change in the composition of the Company's Board of Directors or any acquisition or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancement of expenses to Indemnitee as set forth in this Agreement and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Certain Definitions.

1.1 "Claim" shall mean any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or other, or any inquiry or investigation, whether instituted, made or conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

1.2 "Expenses" shall mean and include all court costs, attorneys' fees, disbursements and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any Claim relating to any Indemnifiable Event.

1.3 "Indemnifiable Event" shall mean any actual or asserted event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, partner, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other entity, or anything done or not done by Indemnitee in any such capacity.

2. Basic Indemnification Arrangement. In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising or related in whole or in part out of) an Indemnifiable Event, (a) the Company will indemnify and hold harmless Indemnitee to the fullest extent permitted by law, as soon as practicable, but in any event no later than fifteen (15) calendar days after written demand is presented to the Company, from and against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of, or suffered or incurred by Indemnitee in connection with, such Claim; and (b) the Company will pay or reimburse Indemnitee for any and all Expenses incurred by Indemnitee in connection with a Claim prior to final disposition of the Claim, to the fullest extent permitted by law but without requiring any preliminary determination of the ultimate entitlement of Indemnitee to indemnification, as soon as practicable, but in any event within two (2) business days, after request by Indemnitee. Notwithstanding anything in this Section 2 or Section 5 of this Agreement to the contrary, Indemnitee will not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company except as provided in Section 4 of this Agreement or unless the Company has joined in or consented to the initiation of such Claim.

3. Establishment of Trust. The Company will create a trust (the "Trust") for the benefit of Indemnitee and from time to time upon written request by Indemnitee will, if so authorized by the Company's Board of Directors, fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request, and any and all judgments, fines, penalties and settlement amounts of any and all Claims relating to an Indemnifiable Event from time to time actually paid or reasonably anticipated or proposed to be paid. The terms of the Trust will provide that (i) the Trust will not be revoked, or the principal thereof invaded, without the written consent of Indemnitee, (ii) the trustee thereunder (the "Trustee") will advance, within two (2) business days of a request by Indemnitee, any and all Expenses to Indemnitee, (iii) the Trust will continue to be funded by the Company in accordance with and to the extent of the funding obligation set forth above, (iv) the Trustee will promptly pay to Indemnitee all amounts to which Indemnitee is entitled in respect of the Company's indemnification obligations under this Agreement or otherwise, and (v) all unexpended funds in the Trust will revert to the Company upon a final determination by a court of competent jurisdiction that Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee will be an independent third party, and will be chosen by Indemnitee. Nothing in this Section 3 will relieve the Company of any of its obligations under this Agreement.

4. Indemnification for Additional Expenses. The Company will indemnify Indemnitee against and, if requested by Indemnitee, will, within two (2) business days of such request, advance to Indemnitee, any and all attorneys' fees and other costs, expenses and obligations paid or incurred by Indemnitee in connection with any claim, action, suit or proceeding asserted or brought by Indemnitee for (i) indemnification or payment or reimbursement of Expenses prior to final disposition of the Claim by the Company under this Agreement or any other agreement or under any provisions of the Charter or Bylaws now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

5. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company will nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. In addition, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in

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whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee will be indemnified against all Expenses incurred in connection therewith. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof will be on the Company to establish that Indemnitee is not so entitled. The Company agrees to make any such determination, or to cause such determination to be made, as expeditiously as practicable.

6. No Presumption. For purposes of this Agreement, the termination of any Claim, action, suit or proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

7. Non-Exclusivity, Etc. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Charter, the Bylaws or the Maryland General Corporation Law (the "MGCL") or otherwise; *provided, however*, that to the extent that Indemnitee otherwise would have any greater right to indemnification under any provision of the Charter or Bylaws as in effect on the date hereof, Indemnitee will be deemed to have such greater right hereunder, and provided, further, that to the extent that any change is made to the MGCL (whether by legislative action or judicial decision), the Charter and/or the Bylaws which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. The Company will not adopt any amendment to the Charter or the Bylaws the effect of which would be to deny, diminish or encumber Indemnitee's right to indemnification under the Charter, the Bylaws, the MGCL or otherwise as applied to any act or failure to act occurring in whole or in part prior to the date upon which the amendment was approved by the Company's Board of Directors and/or its stockholders, as the case may be.

8. Liability Insurance. The Company shall maintain an insurance policy or policies providing directors' and officers' liability insurance in an amount not less than \$1,000,000 and on customary terms. Indemnitee will be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

9. Period of Limitations. No legal action will be brought and no cause of action will be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee or Indemnitee's spouse, personal or legal representatives, executors, administrators, successors, heirs, distributees or legatees after the expiration of three (3) years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its affiliates will be extinguished and deemed released unless asserted by the timely filing of a legal action within such three (3) year period; *provided, however*, that if any shorter period of limitation is otherwise applicable to any such cause of action, such shorter period will govern.

10. Subrogation. In the event of payment under this Agreement, the Company will be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other persons or entities. Indemnitee will execute all papers reasonably required and will do every thing that may be reasonably necessary to secure such rights and enable the Company effectively to bring suit to enforce such rights (all of Indemnitee's reasonable costs and expenses, including attorneys' fees and disbursements, to be reimbursed by or, at the option of Indemnitee, advanced by the Company).

11. No Duplication of Payments. The Company will not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, the Charter, the Bylaws or otherwise) of the amounts otherwise Indemnifiable hereunder.

12. Successors and Binding Agreement. (a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or

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substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including, without limitation, any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by Indemnitee's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto will, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 12(a) and 12(b) hereof. Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Indemnitee's will or by the laws of descent and distribution, and any such attempted assignment shall be null and void and of no effect.

13. Notices. For all purposes of this Agreement, all communications, including, without limitation, notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five (5) calendar days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after having been sent for next-day delivery by a nationally recognized overnight courier service, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to Indemnitee at Indemnitee's principal residence as shown in the Company's most current records, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

14. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the laws of the State of Maryland, without giving effect to the principles of conflict of laws.

15. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

16. Miscellaneous. No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing by

Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. References to Sections are references to Sections of this Agreement.

17. Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which will be deemed to be an original but both of which together will constitute one and the same agreement.

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IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first above written.

THE COMPANY:

MACK-CALI REALTY CORPORATION

By: _____

Name:

Title:

THE INDEMNITEE:

Name:

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QuickLinks

[Exhibit 10.28](#)

[INDEMNIFICATION AGREEMENT \(Directors and Officers\)](#)

[RECITALS](#)

**INDEMNIFICATION AGREEMENT
(Directors and Officers)**

THIS INDEMNIFICATION AGREEMENT is made and entered into this 22nd day of October, 2002 by and between MACK-CALI REALTY CORPORATION, a Maryland corporation (the "Company"), and JOHN CRANDALL, an individual residing at [address], ("Indemnitee").

RECITALS

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available; and

WHEREAS, Indemnitee is the Senior Vice President-Development and is a registered architect; and

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of companies in today's environment; and

WHEREAS, the Company's charter (the "Charter") and bylaws (the "Bylaws") provide that the Company will indemnify its directors and officers to the fullest extent permitted by law and will advance expenses in connection therewith, and Indemnitee's willingness to serve as a director and/or officer of the Company is based on Indemnitee's reliance on such provisions; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, and Indemnitee's reliance on the aforesaid provisions of the Charter and Bylaws, and in part to provide Indemnitee with specific contractual assurance that the protection promised by such provisions will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such provisions or any change in the composition of the Company's Board of Directors or any acquisition or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancement of expenses to Indemnitee as set forth in this Agreement and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Certain Definitions.

1.1 "Claim" shall mean any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or other, or any inquiry or investigation, whether instituted, made or conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

1.2 "Expenses" shall mean and include all court costs, attorneys' fees, disbursements and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any Claim relating to any Indemnifiable Event.

1.3 "Indemnifiable Event" shall mean any actual or asserted event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, partner, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other entity, or anything done or not done by Indemnitee in any such capacity. Without limiting the generality of the foregoing, the definition of Indemnifiable Event shall include the acts of Indemnitee in his capacity

as an officer of the Company, at any time before, on or after the date of this Agreement: (i) in designing and engineering tenant improvements or other improvements to be constructed at or in buildings or other properties owned by the Company or any of its affiliates; (ii) in preparing, or supervising the preparation by other employees of the Company, of drawings and specifications for such tenant improvements or other improvements; (iii) in signing and affixing his seal as a registered architect to any such drawings and specifications; or (iv) in acting as architect for the construction of such tenant improvements or other improvements.

2. Basic Indemnification Arrangement. In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising or related in whole or in part out of) an Indemnifiable Event: (a) the Company will indemnify and hold harmless Indemnitee to the fullest extent permitted by law, as soon as practicable, but in any event no later than fifteen (15) calendar days after written demand is presented to the Company, from and against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of, or suffered or incurred by Indemnitee in connection with, such Claim; and (b) the Company will pay or reimburse Indemnitee for any and all Expenses incurred by Indemnitee in connection with a Claim prior to final disposition of the Claim, to the fullest extent permitted by law but without requiring any preliminary determination of the ultimate entitlement of Indemnitee to indemnification, as soon as practicable, but in any event within two (2) business days, after request by Indemnitee. Notwithstanding anything in this Section 2 or Section 5 of this Agreement to the contrary, Indemnitee will not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company except as provided in Section 4 of this Agreement or unless the Company has joined in or consented to the initiation of such Claim.

3. Establishment of Trust. The Company will create a trust (the "Trust") for the benefit of Indemnitee and from time to time upon written request by Indemnitee will, if so authorized by the Company's Board of Directors, fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request, and any and all judgments, fines, penalties and settlement amounts of any and all Claims relating to an Indemnifiable Event from time to time actually paid or reasonably anticipated or proposed to be paid. The terms of the Trust will provide that (i) the Trust will not be revoked, or the principal thereof invaded, without the written consent of Indemnitee, (ii) the trustee thereunder (the "Trustee") will advance, within two (2) business days of a request by Indemnitee, any and all Expenses to Indemnitee, (iii) the Trust will continue to be funded by the Company in accordance with and to the extent of the funding obligation set forth above, (iv) the Trustee will promptly pay to Indemnitee all amounts to which Indemnitee is entitled in respect of the Company's indemnification obligations under this Agreement or otherwise, and (v) all unexpended funds in the Trust will revert to the Company upon a final determination by a court of competent jurisdiction that Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee will be an independent third party, and will be chosen by Indemnitee. Nothing in this Section 3 will relieve the Company of any of its obligations under this Agreement.

4. Indemnification for Additional Expenses. The Company will indemnify Indemnitee against and, if requested by Indemnitee, will, within two (2) business days of

such request, advance to Indemnitee, any and all attorneys' fees and other costs, expenses and obligations paid or incurred by Indemnitee in connection with any claim, action, suit or proceeding asserted or brought by Indemnitee for (i) indemnification or payment or reimbursement of Expenses prior to final disposition of the Claim by the Company under this Agreement or any other agreement or under any provisions of the Charter or Bylaws now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of

whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

5. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company will nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. In addition, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee will be indemnified against all Expenses incurred in connection therewith. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof will be on the Company to establish that Indemnitee is not so entitled. The Company agrees to make any such determination, or to cause such determination to be made, as expeditiously as practicable.

6. No Presumption. For purposes of this Agreement, the termination of any Claim, action, suit or proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

7. Non-Exclusivity, Etc. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Charter, the Bylaws or the Maryland General Corporation Law (the "MGCL") or otherwise; *provided, however*, that to the extent that Indemnitee otherwise would have any greater right to indemnification under any provision of the Charter or Bylaws as in effect on the date hereof, Indemnitee will be deemed to have such greater right hereunder, and provided, further, that to the extent that any change is made to the MGCL (whether by legislative action or judicial decision), the Charter and/or the Bylaws which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. The Company will not adopt any amendment to the Charter or the Bylaws the effect of which would be to deny, diminish or encumber Indemnitee's right to indemnification under the Charter, the Bylaws, the MGCL or otherwise as applied to any act or failure to act occurring in whole or in part prior to the date upon which the amendment was approved by the Company's Board of Directors and/or its stockholders, as the case may be.

8. Liability Insurance. The Company shall maintain an insurance policy or policies providing directors' and officers' liability insurance in an amount not less than \$1,000,000 and on customary terms. Indemnitee will be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer. The Company may, but shall not be obligated to, maintain an insurance policy or policies providing architects' and engineers' professional liability coverage for the Company and its employees. If any such policy or policies are maintained, Indemnitee will be covered by such policy or policies, in accordance with and subject to its or their terms, to the maximum extent of the coverage available for any officer or employee of the Company performing architectural or engineering services for or on behalf of the Company.

9. Period of Limitations. No legal action will be brought and no cause of action will be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee or Indemnitee's spouse, personal or legal representatives, executors, administrators, successors, heirs, distributees or legatees after the expiration of three (3) years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its affiliates will be extinguished and deemed released unless asserted by the timely filing of a legal action within such three (3) year period; *provided*,

however, that if any shorter period of limitation is otherwise applicable to any such cause of action, such shorter period will govern.

10. Subrogation. In the event of payment under this Agreement, the Company will be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other persons or entities. Indemnitee will execute all papers reasonably required and will do every thing that may be reasonably necessary to secure such rights and enable the Company effectively to bring suit to enforce such rights (all of Indemnitee's reasonable costs and expenses, including attorneys' fees and disbursements, to be reimbursed by or, at the option of Indemnitee, advanced by the Company).

11. No Duplication of Payments. The Company will not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any directors' and officers' liability insurance policy, any professional liability insurance policy, the Charter, the Bylaws or otherwise) of the amounts otherwise Indemnifiable hereunder.

12. Successors and Binding Agreement. (a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including, without limitation, any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by Indemnitee's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto will, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 12(a) and 12(b) hereof. Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Indemnitee's will or by the laws of descent and distribution, and any such attempted assignment shall be null and void and of no effect.

13. Notices. For all purposes of this Agreement, all communications, including, without limitation, notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five (5) calendar days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after having been sent for next-day delivery by a nationally recognized overnight courier service, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to Indemnitee at Indemnitee's principal residence as shown in the Company's most current records, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

14. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the laws of the

15. *Validity.* If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

16. *Miscellaneous.* No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing by Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. References to Sections are references to Sections of this Agreement.

17. *Counterparts.* This Agreement may be executed in one (1) or more counterparts, each of which will be deemed to be an original but both of which together will constitute one and the same agreement.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement, under seal, as of the date first above written.

THE COMPANY:

MACK-CALI REALTY CORPORATION

By: /s/ MITCHELL E. HERSH (SEAL)

Name: Mitchell E. Hersh
Title: Chief Executive Officer

THE INDEMNITEE:

/s/ JOHN CRANDALL (SEAL)

Name: John Crandall

QuickLinks

[Exhibit 10.29](#)

[INDEMNIFICATION AGREEMENT \(Directors and Officers\)](#)

[RECITALS](#)