

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) SEPTEMBER 18, 1997
CALI REALTY CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>			
<S>	<C>	<C>	
MARYLAND	1-13274	22-3305147	
(STATE OR OTHER JURISDICTION	(COMMISSION	(IRS EMPLOYER	
OR INCORPORATION)	FILE NUMBER)	IDENTIFICATION NUMBER)	
</TABLE>			

11 COMMERCE DRIVE, CRANFORD , NEW JERSEY 07016

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (908) 272-8000

N/A

(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

ITEM 5, OTHER EVENTS

During the period May 8, 1997 through September 15, 1997, Cali Realty Corporation and subsidiaries (the "Company") (i) acquired four office buildings in a suburban office complex, (ii) acquired two office buildings in a suburban office complex, (iii) acquired an individual office property, (iv) acquired an office/ flex property and (v) acquired another individual office property through five individual transactions with separate, unrelated sellers (to be collectively referred to as the "Acquisitions"). The Acquisitions, together with the Company's acquisition of a 76,300 square-foot office/flex property ("1345 Campus Parkway") on January 28, 1997 and of 65 properties from the Robert Martin Company LLC and affiliates ("RM") on January 31, 1997 in the "RM Transaction", are to be collectively referred to as the "1997 Events." The following is a brief description of the Acquisitions:

On May 8, 1997, the Company acquired four buildings in the Westlakes Office Park ("Westlakes"), a suburban office complex located in Berwyn, Chester County, Pennsylvania, totaling 444,350 square feet. The properties were acquired for approximately \$74.7 million, which was made available primarily from drawing on one of the Company's credit facilities.

On July 21, 1997, the Company acquired two office buildings in the Moorestown Corporate Center ("Moorestown Buildings"), a suburban office complex located in Moorestown, Burlington County, New Jersey. The properties, each consisting of 74,000 square feet, were acquired for an aggregate price of approximately \$10.2 million, which was made available from drawing on one of the Company's credit facilities.

On August 1, 1997, the Company acquired 1000 Bridgeport Avenue ("Shelton Place"), a 133,000 square-foot office building located in Shelton, Fairfield County, Connecticut. The property was acquired for approximately \$15.5 million, which was made available from drawing on one of the Company's credit facilities.

On August 15, 1997, the Company acquired 200 Corporate Boulevard South ("200 Corporate"), an 84,000 square-foot office/flex building located in Yonkers, Westchester County, New York. The property was acquired for approximately \$8.0 million through the exercise of a purchase option obtained in connection with the January 1997 RM Transaction. The acquisition cost, net of the mortgage prepayment described below, was financed from the Company's cash reserves.

In conjunction with the acquisition of 200 Corporate, the sellers of the property, certain RM principals, prepaid \$4.4 million of the \$11.6 million mortgage note receivable ("RM Mortgage Note Receivable") between the Company and such RM principals.

On September 3, 1997, the Company acquired Three Independence Way ("Three Independence"), a 111,300 square foot suburban office property located in Princeton, Mercer County, New Jersey, for approximately \$13.2 million. The funds were made available from drawing on one of the Company's credit facilities.

Further information regarding the Acquisitions is attached on SCHEDULE A.

Each of the Acquisitions was pursuant to individual agreements for the sale and purchase of each property between each selling entity and the Company. The factors considered by the Company in determining the price to be paid for the properties include their historical and expected cash flow, nature of the tenants and terms of leases in place, occupancy rates, opportunities for alternative and new tenancies, current operating costs and real estate taxes on the properties and anticipated changes therein under Company ownership, the

physical condition and locations of the properties, the anticipated effect on the Company's financial results (including particularly funds from operations) and the ability to sustain and potentially increase its distributions to Company stockholders, and other factors. The Company takes into consideration capitalization rates at which it believes other comparable office buildings had recently sold, but determined the price it is willing to pay primarily on the factors discussed above relating to the

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properties themselves and their fit with the Company's operations. No separate independent appraisals were obtained in connection with the acquisition of properties by the Company. The Company, after investigation of the properties, is not aware of any material factors, other than those enumerated above, that would cause the financial information reported not to be necessarily indicative of future operating results.

ITEM 7, FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) FINANCIAL STATEMENTS

The Statements of Revenue and Certain Expenses included in this report encompass the following:

- Audited Statement of Revenue and Certain Expenses for Westlakes for the year ended December 31, 1996 and unaudited interim financial information for the period January 1, 1997 through May 7, 1997,
- Audited Statement of Revenue and Certain Expenses for Shelton Place for the year ended April 30, 1997, and unaudited interim financial information for the three months ended July 31, 1997,
- Audited Statement of Revenue and Certain Expenses for Three Independence for the year ended December 31, 1996, and unaudited financial information for the six months ended June 30, 1997.

(b) PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

Unaudited pro forma financial information for the Company is presented as follows:

- Condensed consolidated balance sheet as of June 30, 1997.
- Condensed consolidated statements of operations for the six months ended June 30, 1997 and the year ended December 31, 1996.
- Estimated twelve-month pro forma statement of taxable net operating income and operating funds available for the twelve months ended June 30, 1997.

(c) EXHIBITS

<TABLE>		
<S>	<C>	<C>
10.95	--	Agreement for Assignment of Sale Agreement between O'Neill Properties Group, L.P., as Contract Vendee, and Moorestown Realty Associates L.P., as Assignee, dated as of July 17, 1997.
10.96	--	Sale Agreement between Metropolitan Life Insurance Company, as Seller, and O'Neill Properties Group, L.P., as Purchaser, dated as of May 5, 1997.
10.97	--	Earnest Money Contract and Agreement by and between New York Life Insurance Company, as Seller, and Cali Realty Acquisition Corporation, as Purchaser, dated as of August 20, 1997.
</TABLE>		

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SCHEDULE A

CALI REALTY CORPORATION SUMMARY OF THE ACQUISITIONS

<TABLE>						
<CAPTION>						
	DATE	TOTAL	PERCENT		INITIAL	
PROPERTY	ACQUIRED	SQUARE FEET	AT DATE OF	YEAR COMPLETED	COST TO	
<S>	<C>	<C>	<C>	<C>	COMPANY (IN	
					THOUSANDS)	
WESTLAKES	05/08/97		97%		\$ 74,700	
Berwyn,						
Chester County,						
Pennsylvania						
1235 Westlakes Drive		134,902		1986		
1205 Westlakes Drive		130,265		1988		
1055 Westlakes Drive		118,487		1990		
1000 Westlakes Drive		60,696		1989		

MOORESTOWN BUILDINGS Moorestown, Burlington County, New Jersey	07/21/97		vacant		\$ 10,200
224 Strawbridge Drive		74,000		1984	
228 Strawbridge Drive		74,000		1984	
SHELTON PLACE 1000 Bridgeport Avenue Shelton, Fairfield County, Connecticut	08/01/97	133,000	97%	1986	\$ 15,500
200 CORPORATE BOULEVARD SOUTH Yonkers, Westchester County, New York	08/15/97	84,000	98%	1990	\$ 8,000
THREE INDEPENDENCE WAY Princeton, Mercer County, New Jersey	09/03/97	111,300	100%	1983	\$ 13,150
TOTAL		920,650			\$ 121,550

<CAPTION>

PRINCIPAL TENANTS
(BASED ON PERCENTAGE OF PROPERTY
LEASED)

<S>	<C>
PROPERTY	
WESTLAKES Berwyn, Chester County, Pennsylvania	
1235 Westlakes Drive	Ratner & Prestia, PC (14%), Pepper, Hamilton & Scheetz (11%)
1205 Westlakes Drive	Provident Mutual Life Insurance Co. (35%), Oracle Corporation (23%)
1055 Westlakes Drive	Tokai Financial Services, Inc. (77%)
1000 Westlakes Drive	PNC Bank National Association (38%), Drinker, Biddle & Reath (24%)
MOORESTOWN BUILDINGS Moorestown, Burlington County, New Jersey	
224 Strawbridge Drive	N/A
228 Strawbridge Drive	N/A
SHELTON PLACE 1000 Bridgeport Avenue Shelton, Fairfield County, Connecticut	Wesely Software Development Corp. (22%), The William Carter Company (20%), Blue Cross and Blue Shield of Connecticut, Inc. (12%), Toyota Motor Credit Corp. (11%), Lanstar System, Inc. (11%)
200 CORPORATE BOULEVARD SOUTH Yonkers, Westchester County, New York	Belmay, Inc. (29%), Montefiore Medical Center (23%), Codenoll Technology Corp. (13%)
THREE INDEPENDENCE WAY Princeton, Mercer County, New Jersey	Merrill Lynch, Pierce, Fenner & Smith, Inc. (71%)
TOTAL	

</TABLE>

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Cali Realty Corporation has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

CALI REALTY CORPORATION

<TABLE>

<S>	<C>
September 19, 1997	By: /s/ THOMAS A. RIZK ----- Thomas A. Rizk PRESIDENT AND CHIEF EXECUTIVE OFFICER
September 19, 1997	By: /s/ BARRY LEFKOWITZ ----- Barry Lefkowitz

</TABLE>

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CALI REALTY CORPORATION

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<C>

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CALI REALTY CORPORATION

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
Cali Realty Corporation
Cranford, New Jersey

We have audited the accompanying Statement of Revenue and Certain Expenses for the property known as Westlakes Office Park for the year ended December 31, 1996. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared as

described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Cali Realty Corporation) and is not intended to be a complete presentation of Westlakes Office Park's revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses for Westlakes Office Park, on the basis described in Note 2, for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ Schonbraun, Safris, Sternlieb & Co.,
L.L.C.

SCHONBRAUN SAFRIS STERNLIEB & CO., L.L.C.

Certified Public Accountants

Roseland, New Jersey
May 20, 1997

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WESTLAKES OFFICE PARK

STATEMENT OF REVENUE AND CERTAIN EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1996

<TABLE>	
<S>	
Revenue	<C>
Base rents (Note 3).....	\$7,737,771
Escalations and recoveries from tenants.....	2,346,892

	10,084,663

Certain expenses	
Real estate taxes.....	610,016
Utilities.....	1,216,385
Operating services.....	1,626,811
General and administrative (Note 4).....	772,240

	4,225,452

Revenue in excess of certain expenses.....	\$5,859,211

</TABLE>

The accompanying notes are an integral part of this Statement of Revenue and Certain Expenses.

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WESTLAKES OFFICE PARK

STATEMENT OF REVENUE AND CERTAIN EXPENSES

FOR THE PERIOD JANUARY 1, 1997 TO MAY 7, 1997

(UNAUDITED)

<TABLE>	
<S>	
Revenue	<C>
Base rents (Note 3).....	\$2,824,753
Recoveries from tenants.....	865,881

	3,690,634

Certain expenses	
Real estate taxes.....	258,437
Utilities.....	361,792
Operating services.....	448,870
General and administrative (Note 4).....	245,727

	1,314,826

Revenue in excess of certain expenses.....	\$2,375,808

</TABLE>

The accompanying notes are an integral part of this Statement of Revenue and Certain Expenses.

WESTLAKES OFFICE PARK

NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1996

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying statement of revenue and certain expenses, Westlakes Office Park (the "Property") consists of four office buildings located in Berwyn, Chester County, Pennsylvania. The Property contains a total of approximately 444,350 square feet of net rentable area. The Property was acquired by a subsidiary of Cali Realty Corporation, (the "Company") on May 8, 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying statement of revenue and certain expenses has been prepared on the accrual basis of accounting.

The accompanying financial statement is not representative of the actual operations for the period presented, as certain revenue and expenses, which may not be comparable to the revenues and expenses to be earned or incurred by the Company in the future operations of the Property, have been excluded. Revenues excluded consists of interest and other revenues unrelated to the continuing operations of the Property. Expenses excluded consist of depreciation of the building and improvements, and amortization of organization and other intangible costs and other expenses not directly related to the future operations of the Property.

B. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

C. REVENUE RECOGNITION

Base rents are recognized on a straight-line basis over the terms of the respective leases.

3. LEASES

Leases for the Property have various remaining lease terms of up to 10 years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease.

Future minimum rents to be received over the next five years and thereafter, as of December 31, 1996, from tenants are as follows:

<TABLE>	
<S>	
1997.....	\$9,026,038
1998.....	8,911,747
1999.....	8,312,429
2000.....	7,097,526
2001.....	3,692,641
Thereafter.....	6,033,915

	\$43,074,296

</TABLE>	

3. LEASES (CONTINUED)

For the year ended December 31, 1996, one tenant, Tokai Financial Services, contributed 18 percent of base rents.

For the period of January 1, 1997 to May 7, 1997, Tokai Financial Services contributed 18 percent and Provident Mutual Life Insurance contributed 12 percent of base rents.

4. GENERAL AND ADMINISTRATIVE EXPENSES

The Property was owner-managed and incurred management fees of four percent of revenue received which totaled \$432,647 for the twelve months ended December 31, 1996. Additionally, management fees totaled \$147,625 for the period of January 1, 1997 to May 7, 1997.

5. INTERIM STATEMENTS

The interim financial data for the period of January 1, 1997 to May 7, 1997 are unaudited; however, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim periods. The results for the periods presented are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Cali Realty Corporation
Cranford, New Jersey

We have audited the accompanying Statement of Revenue and Certain Expenses for the property known as First Shelton Place for the year ended April 30, 1997. The financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Cali Realty Corporation) and is not intended to be a complete presentation of First Shelton Place revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses for First Shelton Place, on the basis described in Note 2, for the year ended April 30, 1997, in conformity with generally accepted accounting principles ("GAAP").

/s/ Schonbraun, Safris, Sternlieb & Co.,
L.L.C.

SCHONBRAUN SAFRIS STERNLIEB & CO., L.L.C.

Certified Public Accountants

Roseland, New Jersey
August 8, 1997

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FIRST SHELTON PLACE--SHELTON, CONNECTICUT

STATEMENT OF REVENUE AND CERTAIN EXPENSES

FOR THE YEAR ENDED APRIL 30, 1997

<TABLE>		<C>	
<S>			
Revenue			
Base rents (Note 3).....		\$2,092,577	
Escalations and recoveries from tenants.....		192,726	

		2,285,303	

Certain expenses			
Real estate taxes.....		160,902	
Utilities.....		319,831	
Operating services.....		292,198	
General and administrative (Note 4).....		93,210	

		866,141	

Revenue in excess of certain expenses.....		\$1,419,162	

</TABLE>			

The accompanying notes are an integral part of this Statement of Revenue and
Certain Expenses.

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FIRST SHELTON PLACE--SHELTON, CONNECTICUT

STATEMENT OF REVENUE AND CERTAIN EXPENSES

FOR THE THREE MONTHS ENDED JULY 31, 1997

(UNAUDITED)

<TABLE>	
<S>	
Revenue	<C>
Base rents (Note 3).....	\$ 561,123
Escalations and other income.....	52,683

	613,806

Certain expenses	
Real estate taxes.....	40,224
Utilities.....	76,667
Operating services.....	60,418
General and administrative (Note 4).....	24,333

	201,642

Revenue in excess of certain expenses.....	\$ 412,164

</TABLE>

The accompanying notes are an integral part of this Statement of Revenue and
Certain Expenses.

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FIRST SHELTON PLACE--SHELTON, CONNECTICUT

NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

FOR THE YEAR ENDED APRIL 30, 1997

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying statement of revenue and certain expenses, First Shelton Place (the "Property") is an office building located in Shelton, Fairfield County, Connecticut, which was acquired by a subsidiary of Cali Realty Corporation, (the "Company") on August 1, 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying statement of revenue and certain expenses has been prepared on the accrual basis of accounting.

The accompanying financial statement is not representative of the actual operations for the period presented, as certain revenues and expenses, which may not be comparable to the revenues and expenses to be earned or incurred by the Company in the future operations of the Property, have been excluded. Revenues excluded consist of interest and other revenues unrelated to the continuing operations of the Property. Expenses excluded consist of depreciation of the building and improvements, and amortization of organization and other intangible costs and other expenses not directly related to the future operations of the Property.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the report amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

C. REVENUE RECOGNITION

Base rents are recognized on a straight-line basis over the term of the respective lease.

3. LEASES

Leases for the Property have various remaining lease terms of up to nine years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease.

Future minimum rents to be received over the next five fiscal years and thereafter from tenants as of April 30, 1997 are as follows:

<TABLE>	
<S>	
May 1, 1997-April 30, 1998.....	\$2,128,464
May 1, 1998-April 30, 1999.....	2,009,388
May 1, 1999-April 30, 2000.....	1,558,335
May 1, 2000-April 30, 2001.....	1,096,008
May 1, 2001-April 30, 2002.....	949,409
Thereafter.....	1,033,054

	\$8,774,658

</TABLE>	

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FIRST SHELTON PLACE--SHELTON, CONNECTICUT

NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES (CONTINUED)

FOR THE YEAR ENDED APRIL 30, 1997

3. LEASES (CONTINUED)

For the year ended April 30, 1997, three tenants contributed 47.4 percent and for the three months ended July 31, 1997, five tenants contributed 80.6 percent of base rents (unaudited).

William Carter contributed 22.6 percent of the base rents for the year ended April 30, 1997 and 22.5 percent of base rents for the three months ended July 31, 1997 (unaudited).

Blue Cross/Blue Shield contributed 14.2 percent of the base rents for the year ended April 30, 1997 and 13.3 percent of base rents for the three months ended July 31, 1997 (unaudited).

Lanstar contributed 10.6 percent of the base rents for the year ended April 30, 1997 and 11.9 percent of base rents for the three months ended July 31, 1997 (unaudited).

For the three months ended July 31, 1997, Wesely Software contributed 21.7 percent of base rents and Toyota Motor Credit Corporation contributed 11.2 percent of base rents.

4. GENERAL AND ADMINISTRATIVE EXPENSES

The Property incurred management fees based on three and one-quarter percent of revenues received which totaled \$77,860 for the year ended April 30, 1997, \$22,374 for the period May 1, 1997 to July 31, 1997 (unaudited).

5. INTERIM STATEMENTS

The interim financial data for the three months ended July 31, 1997 is unaudited; however, in the opinion of management, the interim financial data include all adjustments, consisting only of normally-recurring adjustments, necessary for a fair statement of the results for the interim periods. The results for the periods presented are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Cali Realty Corporation
Cranford, New Jersey

We have audited the accompanying Statement of Revenue and Certain Expenses for the property known as Three Independence Way, for the year ended December 31, 1996. The financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared as

described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Cali Realty Corporation) and is not intended to be a complete presentation of Three Independence Way's revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses for Three Independence Way, on the basis described in Note 2, for the year ended December 31, 1996, in conformity with generally accepted accounting principles ("GAAP").

/s/ Schonbraun, Safris, Sternlieb & Co.,
L.L.C.

SCHONBRAUN SAFRIS STERNLIEB & CO., L.L.C.
Certified Public Accountants

Roseland, New Jersey
September 3, 1997

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THREE INDEPENDENCE WAY

STATEMENT OF REVENUE AND CERTAIN EXPENSES

YEAR ENDED DECEMBER 31, 1996

<TABLE>	
<S>	
Revenue	<C>
Base rents (Note 3).....	
\$1,023,679	
Escalations and recoveries from tenant.....	
3,625	
-----	--
1,027,304	
-----	--
Certain expenses	
Real estate taxes.....	
222,633	
Utilities.....	
113,574	
Operating services.....	
232,951	
General and administrative.....	
46,856	
-----	--
616,014	
-----	--
Revenue in excess of certain expenses.....	
\$411,290	
-----	--
-----	--
</TABLE>	

The accompanying notes are an integral part of this Statement of Revenue and Certain Expenses.

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THREE INDEPENDENCE WAY

STATEMENT OF REVENUE AND CERTAIN EXPENSES

FOR THE SIX MONTHS ENDED JUNE 30, 1997

(UNAUDITED)

<TABLE>	
<S>	
Revenue	<C>
Base rents (Note 3).....	\$ 975,468
Escalations and recoveries from tenant.....	1,403

	976,871

Certain expenses	
Real estate taxes.....	121,570

Utilities.....	53,549
Operating services.....	109,139
General and administrative.....	20,825

	305,083

Revenue in excess of certain expenses.....	\$ 671,788

</TABLE>

The accompanying notes are an integral part of this Statement of Revenue and Certain Expenses.

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THREE INDEPENDENCE WAY

NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

YEAR ENDED DECEMBER 31, 1996

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying statement of revenue and certain expenses, Three Independence Way (the "Property") is an office building located in Princeton, Mercer County, New Jersey which was acquired by a subsidiary of Cali Realty Corporation, (the "Company").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying statement of revenue and certain expenses has been prepared on the accrual basis of accounting.

The accompanying financial statement is not representative of the actual operations for the period presented, as certain revenues and expenses, which may not be comparable to the revenues and expenses to be earned or incurred by the Company in the future operations of the Property, have been excluded. Revenues excluded consist of interest and other revenues unrelated to the continuing operations of the Property. Expenses excluded consist of depreciation of the building and improvements, and amortization of organization and other intangible costs and other expenses not directly related to the future operations of the Property.

B. USE OF ESTIMATES

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

C. REVENUE RECOGNITION

Base rents are recognized on a straight-line basis over the term of the respective lease.

3. LEASES

Leases for the Property have various remaining lease terms of up to five years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay a portion of real estate taxes and operating expenses in excess of base year amounts.

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THREE INDEPENDENCE WAY

NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES (CONTINUED)

YEAR ENDED DECEMBER 31, 1996

3. LEASES (CONTINUED)

Future minimum rents to be received over the next five years and thereafter from tenants as of December 31, 1996 are as follows:

<TABLE>

<CAPTION>

1997.....	\$1,613,967
<S>	<C>
1998.....	1,897,978
1999.....	1,705,857
2000.....	1,705,857

2001.....	1,651,692
Thereafter.....	499,538

	\$9,074,889

</TABLE>

For the year ended December 31, 1996, four tenants made up 73.6% of base rents, comprised of: Thomas Cook Travel Money ("Thomas Cook") 34.4%, Riviera Finance 16.0%, MCI Telecommunications 12.8%, and Bell Atlantic Meridian Systems 10.4%.

On December 17, 1996, Merrill Lynch, Pierce, Fenner, & Smith, Inc. ("Merrill Lynch") signed a lease to take over space left vacant after Thomas Cook terminated their lease in November 1996. Merrill Lynch's total square footage leased is 79,726, which comprises 71.6% of the rentable square footage of the building. The lease expires on April 30, 2002 and provides for, among other things, annual base rent of \$1,494,863.

For the six months ended June 30, 1997, Merrill Lynch contributed 72.0% of base rents (unaudited).

4. GENERAL AND ADMINISTRATIVE EXPENSES

The Property incurred management fees based on two and one-half percent of revenues received which totaled \$41,309 for the year ended December 31, 1996 and \$18,690 for the six months ended June 30, 1997 (unaudited).

5. INTERIM STATEMENTS

The interim financial data for the six months ended June 30, 1997 is unaudited; however, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

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CALI REALTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS OF JUNE 30, 1997 (IN THOUSANDS)

The following unaudited pro forma condensed consolidated balance sheet is presented as if the acquisition by the Company of the Moorestown Buildings, Shelton Place, 200 Corporate and Three Independence had occurred on June 30, 1997. This unaudited pro forma condensed consolidated balance sheet should be read in conjunction with the pro forma condensed consolidated statement of operations of the Company and the historical financial statements and notes thereto of the Company included in the Company's Form 10-K for the year ended December 31, 1996 and the Company's Form 10-Q for the six month period ended June 30, 1997, respectively.

The pro forma condensed consolidated balance sheet is unaudited and is not necessarily indicative of what the actual financial position of the Company would have been had the aforementioned acquisition actually occurred on June 30, 1997, nor does it purport to represent the future financial position of the Company.

<TABLE>
<CAPTION>

COMPANY			
PRO FORMA	COMPANY	PRO FORMA	
(UNAUDITED)	HISTORICAL	ADJUSTMENTS	
-----	-----	-----	
<S>	<C>	<C>	
<C>			
ASSETS			
- - - - -			
Rental property, net.....	\$ 1,307,365	\$ 46,850 (a)	\$
1,354,215			
Cash and cash equivalents.....	6,090	--	
6,090			
Unbilled rents receivable.....	23,648	--	
23,648			
Deferred charges and other assets, net.....	13,224	--	
13,224			
Restricted cash.....	8,218	--	
8,218			

Accounts receivable, net.....	3,547	--	
3,547			
Mortgage note receivable.....	11,600	(4,350) (b)	
7,250			
-----	-----	-----	
Total assets.....	\$ 1,373,692	\$ 42,500	\$
1,416,192			
-----	-----	-----	
-----	-----	-----	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Mortgages and loans payable.....	\$ 553,961	\$ 42,500 (c)	\$
596,461			
Dividends and distributions payable.....	18,334	--	
18,334			
Accounts payable and accrued expenses.....	10,582	--	
10,582			
Accrued interest payable.....	1,916	--	
1,916			
Rents received in advance and security deposits.....	16,280	--	
16,280			
-----	-----	-----	
Total liabilities.....	601,073	42,500	
643,573			
-----	-----	-----	
Minority interest of unitholders in Operating Partnership.....	70,911	--	
70,911			
-----	-----	-----	
Stockholders' equity			
Common stock, \$.01 par value.....	366	--	
366			
Additional paid in capital.....	723,009	--	
723,009			
Distributions in excess of net earnings.....	(11,604)	--	
(11,604)			
Unamortized stock compensation.....	(10,063)	--	
(10,063)			
-----	-----	-----	
Total stockholders' equity.....	701,708	--	
701,708			
-----	-----	-----	
Total liabilities and stockholders' equity.....	\$ 1,373,692	\$ 42,500	\$
1,416,192			
-----	-----	-----	
-----	-----	-----	

</TABLE>

See accompanying footnotes on subsequent page.

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CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS OF JUNE 30, 1997 (IN THOUSANDS)

(a) Represents the approximate aggregate cost of the acquisitions subsequent to June 30, 1997, consisting of the Moorestown Buildings on July 21, 1997 for \$10,200; Shelton Place on August 1, 1997 for \$15,500; 200 Corporate on August 15, 1997 for \$8,000; and Three Independence on September 3, 1997 for \$13,150.

(b) Represents the partial prepayment of the RM Mortgage Note Receivable received from the sellers of 200 Corporate, certain RM principals, in conjunction with the Company's acquisition of such property.

(c) Represents the approximate aggregate pro forma drawings on the Company's credit facilities, which were used as the primary means in funding the acquisitions subsequent to June 30, 1997, listed in note (a) above.

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CALI REALTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 1997
AND THE YEAR ENDED DECEMBER 31, 1996

The unaudited pro forma condensed consolidated statements of operations for the six months ended June 30, 1997 and for the year ended December 31, 1996 are presented as if each of the following had occurred on January 1, 1996: (i) the partial prepayment by the Company of its Mortgage Financing ("Partial Prepayment") in 1996, (ii) the disposition by the Company of its property at 15 Essex Road in Paramus, New Jersey ("Essex Road") in 1996, (iii) the acquisition by the Company of the properties known as 103 Carnegie, Rose Tree, the Mount Airy Road Buildings, Five Sentry Parkway, Harborside, Whiteweld Centre, One Bridge Plaza and Airport Center in 1996, (iv) the net proceeds received by the Company as a result of its common stock offering of 3,450,000 shares on August 13, 1996 (the "August Offering"), (v) the net proceeds received by the Company as a result of the Company common stock offering of 17,537,500 shares on November 22, 1996 (the "November Offering"), and (vi) completion by the Company of the 1997 Events. Items (i) through (v) above are to be collectively referred to as the "1996 Events."

Such pro forma information is based upon the historical consolidated results of operations of the Company for the six months ended June 30, 1997 and for the year ended December 31, 1996, after giving effect to the transactions described above. The pro forma condensed consolidated statements of operations should be read in conjunction with the pro forma condensed consolidated balance sheet of the Company and the historical financial statements and notes thereto of the Company included in the Company's Form 10-Q for the six months ended June 30, 1997 and in the Company's Form 10-K for the year ended December 31, 1996.

The unaudited pro forma condensed consolidated statements of operations are not necessarily indicative of what the actual results of operations of the Company would have been assuming the transactions had been completed as set forth above, nor does it purport to represent the Company's results of operations for future periods.

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CALI REALTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 1997

(IN THOUSANDS, EXCEPT PER SHARE AMOUNT)

(UNAUDITED)

<TABLE>
<CAPTION>

REVENUES	COMPANY HISTORICAL	PRO FORMA ADJ. FOR 1997 EVENTS	COMPANY PRO FORMA
----	-----	-----	-----
<S>	<C>	<C>	<C>
Base rents.....	\$ 93,180	\$ 10,734 (a)	\$ 103,914
Escalations and recoveries from tenants.....	14,279	1,198 (a)	15,477
Parking and other.....	3,598	524 (a)	4,122
Interest income.....	1,640	(956) (b)	684
--	-----	-----	-----
Total revenues.....	112,697	11,500	124,197
--	-----	-----	-----
EXPENSES			
-----	-----	-----	-----
Real estate taxes.....	11,929	1,339 (a)	13,268
Utilities.....	7,940	939 (a)	8,879
Operating services.....	13,773	1,634 (a)	15,407
General and administrative.....	6,927	730 (a)	7,657
Depreciation and amortization.....	16,844	1,873 (a)	18,717
Interest expense.....	17,152	2,058 (c)	19,210
--	-----	-----	-----
Total expenses.....	74,565	8,573	83,138
--	-----	-----	-----
Income before minority interest.....	38,132	2,927	41,059
Minority interest.....	3,648	491 (d)	4,139
--	-----	-----	-----
Net income.....	\$ 34,484	\$ 2,436	\$ 36,920
--	-----	-----	-----

--

Weighted average common shares outstanding.....	36,475	36,475
Net income per common share.....	\$ 0.95	\$ 1.01

--

</TABLE>

See accompanying footnotes on subsequent pages.

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CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATION STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 1997

(IN THOUSANDS)

(a) Reflects:

Revenues and expenses for the properties acquired in 1997 by the Company for the period January 1, 1997 through the earlier of the date of acquisition or June 30, 1997, as follows:

<TABLE>

<CAPTION>

PROPERTY (1)	DATE ACQUIRED	BASE RENTS (2)	ESCALATIONS/ RECOVERIES	OTHER INCOME	REAL ESTATE TAXES	UTILITIES	OPERATING SERVICES
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1345 Campus Parkway.....	January 28, 1997	\$ 58	\$ 19	--	\$ 7	\$ 1	\$ 4
RM Transaction...	January 31, 1997	5,209	195	\$ 524	817	379	858
Westlakes.....	May 8, 1997	3,126	866	--	258	362	449
Shelton Place (4).....	July 31, 1997	982	105	--	80	138	141
200 Corporate Three	August 15, 1997	386	12	--	55	5	73
Independence...	September 3, 1997	973	1	--	122	54	109
Total Pro Forma Adj. for 1997 Events.....		\$ 10,734	\$ 1,198	\$ 524	\$ 1,339	\$ 939	\$ 1,634

<CAPTION>

PROPERTY (1)	GENERAL AND ADMINISTRATIVE	DEPRECIATION (3)
<S>	<C>	<C>
1345 Campus Parkway.....	\$ 1	\$ 12
RM Transaction...	410	864
Westlakes.....	246	607
Shelton Place (4).....	51	165
200 Corporate Three	1	85
Independence...	21	140
Total Pro Forma A Events.....	\$ 730	\$ 1,873

</TABLE>

(1) The Moorestown Buildings were vacant during 1996 and for the six months ended June 30, 1997.

(2) Pro forma base rents are presented on a straight-line basis calculated from January 1, 1996 forward.

(3) Depreciation is based on the building-related portion of the purchase price and associated costs depreciated using the straight-line method over a 40-year life.

(4) Total revenues of \$444 and Revenue in excess of certain expenses of \$234 for the three months ended March 31, 1997 have been included in both the Pro

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CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATION STATEMENT OF OPERATIONS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 1997

(IN THOUSANDS)

- (b) Represents reduction for (i) interest income earned on investments of proceeds from the November 1996 offering (\$835) and (ii) interest income earned on the RM Mortgage Receivable as a result of the prepayment in connection with the 200 Corporate acquisition (\$121).
- (c) The pro forma adjustment to interest expense for the six months ended June 30, 1997 reflects interest on mortgage debt assumed with certain acquisitions and additional borrowings from the Company's credit facilities to fund certain acquisitions. Pro forma interest expense for the six months ended June 30, 1997 is computed as follows:

<TABLE>	<C>
<S>	
Interest expense on the Initial Mortgage Financing, after the Partial Pre-payment (fixed interest rate of 8.02 percent on \$44,313 and variable rate of 30-day LIBOR plus 100 basis points on \$20,195; weighted average interest rate used is 6.60 percent)	\$ 2,443
Interest expense on loan assumed with Fair Lawn acquisition on March 3, 1995 (fixed interest rate of 8.25 percent on average outstanding principal balance of approximately \$18,605)	767
Interest expense on mortgages in connection with the Harborside acquisition in 1996 (fixed interest rate of 7.32 percent on \$107,912 and initial rate of 6.99 percent on \$42,088)	5,421
Interest expense on outstanding borrowings on the Company's credit lines (a variable rate of 30-day LIBOR plus 125 basis points during the period on \$114,655; weighted average interest rate used is 6.85 percent)	3,927
Interest expense on Teachers Mortgage assumed with the RM Transaction on January 31, 1997 (fixed interest rate of 7.18 percent on \$185,283)	6,652

Total pro forma interest expense for the six months ended June 30, 1997:	\$ 19,210

</TABLE>	

Interest expense can be effected by increases and decreases in the variable interest rates under the Company's various floating rate debt. For example, a one-eighth percent change in such variable interest rates will result in a \$84 change for the six months ended June 30, 1997.

- (d) Represents pro forma income allocated to the pro forma weighted average minority interest (Units) in Cali Realty L.P. (the Operating Partnership) for the period of 10.08 percent.

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CALI REALTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1996 (UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNT)

<TABLE>					
<CAPTION>					
	COMPANY	PRO FORMA ADJ. FOR 1996		PRO FORMA ADJ. FOR 1997	OTHER PRO
COMPANY					
PRO FORMA	HISTORICAL	EVENTS (A)	SUB--TOTAL	EVENTS (B)	FORMA ADJ.
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
REVENUES					

Base rents.....	\$76,922	\$49,087	\$ 126,009	\$76,655	--
\$202,664					
Escalations and recoveries from					
tenants.....	14,429	8,870	23,299	8,230	--
31,529					

Carnegie.....	March 20, 1996	\$ 386	\$ 31	--	\$ 54	\$ 56	\$ 58
Rose Tree.....	May 2, 1996	1,312	115	--	165	180	179
Mt. Airy Bldgs....	July 23, 1996	665	101	--	101	--	4
Harborside.....	November 4, 1996	30,884	7,037	\$ 166	3,096	906	3,633
Five Sentry.....	November 7, 1996	1,663	--	--	148	32	325
Whiteweld.....	December 10, 1996	3,890	326	--	430	748	543
One Bridge Plaza...	December 16, 1996	3,597	293	--	420	412	659
Airport Center.....	December 17, 1996	6,953	1,004	24	780	1,035	1,129
		-----	-----	-----	-----	-----	-----

--

Total Pro Forma

Adj.

for 1996

acquisitions..... \$ 49,350 \$ 8,907 \$ 190 \$ 5,194 \$ 3,369 \$ 6,530

--

Revenues and expenses of the property disposed of in 1996 for the period January 1, 1996 through the disposition date, as follows:

Essex Road..... March 20, 1996 (263) (37) -- (50) (56) (78)

Reduction of expenses as a result of the Partial Prepayment in 1996, for the period January 1, 1996 through March 12, 1996, as follows:

Partial
Prepayment..... March 12, 1996 -- -- -- -- -- --

--

Total Pro Forma Adj.

for 1996 Events..... \$ 49,087 \$ 8,870 \$ 190 \$ 5,144 \$ 3,313 \$ 6,452

--

--

<CAPTION>

PROPERTY/ EVENT	GENERAL AND ADMINISTRATIVE	DEPRECIATION/ AMORTIZATION (3)

<S>	<C>	<C>
Carnegie.....	\$ 11	\$ 49
Rose Tree.....	43	215
Mt. Airy Bldgs....	51	107
Harborside.....	2,048	5,332
Five Sentry.....	88	246
Whiteweld.....	158	733
One Bridge Plaza...	237	585
Airport Center.....	395	953

Total Pro Forma		
Adj.		
for 1996		
acquisitions.....	\$ 3,031	\$ 8,220

Revenues and expens
date, as follows:

Essex Road..... (11) (81)

Reduction of expens
12, 1996, as follow

Partial

Prepayment..... -- (6)

Total Pro Forma Adj

for 1996 Events.. \$ 3,020 \$ 8,133

</TABLE>

(b) Reflects:

Revenues and expenses for the properties acquired in 1997 by the Company for the year ended December 31, 1996, as follows:

<TABLE>

<CAPTION>

PROPERTY (1)	DATE ACQUIRED	BASE RENTS (2)	ESCALATIONS/ RECOVERIES	OTHER INCOME	REAL ESTATE TAXES	UTILITIES	OPERATING SERVICES

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1345 Campus							

Parkway.....	January 28, 1997	\$ 698	\$ 165	--	\$ 90	\$ 25	\$ 103
RM Transaction.....	January 31, 1997	63,083	5,483	\$ 4,393	9,870	4,944	9,876
Westlakes.....	May 8, 1997	8,659	2,347	--	610	1,216	1,627
Shelton Place (4).....	July 31, 1997	2,180	193	--	161	320	292
200 Corporate.....	August 15, 1997	850	38	35	85	--	146
Three Independence.....	September 3, 1997	1,185	4	--	223	114	233
--		-----	-----	-----	-----	-----	-----
Total Pro Forma Adj. for 1997 Events.....		\$ 76,655	\$ 8,230	\$ 4,428	\$ 11,039	\$ 6,619	\$ 12,277
--		-----	-----	-----	-----	-----	-----
--		-----	-----	-----	-----	-----	-----

<CAPTION>

PROPERTY (1)	GENERAL AND ADMINISTRATIVE	DEPRECIATION (3)
-----	-----	-----
<S>	<C>	<C>
1345 Campus		
Parkway.....	\$ 20	\$ 143
RM Transaction.....	3,997	10,364
Westlakes.....	772	1,734
Shelton Place (4).....	93	329
200 Corporate.....	36	170
Three Independence.....	47	281
	-----	-----
Total Pro Forma Adj for 1997 Events..	\$ 4,965	\$ 13,021
	-----	-----
	-----	-----

</TABLE>

- - - - -

- (1) The Moorestown Buildings were vacant during 1996.
- (2) Pro Forma base rents are presented on a straight-line basis calculated from January 1, 1996 forward.
- (3) Depreciation is based on the building-related portion of the purchase price and associated costs depreciated using the straight-line method over a 40-year life.
- (4) Revenues and certain expenses for Shelton Place reasonably reflect the operations of the property for the period April 1, 1996 through March 31, 1997. Total revenues of \$444 and Revenue in excess of certain expenses of \$234 for the three months ended March 31, 1997 have been included in both the Pro Forma Condensed Consolidated Statements of Operations for the Six Months Ended June 30, 1997 and the Year Ended December 31, 1996.

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CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1996 (CONTINUED)

(IN THOUSANDS)

- (c) Represents reduction for interest income earned on investments of proceeds from the November 1996 Offering (\$1,463), net of additional interest income earned on the RM Mortgage Receivable (\$725).
- (d) The pro forma adjustment to interest expense for the year ended December 31, 1996 reflects interest on mortgage debt assumed with certain acquisitions and additional borrowings from the Company's credit facilities to fund acquisitions. Pro forma interest expense for the year ended December 31, 1996 is computed as follows:

<TABLE>

<S>	<C>
Interest expense on the Initial Mortgage Financing, after the Partial Pre-payment (fixed interest rate of 8.02 percent on \$44,313 and variable rate of 30-day LIBOR plus 100 basis points on \$20,195; weighted average interest rate used is 6.50 percent)	\$ 4,867
Interest expense on loan assumed with Fair Lawn acquisition on March 3, 1995 (fixed interest rate of 8.25 percent on average outstanding principal balance of approximately \$18,605)	1,535
Interest expense on mortgages in connection with the Harborside acquisition	10,841

on November 4, 1996 (fixed interest rate of 7.32 percent on \$107,912 and initial rate of 6.99 percent on \$42,088)	
Interest expense on outstanding borrowings on the Company's credit lines (a variable rate of 30-day LIBOR plus 125 basis points during the period on \$114,655; weighted average interest rate used is 6.75 percent)	7,739
Interest expense on Teachers Mortgage assumed with the RM Transaction on January 31, 1997 (fixed interest rate of 7.18 percent on \$185,283)	13,303

Total pro forma interest expense for the year ended December 31, 1996:	\$ 38,285

</TABLE>

Interest expense can be effected by increases and decreases in the variable interest rates under the Company's various floating rate debt. For example, a one-eighth percent change in such variable interest rates will result in a \$169 change for the year ended December 31, 1996.

(e) Represents pro forma income allocated to the pro forma weighted average minority interest (Units) in Cali Realty L.P. (the Operating Partnership) of 10.20 percent.

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CALI REALTY CORPORATION

ESTIMATED TWELVE MONTH PRO FORMA STATEMENT OF TAXABLE NET OPERATING INCOME AND OPERATING FUNDS AVAILABLE (UNAUDITED)

The following unaudited statement is a Pro Forma estimate for a twelve month period of taxable income and funds available from operations of the Company. The Pro Forma statement is based on the Company's historical operating results for the twelve month period ended June 30 1997, adjusted for historical operations of the properties acquired during the period from July 1, 1996 to September 15, 1997 (as reported in this report and previous 8-K and 8-K/A filings of the Company dated January 31, 1997, December 31, October 28, October 29, October 8, and July 16, 1996) and certain items related to operations which can be factually supported. This statement does not purport to forecast actual operating results for any period in the future.

This statement should be read in conjunction with (i) the financial statements of the Company and (ii) the Pro Forma financial statements of the Company.

<TABLE>		<C>
<S>		
ESTIMATE OF TAXABLE NET OPERATING INCOME (IN THOUSANDS):		
Cali Realty Corporation historical income before minority interest for the year ended December 31, 1996, exclusive of depreciation and amortization.....	\$ 47,333	
Cali Realty Corporation historical income before minority interest for the six months ended June 30, 1997, exclusive of depreciation and amortization.....	54,976	
Cali Realty Corporation historical income before minority interest for the six months ended June 30, 1996, exclusive of depreciation and amortization.....	(19,729)	

Cali Realty Corporation historical income before minority interest for the twelve month period ended June 30, 1997, exclusive of depreciation and amortization (Note 1).....	82,580	
Properties acquired July 1, 1996 through September 15, 1997, historical earnings from operations, as adjusted, exclusive of depreciation and amortization (Note 2).....	24,005	
Pro Forma adjustments relating to the Company's common stock offerings (Note 3).....	12,897	
Net adjustment for tax basis revenue recognition (Note 4).....	113	
Estimated tax deduction from the exercise and sale of stock options under the Company's Employee Stock Option Plan.....	(3,100)	
Estimated tax depreciation and amortization (Note 5)	(36,821)	

Pro Forma taxable income before allocation to minority interest and dividends deduction.....	79,674	
Estimated allocation to minority interest (Note 6).....	(8,662)	
Estimated dividends deduction (Note 7).....	(72,780)	

	\$ (1,768)	

Pro Forma taxable net operating income.....	\$ 0	

ESTIMATE OF OPERATING FUNDS AVAILABLE (IN THOUSANDS):		
Pro Forma taxable operating income before allocation to minority interests and dividends deduction.....	\$ 79,674	

Add: Pro Forma depreciation and amortization.....	36,821
Estimated tax deduction from the exercise and sale of stock options under the Company's Employee Stock Option Plan.....	3,100

Estimated Pro Forma operating funds available (Note 8).....	\$ 119,595

</TABLE>

See accompanying footnotes on subsequent page.

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CALI REALTY CORPORATION

ESTIMATED TWELVE MONTH PRO FORMA STATEMENT OF TAXABLE NET OPERATING INCOME AND OPERATING FUNDS AVAILABLE (UNAUDITED)

- Note 1 -- The historical income before minority interest represents the Company's income before minority interest for the twelve month period ended June 30, 1997.
- Note 2 -- The historical earnings from operations represents the Pro Forma results of the properties acquired during the period from July 1, 1996 to September 15, 1997 for the period from July 1, 1996 through the earlier of the date of acquisition or June 30, 1997.
- Note 3 -- Represents the pro forma interest reduction resulting from the paydown of funds drawn on the Company's credit facilities with proceeds from the Company's common stock offerings on August 13 and November 22, 1996.
- Note 4 -- Represents the net adjustment to (i) recognize prepaid rent and (ii) reverse the effect of rental revenue recognition on a straight line basis.
- Note 5 -- Tax depreciation for the Company is based upon the original cost or purchase price allocated to the buildings, depreciated on a straight-line method over a 39-year life.
- Note 6 -- Estimated allocation of taxable income to minority interests is based on a 10.11 percent minority interest in the operating partnership with a special allocation of depreciation on properties included in the Initial Public Offering and subsequent acquisitions where Operating Units were issued as part of the consideration.
- Note 7 -- Estimated dividends deduction is based on 36,389,785 shares outstanding at the dividend rate of \$2.00 per share. Shares outstanding, on a pro forma basis, are 36,389,785.
- Note 8 -- Operating funds available does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs.

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CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Cali Realty Corporation on Forms S-3 (File Nos. 333-25475, 333-09875, 333-19101, 333-09081, 33-96542, and 33-96538) and Forms S-8 (File Nos. 33-91822, 333-18725, 333-19831 and 333-32661) of our report dated May 20, 1997 on our audit of the Statement of Revenue and Certain Expenses for Westlakes Office Park, of our report dated August 8, 1997 on our audit of the Statement of Revenue and Certain Expenses for First Shelton Place, and of our report dated September 3, 1997 on our audit of the Statement of Revenue and Certain Expenses for Three Independence Way, which reports are included in this Current Report on Form 8-K.

/s/ Schonbraun, Safris, Sternlieb, & Co., L.L.C.

Schonbraun, Safris, Sternlieb, & Co., L.L.C.
Roseland, New Jersey
September 19, 1997

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AGREEMENT FOR ASSIGNMENT
OF SALE AGREEMENT

(Herein called this "Agreement") entered into July 17, 1997, between O'NEILL PROPERTIES GROUP, L.P., a Pennsylvania limited partnership having an office at 210 Mall Road, King of Prussia, Pennsylvania 19406 (herein called "Contract Vendee"), and MOORESTOWN REALTY ASSOCIATES L.P., a _____ limited partnership having an office c/o CALI REALTY ACQUISITION CORP. at 11 Commerce Drive, Cranford, New Jersey 07016 (herein called "Assignee");

W I T N E S S E T H:

WHEREAS, as of May 5, 1997, METROPOLITAN LIFE INSURANCE COMPANY, as seller ("Seller"), entered into a Sale Agreement (herein called the "Sale Agreement") with Contract Vendee, as purchaser, for the sale and purchase of real property consisting of two office buildings known as 224 and 228 Strawbridge Drive in Moorestown, Burlington County, New Jersey more particularly described on Exhibit A annexed thereto and hereto (herein called the "Property"), which agreement was amended by letter agreements (herein called the "Letter Agreements") dated June 2 and July 7, 1997 between Seller's attorney and Contract Vendee's attorney; and

WHEREAS, Contract Vendee is desirous of assigning to Assignee all of the right, title and interest of Contract Vendee in and to the Sale Agreement; and

WHEREAS, the parties agree that any capitalized terms not otherwise defined herein shall have the meaning attributed to them in the Sale Agreement;

NOW, THEREFORE, in consideration of the Property and the mutual covenants expressed herein, and for Ten and 00/100 (\$10.00) Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignment of Sale Agreement.

(a) So long as the conditions to the Closing have occurred, Contract Vendee agrees to assign to Assignee all of Contract Vendee's rights, titles and interests in and to the Sale Agreement (but not including the Deposit posted by Contract Vendee with Seller), which assignment shall be effective as of the Closing, on the terms and conditions set forth below, pursuant to the Assignment of Sale Agreement (the "Assignment") annexed hereto as Exhibit B.

(b) At and only upon the Closing, Assignee shall pay to Seller the amount due Seller under the Sale Agreement on account of the Purchase Price thereunder in an amount equal to Nine Million, Four Hundred and Fifty Thousand and 00/100 (\$9,450,000.00) Dollars, subject to adjustment as provided in the Sale Agreement, but excluding operating expenses for the period from June 14, 1997 until Closing, which Contract Vendee represents and warrants to Assignee is the Purchase Price.

In the event that Seller has applied the Deposit posted by Contract Vendee to the Purchase Price under the Sale Agreement, Assignee shall reimburse Contract Vendee for the Deposit at Closing and shall pay to Seller the balance of the Purchase Price in an amount equal to Nine Million, One Hundred and Fifty Thousand and 00/100 (\$9,150,000.00) Dollars, excluding operating expenses for the period from June 14, 1997 until Closing, which shall be paid by Contract Vendee.

2. Intentionally Omitted.

3. Matters to which this Sale shall be Subject. Title to the Property shall be conveyed as set forth in Section 2.5 of the Sale Agreement subject only to Permitted Exceptions described in Section 2.4 of the Sale Agreement. Permitted Exceptions shall not include any declaration of environmental restrictions or other institutional control notice pursuant to P.L. 1993, c. 139, or a ground water classification exception area or a well restriction area. A proper notice of settlement shall be filed pursuant to N.J.S.A. 46:16A-1 prior to Closing. The lease memoranda recorded in deed book 2725 at page 90, deed book 2852 at page 248 and deed book 2956 at page 151 shall be disposed of to Seller's reasonable satisfaction; and Seller shall have received reasonably satisfactory evidence of the merger of NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY into Seller.

Contract Vendee represents and warrants to Assignee that it has not issued any notice of any defect, encumbrance or other title objection, and covenants that it (i) shall not issue any such notice without Assignee's prior consent, (ii) will issue any such notice which Assignee so requests, and (iii) will exercise the options set forth in Section 2.3 of the Sale

Agreement as directed by Assignee.

4. Representations and Warranties.

(a) Contract Vendee, to induce Assignee to enter into this Agreement and to complete the Closing, makes the following representations and warranties to Assignee, which representations and warranties are true and correct as of the date of this Agreement, and shall be true and correct at and as of the Closing in all respects as though such representations and warranties were made both at and as of the date of this Agreement, and at and as of the Closing:

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(i) Annexed hereto as Exhibit C is a true and complete copies of the Sale Agreement and Letter Agreements, and the Sale Agreement has not been modified, changed or amended (other than by the Letter Agreements);

(ii) The Sale Agreement is in full force and effect, is a valid contract and is legally enforceable in accordance with its terms, and represents the entire agreement between Contract Vendee and Seller with respect to the Property;

(iii) Contract Vendee has, to the best of its knowledge, heretofore timely performed and observed all of the duties, obligations, terms, covenants and conditions of the Sale Agreement on its part to be performed or observed thereunder;

(iv) All representations contained in the Sale Agreement made by Contract Vendee, and to the best knowledge of Contract Vendee, made by Seller, are and continue to be true and correct;

(v) Neither Seller nor Contract Vendee has declared a default under the Sale Agreement, and, to the best knowledge of Contract Vendee, no event has occurred or failed to occur which, but for the giving of notice or passage of time, or both, would constitute a default thereunder by either Seller or Contract Vendee;

(vi) Contract Vendee has not assigned, conveyed, encumbered, mortgaged, pledged or transferred all or any part of its interest in the Sale Agreement;

(vii) No person, firm, corporation or other entity other than Assignee has any right or option to acquire the Property or any part thereof arising from any act of Contract Vendee;

(viii) Contract Vendee has delivered or made available to Assignee true and complete copies of any and all documents, instruments, agreements and other items in its possession with respect to the Property, including without limitation the environmental reports listed on Exhibit D to the Sale Agreement (to the extent available) and every Operating Agreement, title commitment, survey, offering package and summary, and structural, engineering and environmental assessment report with respect to the Property;

(ix) Contract Vendee has not received from Seller or any other party any notice of any litigation, insurance claim, personal injury, proceeding (zoning or otherwise) or governmental investigation pending or threatened

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against or relating to the Property or the transaction contemplated by the Sale Agreement other than as set forth on Exhibit D annexed hereto, and to the extent any matter is set forth on Exhibit D, Contract Vendee represents and warrants there is adequate insurance coverage for same;

(x) To the best knowledge of Contract Vendee, there are no leases, tenancies, licenses or other agreements for the use and occupancy of any portion of the Property;

(xi) To the best knowledge of Contract Vendee, there are no existing permits, licenses, approvals or authorizations issued by any governmental authority in connection with the Property except as disclosed or included in the items delivered or made available to Purchaser pursuant to Subsection 4.(viii) above;

(xii) To the best knowledge of Contract Vendee, there has been no material adverse change in the status of the Property or any contracts or agreements relating thereto (including without limitation additional leases, renewals, extensions or amendments thereto, or additional service contracts);

(xiii) The execution and delivery of this Agreement and the performance by Contract Vendee of its obligations hereunder will not conflict with or result in a breach of any law, regulation or order, or any agreement or instrument to which Contract Vendee is a party or by which Contract Vendee is bound; and this Agreement and the documents to be delivered by Contract Vendee pursuant to this Agreement will each constitute the legal, valid and binding obligations of Contract Vendee, enforceable in accordance with their respective terms, covenants and conditions subject only to Seller's consent to the assignment of the Sale Agreement to Assignee as set forth in the Sale Agreement; and there are no claims, defenses (personal or otherwise) or offsets to the validity of or enforceability against Contract Vendee of this Agreement and the documents to be delivered pursuant hereto;

(xiv) Intentionally Deleted;

(xv) Intentionally Deleted;

(xvi) Intentionally Deleted;

(xvii) Annexed to the Sale Agreement as Exhibit C is a true and correct list of Operating Agreements which have been or will be assigned to and/or assumed by Contract Vendee under the Sale Agreement;

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(xviii) Intentionally Deleted; and

(xix) Contract Vendee shall maintain a net worth of at least Five Hundred Thousand and 00/100 (\$500,000.00) Dollars for at least one (1) year following the Closing.

(b) Assignee, to induce Contract Vendee to enter into this Agreement and to complete the Closing, hereby represents and warrants that the execution and delivery of this Agreement and the performance by Assignee of its obligations hereunder will not conflict with or result in a breach of any law, regulation or order, or any agreement or instrument to which Assignee is a party or by which Assignee is bound; and this Agreement and the documents to be delivered by Assignee pursuant to this Agreement will each constitute the legal, valid and binding obligations of Assignee, enforceable in accordance with their respective terms, covenants and conditions; and there are no claims, defenses (personal or otherwise) or offsets to the validity of or enforceability against Assignee of this Agreement and the documents to be delivered pursuant hereto.

5. Covenants. Contract Vendee hereby covenants and agrees that between the date hereof and the Closing, and with respect to the Closing, it shall perform and observe the following with respect to the Property and the Sale Agreement:

(a) Contract Vendee shall continue to timely perform and observe all of the duties, obligations, terms, covenants and conditions of the Sale Agreement on its part to be performed or observed thereunder.

(b) Contract Vendee shall not modify, terminate, amend, cancel, surrender or, with the exception of this Agreement, make any agreement affecting the Sale Agreement without first obtaining Assignee's prior written consent, which will not be unreasonably withheld or delayed.

(c) Contract Vendee shall not grant any consents or approvals with respect to the Property and shall not enter into or cause to be entered into any agreements, leases, tenancies, licenses or contracts with respect to the Property without first obtaining Assignee's prior written consent, which will not be unreasonably withheld or delayed.

(d) Contract Vendee shall use its best efforts to cause Seller (i) to operate and maintain the Property in the ordinary course of business and use reasonable efforts to reasonably preserve for Assignee the relationships of Seller and Seller's suppliers, managers, employees and others having on-going relationships with the Property, (ii) to complete any capital expenditure program currently in progress or anticipated to be completed through the date of Closing under the Sale Agreement, and

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(iii) not to defer taking actions or spending its funds, or otherwise manage the Property differently, due to the pending sale of the Property, except as specifically permitted in the Sale Agreement.

(e) Contract Vendee shall forward to Assignee all notices, communications, demands or requests received by Contract Vendee with respect to the Property promptly after receipt.

(f) Contract Vendee shall advise Seller that Contract Vendee has assigned the Sale Agreement to Assignee pursuant to the Assignment effective as of the Closing, and shall use its best efforts to obtain and deliver an original counterpart of Seller's unconditional written consent to Assignee as to the Assignment in form and substance reasonably satisfactory to Assignee, and cause Seller to prepare and execute all documents, items and instruments required to be delivered at Closing under the Sale Agreement in the name and for the benefit of Assignee. The Seller's consent to the assignment of the Sale Agreement to Assignee shall be unconditional or, if conditions are imposed, Contract Vendee, and not Assignee, shall be required to perform or satisfy same, except that Assignee shall agree to be bound by and assume the obligations of Purchaser under the Sale Agreement.

(g) Contract Vendee shall include Assignee and its agents in all aspects in the closing of the Sale Agreement, including by way of example and not limitation, closing documents and closing adjustments provided that Closing under this Agreement occurs simultaneously with closing under the Sale Agreement.

(h) Contract Vendee shall cooperate in all respects with Assignee in connection with the acquisition by Assignee of the Property.

(i) Intentionally Deleted.

(j) Contract Vendee shall use its best efforts to cause the Seller to perform all of its covenants and obligations under the Sale Agreement in accordance with its terms up to the date of the Closing.

6. Assignee's Rights Respecting Sale Agreement. If Contract Vendee shall fail to obtain Seller's consent to the assignment of the Sale Agreement to Assignee in accordance with Section 5(f) above, Contract Vendee shall notify Assignee of such failure and Contract Vendee shall close title to the Property in its own name and immediately thereafter convey title to the Property to Assignee upon, and subject to, the terms and conditions set forth in the Sale Agreement as modified by this Agreement, except that:

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(a) at the Closing, the Assignee shall pay Contract Vendee (or, at the Contract Vendee's direction, the Seller) the amount due Seller under the Sale Agreement on account of the Purchase Price in an amount equal to Nine Million, Four Hundred and Fifty Thousand and 00/100 (\$9,450,000.00) Dollars subject to adjustment as provided in the Sale Agreement;

(b) Contract Vendee shall be deemed to have made, for the benefit of Assignee, all representations, warranties and covenants of the Seller contained in the Sale Agreement, and Contract Vendee shall execute and deliver to Assignee at Closing a certification of same; and

(c) Contract Vendee shall pay, and indemnify and hold Assignee harmless from, all costs and expenses relating to or arising out of Contract Vendee's failure to obtain the consent of the Seller to the assignment of the Sale Agreement to Assignee including, without limitation, Contract Vendee's closing title to the Property and conveyance of same to Assignee, all transfer taxes, title insurance fees and premiums and recording fees, but excluding Assignee's attorneys' fees incurred in connection with such transaction, which obligations shall survive the Closing.

7. Items to be Delivered or Caused to be Delivered by Contract Vendee on the Closing Date. On the Closing date, Contract Vendee, at its sole cost and expense, will deliver or cause to be delivered to Assignee the following:

(a) All of the documents, items and instruments to be delivered by Seller and Contract Vendee under and pursuant to the Sale Agreement, including but not limited to a written agency agreement or power of attorney in recordable form from Seller authorizing the execution and delivery of Seller's deed and other closing documents by AEW Real Estate Advisors, Limited Partnership, on Seller's behalf.

(b) Any documents reasonably required by Assignee or necessary in order to effectuate the transactions contemplated by this Agreement, including by way of example, and not limitation, affidavits, assurances, acknowledgements, deeds, and transfer tax returns.

(c) The Assignment.

(d) Seller's written consent and approval to the assignment of the Sale Agreement to Assignee as provided in Section 5(f) above (subject, however, to Section 6 above).

(e) An affidavit by Contract Vendee as to its non-foreign status in the form of Exhibit H to the Sale Agreement.

(f) Any agreements, contracts, reports, analysis, studies, leases, licenses, tenancies, material, documents and items with respect to the Property in the possession of Contract Vendee or required to be delivered to Assignee pursuant to the terms hereof which have not previously been delivered to Assignee.

(g) Intentionally Deleted.

(h) Intentionally Deleted.

(i) All other documents, instruments and materials required to be delivered to Assignee pursuant to the terms of this Agreement.

8. Survival of Representations, Warranties and Obligations. The representations, warranties and obligations of Contract Vendee set forth in Sections 4(a)(i), (vi), (vii) and (xix) of this Agreement shall remain in effect for a period of one (1) year following the Closing and thereafter if Assignee shall have given to Contract Vendee notice of a breach thereof within a one (1) year period.

9. Obligations with Respect to Sale Agreement. Contract Vendee and Assignee hereby agree as to the following with respect to certain of the obligations of Contract Vendee under the Sale Agreement and this Agreement:

(a) In connection with the Assignment, Assignee shall be obligated to pay, in addition to the amount due Seller under the Sale Agreement on account of the Purchase Price thereunder in an amount equal to Nine Million, Four Hundred and Fifty Thousand and 00/100 (\$9,450,000.00) Dollars, subject to adjustment as provided in the Sale Agreement, but excluding operating expenses for the period from June 14, 1997, plus the premiums for an owner's policy of title insurance insuring Assignee for the cost of purchasing the Property, recordation fees (other than transfer taxes) and one-half (1/2) of all reasonable escrow fees.

(b) Assignee shall also be obligated to reimburse Contract Vendee at Closing for up to Fifty Thousand (\$50,000) Dollars on account of actual and reasonable title examination, survey, environmental, engineering and other costs and expenses incurred by Contract Vendee in connection with preparing for a closing under the Sale Agreement upon presentation to and approval by Assignee of invoices for such items.

(c) Assign shall furthermore pay a brokerage commission at Closing of One Hundred Thousand (\$100,000) Dollars to JACKSON CROSS COMPANY (c/o JOSEPH VERDEHO), and an additional commission of Five Hundred and Sixty-seven Thousand (\$567,000) Dollars to FIDELITY COMMERCIAL REAL ESTATE ALLIANCE, INC., pursuant to Agreements in the forms attached as Exhibit E to this Agreement.

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(d) Subject to the foregoing, Contract Vendee shall be obligated to make the payments required of it at Closing pursuant to Section 4.3 of the Sale Agreement.

(e) Any claims arising out of Contract Vendee's entry upon the Property shall be the responsibility of Contract Vendee, and any claims arising out of Assignee's entry upon the Property shall be the responsibility of Assignee.

(f) Intentionally Deleted.

10. Title. Notwithstanding anything to the contrary contained in the Sale Agreement, title to the Property shall be insured by FIRST AMERICAN TITLE INSURANCE COMPANY or such other title company selected by Assignee (with the consent of Seller, to the extent such is required under the Sale Agreement) which is licensed in the State of New Jersey (the "Title Company"). If title to the Property is not conveyed to Assignee pursuant to the Sale Agreement and this Agreement as a result of any act or omission of Contract Vendee, Contract Vendee shall be responsible for all title fees, survey expenses and search charges of the Title Company. If title to the Property is conveyed to Assignee pursuant to the Sale Agreement and this Agreement, Assignee shall be responsible for the premiums, costs and expenses of the Title Company as and to the extent provided in Section 9 hereof.

11. Conditions Precedent to Assignee's Obligations. The obligations of Assignee to accept the Assignment, to acquire the Property and to perform the other covenants and obligations to be performed by Assignee on the Closing date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Assignee) [as of the date of Closing]:

(a) The representations and warranties made by Seller in the Sale

Agreement and Contract Vendee in this Agreement shall be true and correct in all respects with the same force and effect as though such representations and warranties had been made on and as of the Closing, except that for purposes of this Section (a), the representations and warranties of Contract Vendee shall be without regard to any knowledge standard of Contract Vendee.

(b) Contract Vendee and Seller, respectively, shall have performed all covenants and obligations undertaken by Seller in Sections 4.6 and 4.7 of the Sale Agreement and Contract Vendee in Section 5 of this Agreement in all material respects and complied with all conditions required by the Sale Agreement and this Agreement to be performed or complied with by it on or before the Closing.

(c) Intentionally Deleted.

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(d) The Title Company shall be prepared to issue to Assignee a Title Policy meeting the requirements set forth in Section 2.5 of the Sale Agreement subject only to the payment of the premium therefor by Assignee.

(e) Contract Vendee and Seller, respectively, shall have delivered to Assignee all of the documents enumerated in Sections 4.2 and 4.3 of the Sale Agreement and Section 7 of this Agreement subject only to the payment of the premium therefor by Assignee.

12. Closing. The closing of title shall take place on or about July 18, 1997 (the "Closing"), at the time and location specified in the Sale Agreement, unless extended in accordance with this Agreement. This transaction shall be consummated simultaneously with the transaction covered by the Sale Agreement. The Property shall be conveyed directly from the Seller to Assignee at the Closing so as to vest title to the Property in the Assignee pursuant to the terms of the Sale Agreement subject, however, to the terms of Section 6 hereof.

13. Intentionally Omitted.

14. Remedies.

(a) In the event Assignee fails to perform its obligations under this Agreement at the Closing [for any reason other than a failure of the conditions specified in Section 11 hereof], Assignee's sole liability and Contract Vendee's sole recourse shall be limited to the amount of Three Hundred Thousand (\$300,000) Dollars. Contract Vendee agrees that retention of said sum constitutes fixed and liquidated damages resulting from Assignee's default, and Contract Vendee waives any other claim, at law or in equity, either against Assignee or against any person, known or unknown, disclosed or undisclosed.

(b) If, after complying with the terms of this Agreement, Contract Vendee shall be unable to perform in accordance with the terms of this Agreement, Contract Vendee shall serve notice of such occurrence upon Assignee, this Agreement shall be deemed cancelled and the parties hereto shall be released of all obligations and liabilities under this Agreement, except those that are expressly stated to survive the cancellation or termination of this Agreement.

(c) In the event of any default on the part of Seller or Contract Vendee, or Seller's or Contract Vendee's failure to comply with any representation, warranty or agreement in the Sale Agreement or herein, respectively, Assignee shall be entitled to (a) terminate this Agreement upon notice to Contract Vendee, in which event neither party shall thereafter have any further obligations under this Agreement, (b) commence an action against Seller, Contract Vendee or both seeking specific performance of

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Seller's and Contract Vendee's obligations under the Sale Agreement and this Agreement, respectively, or (c) in the event of a willful default by Seller under the Sale Agreement, Contract Vendee under this Agreement, or both, Assignee may pursue any and all of its remedies at law or in equity or any combination thereof against the defaulting party.

15. Intentionally Omitted.

16. Notice. All notices, demands, requests, or other writings in this Agreement provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be in writing and shall be delivered by depositing the same with any nationally recognized overnight delivery service, or by telecopy or fax machine, in either event with all transmittal fees prepaid, properly addressed, and sent to the following addresses:

If to Assignee: MOORESTOWN REALTY ASSOCIATES L.P.
c/o CALI REALTY ACQUISITION CORP.
11 Commerce Drive
Cranford, NJ 07016
Attn: Philip Cali and
Roger W. Thomas, Esq.
(908) 272-8000 (tel)
(908) 272-6755 (fax)

With a copy to: DOLLINGER & DOLLINGER, P.A.
365 West Passaic Street
Rochelle Park, NJ 07662
Attn: Martin E. Dollinger, Esq.
(201) 368-0640 (tel)
(201) 368-7838 (fax)

If to Contract Vendee: O'NEILL PROPERTIES GROUP, L.P.
210 Mall Road
King of Prussia, PA 19406
Attn: J. Brian O'Neill
(610) 962-5101 (tel)
(610) 962-5108 (fax)

With a copy to: Kevin W. Walsh, Esq.
ADELMAN LAVINE GOLD AND LEVIN, a
Professional Corporation
Suite 1900
Two Penn Center Plaza

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Philadelphia, PA 19102
(215) 568-7515 (tel)
(215) 557-7922 (fax)

Notices shall also be given to any party at such other address as either party may from time to time designate by written notice to the other. Notices given by (i) overnight delivery service as aforesaid shall be deemed received and effective on the first business day following such dispatch, and (ii) telecopy or fax machine 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) and if the sending party receives a written send verification on its machines and forwards a copy thereof by regular mail accompanied by such notice of communication. Notices may be given by counsel for the parties described above, and such notices shall be deemed given by Assignee or Contract Vendee, as the case may be, for all purposes hereunder.

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

O'NEILL PROPERTIES GROUP, L.P.,
Contract Vendee

By _____
Name:
Title:

MOORESTOWN REALTY ASSOCIATES L.P.,
Assignee

By: CALI SUB XVI, INC.

By _____
Name:
Title:

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224-228 STRAWBRIDGE DRIVE
MOORESTOWN, NEW JERSEY

SALE AGREEMENT

BETWEEN

METROPOLITAN LIFE INSURANCE COMPANY

AS SELLER

AND

O'NEILL PROPERTIES GROUP, L.P.

AS PURCHASER

Dated as of May 5, 1997

SALE AGREEMENT

THIS SALE AGREEMENT (the "Agreement") is made as of this day of , 1997 (the "Effective Date", being the date of Seller's execution hereof), by and between METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation, ("Seller") and O'NEILL PROPERTIES GROUP, L.P., a Pennsylvania limited partnership ("Purchaser").

W I T N E S S E T H:

ARTICLE I
PURCHASE AND SALE

Section 1.1 Agreement of Purchase and Sale. Subject to the terms and conditions hereinafter set forth, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, the following:

(a) that certain tract or parcel of land situated at and known as 224-228 Strawbridge Drive, Moorestown, Burlington County, New Jersey, more particularly described in Exhibit A attached hereto and made a part hereof, together with all rights and appurtenances pertaining to such property, including any right, title and interest of Seller in and to adjacent streets, alleys or rights-of-way (the property described in this clause (a) being herein referred to collectively as the "Land");

(b) the buildings, structures, fixtures and other improvements affixed to or located on the Land (the property described in this clause (b) being herein referred to collectively as the "Improvements");

(c) any and all of Seller's right, title and interest in and to all tangible personal property located upon the Land or within the Improvements, including, without limitation, any and all appliances, furniture, carpeting, draperies and curtains, tools and supplies, and other items of personal property owned by Seller (excluding cash and any software), located on and used exclusively in connection with the operation of the Land and the Improvements, which personal property includes without limitation the personal property listed on Exhibit B attached hereto (the property described in this clause (c) being herein referred to collectively as the "Personal Property");

(d) any and all of Seller's right, title and interest in and to: (i) the contracts and agreements (collectively, the "Operating Agreements") listed and described on Exhibit C attached hereto and made a part hereof (copies of which shall be provided to Purchaser within three (3) business days after the Effective Date) relating to the upkeep, repair, maintenance or operation of the Land, Improvements or Personal Property, to the extent

(local time at the Property) on the next business day after the expiration of the Inspection Period, which shall be terminated by Seller as of the date of the Closing or as soon thereafter as is permitted by the Operating Agreement in question; (ii) all assignable existing warranties and guaranties (express or implied) issued to Seller in connection with the Improvements or the Personal Property; (iii) all assignable existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Property; and (iv) the non-exclusive right to the name "224-228 Strawbridge Drive" (the property described in this clause (d) being sometimes herein referred to collectively as the "Intangibles").

Section 1.2 Property Defined. The Land and the Improvements are hereinafter sometimes referred to collectively as the "Real Property." The Land, the Improvements, the Personal Property and the Intangibles are hereinafter sometimes referred to collectively as the "Property."

Section 1.3 Purchase Price. Seller is to sell and Purchaser is to purchase the Property for the amount of NINE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$9,450,000.00) (the "Purchase Price").

Section 1.4 Payment of Purchase Price. The Purchase Price, as increased or decreased by prorations and adjustments as herein provided, shall be payable in full at the Closing in cash by wire transfer of immediately available funds to a bank account designated by Seller in writing to Purchaser prior to the Closing.

Section 1.5 Deposit. Simultaneously with the execution and delivery of this Agreement, Purchaser is depositing with MATZ LAND TRANSFER of 999 West Chester Pike, West Chester, Pennsylvania 19380 ("Escrow Agent") the sum of Three Hundred Thousand Dollars (\$300,000.00) (the "Deposit") in good funds, either by certified bank or cashier's check or by federal wire transfer. Escrow Agent shall hold the Deposit in an interest-bearing account reasonably acceptable to Seller and Purchaser, in accordance with the terms and conditions of this Agreement. All interest on such sum shall be deemed income of Purchaser, and Purchaser shall be responsible for the payment of all costs and fees imposed on the Deposit account. The Deposit and all accrued interest shall be distributed in accordance with the terms of this Agreement. The failure of Purchaser to timely deliver any Deposit hereunder shall be a material default, and shall entitle Seller, at Seller's sole option, to terminate this Agreement immediately.

Section 1.6 Escrow Agent. Escrow Agent shall hold and dispose of the Deposit and any accrued interest thereon in accordance with the terms of this Agreement. Seller and Purchaser agree that the duties of Escrow Agent hereunder are purely ministerial in nature and shall be expressly limited to

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the safekeeping and disposition of the Deposit and any accrued interest thereon in accordance with this Agreement. Escrow Agent shall incur no liability in connection with the safekeeping or disposition of the Deposit and any accrued interest thereon for any reason other than Escrow Agent's willful misconduct or gross negligence. In the event that Escrow Agent shall be in doubt as to its duties or obligations with regard to the Deposit and any accrued interest thereon, or in the event that Escrow Agent receives conflicting instructions from Purchaser and Seller with respect to the Deposit and any accrued interest thereon, Escrow Agent shall not be required to disburse the Deposit or any accrued interest thereon and may, at its option, continue to hold the Deposit and any accrued interest thereon until both Purchaser and Seller agree as to its disposition, or until a final judgment is entered by a court of competent jurisdiction directing its disposition, or Escrow Agent may interplead the Deposit and any accrued interest thereon in accordance with the laws of the state in which the Property is located.

Escrow Agent shall not be responsible for any interest on the Deposit except as is actually earned, or for the loss of any interest resulting from the withdrawal of the Deposit or any accrued interest thereon prior to the date interest is posted thereon.

Escrow Agent shall execute this Agreement solely for the purpose of being bound by the provisions of Sections 1.5 and 1.6 hereof.

ARTICLE II TITLE AND SURVEY

Section 2.1 Title Inspection Period. During the period beginning upon the Effective Date and ending at 5:00 p.m. (local time at the Property) on the fifteenth (15th) day thereafter (hereinafter referred to as the "Title Inspection Period"), Purchaser shall have the right to review (a) a current preliminary title report on the Real Property, accompanied by copies of all documents referred to in the report, which shall be obtained by Purchaser promptly after the Effective Date; (b) copies of the most recent property tax

bills for the Property, which shall be provided by Seller within three (3) business days after the Effective Date; (c) a survey of the Real Property prepared by a licensed surveyor or engineer hired by Purchaser (the "Survey"); and (d) copies of Seller's existing title insurance policy and survey for the Real Property, which shall be provided by Seller within three (3) business days after the Effective Date. Purchaser shall provide Seller with copies of the items described in clauses (a) and (c) above promptly upon Purchaser's receipt thereof.

Section 2.2 Title Examination. Purchaser shall notify Seller in writing (the "Title Notice"), by not later than 5:00 p.m. (local time at the Property) on the next business day after the expiration of the Title Inspection Period, which exceptions to title (including survey matters), if any, will not be accepted by Purchaser. If Purchaser fails to notify Seller in writing of its disapproval of any exceptions to title by the time

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specified in the preceding sentence, Purchaser shall be deemed to have approved the condition of title to the Real Property. If Purchaser notifies Seller in writing that Purchaser objects to any exceptions to title, Seller shall have five (5) business days after receipt of the Title Notice to notify Purchaser (a) that Seller will remove such objectionable exceptions from title on or before the Closing; provided that Seller may extend the Closing for such period as shall be required to effect such cure, but not beyond thirty (30) days; or (b) that Seller elects not to cause such exceptions to be removed. The procurement by Seller of a commitment for the issuance of the Title Policy (as defined in Section 2.5 hereof) or an endorsement thereto insuring Purchaser against any title exception which was disapproved pursuant to this Section 2.2 shall be deemed a cure by Seller of such disapproval. If Seller gives Purchaser notice under clause (b) above, Purchaser shall have three (3) business days in which to notify Seller that Purchaser will nevertheless proceed with the purchase and take title to the Property subject to such exceptions, or that Purchaser will terminate this Agreement. If this Agreement is terminated pursuant to the foregoing provisions of this paragraph, then neither party shall have any further rights or obligations hereunder (except for any indemnity obligations of either party pursuant to the other provisions of this Agreement), the Deposit and any accrued interest thereon shall be returned to Purchaser and each party shall bear its own costs incurred hereunder. If Purchaser shall fail to notify Seller of its election within said three (3) business day period, Purchaser shall be deemed to have elected to proceed with the purchase and take title to the Property subject to such exceptions.

Section 2.3 Pre-Closing "Gap" Defects. Purchaser may, at or prior to the Closing, notify Seller in writing (the "Gap Notice") (a) of any objections to title that are raised by the Title Company between the expiration of the Title Inspection Period and the Closing and that are not disclosed by the Title Company or otherwise known to Purchaser prior to the expiration of the Title Inspection Period, and (b) of any defects in Seller's ability to convey title to the Personal Property free and clear of liens and encumbrances, as revealed by a UCC search performed by Purchaser prior to the Closing; provided in each case that Purchaser must notify Seller of such objection to title or of such defect within two (2) business days of being made aware of the existence of the same. If Purchaser sends a Gap Notice to Seller, Purchaser and Seller shall have the same rights and obligations with respect to such notice as apply to a Title Notice under Section 2.2 hereof.

Section 2.4 Permitted Exceptions. The Property shall be conveyed subject to the following matters, which are hereinafter referred to as the "Permitted Exceptions":

(a) those matters which are not objected to in writing within the time periods provided in Sections 2.2 or 2.3 hereof or which, if objected to in writing by Purchaser, are those which Seller has elected not to remove or cure or has been unable to remove or cure, and subject to which Purchaser has elected or is deemed to have elected to accept the conveyance of the Property;

(b) the lien of all ad valorem real estate taxes and assessments not

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yet due and payable as of the date of the Closing, subject to adjustment as herein provided;

(c) local, state and federal laws, ordinances or governmental regulations, including but not limited to building and zoning laws, ordinances and regulations, now or hereafter in effect relating to the Property; and

(d) items shown on the Survey and not objected to by Purchaser or waived or deemed waived by Purchaser in accordance with Section 2.2 hereof.

Section 2.5 Conveyance of Title. At the Closing, Seller shall convey and transfer to Purchaser fee simple title to the Land and Improvements, by execution and delivery of the Deed (as defined in Section 4.2(a) hereof). Evidence of delivery of such title shall be the issuance by First American Title Insurance Company (the "Title Company"), or another national title company, of an owner's policy of title insurance (the "Title Policy") covering the Real Property, in the full amount of the Purchase Price, subject only to the Permitted Exceptions.

ARTICLE III REVIEW OF PROPERTY

Section 3.1 Right of Inspection. During the period beginning upon the Effective Date and ending at 5:00 p.m. (local time at the Property) on the fifteenth (15th) day thereafter (hereinafter referred to as the "Inspection Period"), Purchaser shall have the right to make an inspection of the environmental condition of the Property, pursuant to the terms and conditions of this Agreement.

Purchaser understands and agrees that any on-site environmental inspections of the Property shall occur at reasonable times agreed upon by Seller and Purchaser after reasonable prior written notice to Seller and shall be conducted so as not to interfere unreasonably with the use of the Property by Seller. Seller reserves the right to have a representative present during any such inspections. If Purchaser desires to do any invasive environmental tests at the Property, Purchaser shall do so only after notifying Seller and obtaining Seller's prior written consent thereto, which consent may be subject to any terms and conditions imposed by Seller in its sole discretion, including without limitation the prompt restoration of the Property to its condition prior to any such tests, at Purchaser's sole cost and expense. At Seller's option, Purchaser will furnish to Seller copies of any reports received by Purchaser relating to any environmental inspections performed by Purchaser. Purchaser agrees to protect, indemnify, defend and hold Seller harmless from and against any claim for liabilities, losses, costs, expenses (including reasonable attorneys' fees), damages or injuries arising out of or resulting from any such inspections by Purchaser or its agents or consultants, and notwithstanding anything to the contrary in this Agreement, such obligation to indemnify and hold harmless Seller shall

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survive the Closing or any termination of this Agreement.

Section 3.2 Environmental Reports. SELLER SHALL PROVIDE PURCHASER WITH COPIES OF THE ENVIRONMENTAL REPORTS LISTED ON EXHIBIT D ATTACHED HERETO WITHIN THREE (3) BUSINESS DAYS AFTER THE EFFECTIVE DATE. IF SELLER ELECTS TO SECURE ANY UPDATED OR ADDITIONAL ENVIRONMENTAL REPORTS PRIOR TO THE CLOSING, SELLER SHALL PROVIDE PURCHASER WITH COPIES OF ALL SUCH REPORTS PROMPTLY UPON SELLER'S RECEIPT THEREOF. PURCHASER ACKNOWLEDGES THAT ANY ENVIRONMENTAL REPORTS DELIVERED OR TO BE DELIVERED BY SELLER OR ITS AGENTS OR CONSULTANTS TO PURCHASER ARE MADE AVAILABLE SOLELY AS AN ACCOMMODATION TO PURCHASER AND MAY NOT BE RELIED UPON BY PURCHASER IN CONNECTION WITH THE PURCHASE OF THE PROPERTY. PURCHASER AGREES THAT SELLER SHALL HAVE NO LIABILITY OR OBLIGATION WHATSOEVER FOR ANY INACCURACY IN OR OMISSION FROM ANY ENVIRONMENTAL REPORT. PURCHASER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO THE EXPIRATION OF THE INSPECTION PERIOD, ITS OWN INVESTIGATION OF THE ENVIRONMENTAL CONDITION OF THE PROPERTY TO THE EXTENT PURCHASER DEEMS SUCH AN INVESTIGATION TO BE NECESSARY OR APPROPRIATE.

Section 3.3 Right of Termination. If Purchaser determines that the Property or any aspect thereof is unsuitable for Purchaser's acquisition solely for reasons disclosed by Purchaser's environmental inspection of the Real Property pursuant to Section 3.1 hereof, Purchaser shall have the right to terminate this Agreement by giving written notice thereof to Seller prior to the expiration of the Inspection Period, and if Purchaser gives such notice of termination by not later than 5:00 p.m. (local time at the Property) on the next business day after expiration of the Inspection Period, this Agreement shall terminate. If this Agreement is terminated pursuant to the foregoing provisions of this paragraph, then neither party shall have any further rights or obligations hereunder (except for any indemnity obligations of either party pursuant to the other provisions of this Agreement), the Deposit and any accrued interest thereon shall be returned to Purchaser and each party shall bear its own costs incurred hereunder. If Purchaser fails to give Seller a notice of termination prior to the expiration of the Inspection Period, Purchaser shall be deemed to have approved all aspects of the Property (except title and survey, which shall be governed by Article II hereof) and to have elected to proceed with the purchase of the Property pursuant to the terms hereof.

ARTICLE IV CLOSING

Section 4.1 Time and Place. The consummation of the transaction

contemplated by this Agreement (the "Closing") shall be held at the offices

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of Escrow Agent on June 13, 1997. At the Closing, Seller and Purchaser shall perform the obligations set forth in, respectively, Section 4.2 and Section 4.3 hereof, the performance of which obligations shall be concurrent conditions; provided that the Deed shall not be recorded until Seller receives confirmation that Seller has received the full amount of the Purchase Price, adjusted by prorations as set forth herein. The Closing shall be consummated through an escrow administered by Escrow Agent and the Purchase Price and all documents shall be deposited with Escrow Agent as escrowee.

Section 4.2 Seller's Obligations at the Closing. At the Closing, Seller shall:

(a) deliver to Purchaser a duly executed Bargain and Sale Deed (the "Deed") in the form attached hereto as Exhibit E, conveying the Land and Improvements, subject only to the Permitted Exceptions; the warranty of title in the Deed will be only as to claims made by, through or under Seller and not otherwise;

(b) deliver to Purchaser a duly executed bill of sale (the "Bill of Sale") conveying the Personal Property, with warranty of title as to claims made by, through or under Seller and not otherwise, but without warranty, express or implied, as to use, merchantability or fitness for any purpose, in the form attached hereto as Exhibit F;

(c) to the extent assignable, assign to Purchaser, and Purchaser shall assume, Seller's interest in the Operating Agreements, other than those to be terminated pursuant to Section 1.1(d), and the other Intangibles by duly executed assignment and assumption agreement (the "Assignment and Assumption of Intangibles") in the form attached hereto as Exhibit G pursuant to which (i) Seller shall indemnify Purchaser and hold Purchaser harmless from and against any and all claims pertaining thereto arising prior to the Closing and (ii) Purchaser shall indemnify Seller and hold Seller harmless from and against any and all claims pertaining thereto arising from and after the Closing;

(d) in the event that any representation or warranty of Seller set forth herein needs to be modified due to changes since the Effective Date, deliver to Purchaser a certificate, dated as of the date of the Closing and executed on behalf of Seller by a duly authorized officer thereof, 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 Seller be liable to Purchaser for, or be deemed to be in default hereunder by reason of, any breach of representation or warranty which results from any change that (i) occurs between the Effective Date and the date of the Closing and (ii) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Seller to prevent; provided, however, that the occurrence of a change which is not permitted hereunder or is beyond the reasonable control of Seller to prevent shall, if adverse to Purchaser, constitute the non-fulfillment of

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the condition set forth in Section 4.6(b) hereof; 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;

(e) deliver to Purchaser such evidence as the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Seller;

(f) deliver to Purchaser a certificate in the form attached hereto as Exhibit H duly executed by Seller stating that Seller is not a "foreign person" as defined in the Federal Foreign Investment in Real Property Tax Act of 1980;

(g) deliver to Purchaser the Operating Agreements assigned to Purchaser, together with the property files and records located at the Property or the property manager's office relating to the continued operation and maintenance of the Property, but excluding Seller's partnership or corporate records, internal memoranda, financial projections, budgets, appraisals, accounting and tax records and similar proprietary, confidential or privileged information except budgets and accounting records relating solely to the operation and maintenance of the Property. For a period of three (3) years after the Closing, Purchaser shall allow Seller and its agents and representatives access without charge to all files, records and documents delivered to Purchaser at the Closing, upon reasonable advance notice and at all reasonable times, to examine and

make copies of any and all such files, records and documents, which right shall survive the Closing;

(h) deliver such affidavits as may be customarily and reasonably required by the Title Company, in a form reasonably acceptable to Seller, to the effect that there are no parties in possession and that no work has been performed or materials or services provided that have not been fully paid for and that could give rise to the filing of a mechanics' lien;

(i) deliver to Purchaser a letter (the "Non-Applicability Letter") from the New Jersey Department of Environmental Protection and Energy or its successor, stating that the provisions of the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq., the regulations promulgated thereunder, and any successor legislation and regulations, are inapplicable to the Property. Seller shall apply for the Non-Applicability Letter promptly after the Effective Date and diligently pursue the same. In the event Seller is unable to deliver the Non-Applicability Letter at the Closing, Seller may extend the Closing for such period as shall be required to secure the same, but not beyond thirty (30) days. In no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder by reason of, Seller's failure to secure the Non-Applicability Letter if such failure is beyond the reasonable control of Seller to prevent; provided,

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however, that such failure shall constitute the non-fulfillment of the condition set forth in Section 4.6(b) hereof;

(j) deliver to Purchaser possession and occupancy of the Property, subject to the Permitted Exceptions;

(k) execute a closing statement acceptable to Seller; and

(l) deliver such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

Section 4.3 Purchaser's Obligations at the Closing. At the Closing, Purchaser shall:

(a) pay to Seller the full amount of the Purchase Price (which shall be adjusted to credit Purchaser with the amount of the Deposit and any accrued interest thereon), as increased or decreased by prorations and adjustments as herein provided, in immediately available wire transferred funds pursuant to Section 1.4 hereof;

(b) join Seller in execution of the Assignment and Assumption of Intangibles;

(c) in the event that any representation or warranty of Purchaser set forth herein needs to be modified due to changes since the Effective Date, deliver to Seller a certificate, dated as of the date of the Closing and executed on behalf of Purchaser by a duly authorized representative thereof, identifying any such 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 by reason of, any breach of representation or warranty which results from any change that (i) occurs between the Effective Date and the date of the Closing and (ii) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Purchaser to prevent; provided, however, that the occurrence of a change which is not permitted hereunder or is beyond the reasonable control of Purchaser to prevent shall, if adverse to Seller, constitute the non-fulfillment of the condition set forth in Section 4.7(c) hereof; 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;

(d) deliver to Seller such evidence as the Title Company may reasonably require as to the authority of the person or persons executing

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documents on behalf of Purchaser;

(e) deliver such affidavits as may be customarily and reasonably required by the Title Company, in a form reasonably acceptable to Purchaser;

(f) execute a closing statement acceptable to Purchaser; and

(g) deliver such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

Section 4.4 Credits and Prorations.

(a) All income and expenses of the Property shall be apportioned as of 12:01 a.m. on the day of the Closing as if Purchaser were vested with title to the Property during the entire day upon which the Closing occurs. Such prorated items shall include without limitation the following:

- (i) taxes and assessments (including personal property taxes on the Personal Property) levied against the Property;
- (ii) utility charges for which Seller is liable, if any, such charges to be apportioned at the Closing on the basis of the most recent meter reading occurring prior to the Closing (dated not more than fifteen (15) days prior to the Closing) or, if unmetered, on the basis of a current bill for each such utility;
- (iii) all amounts payable under the Operating Agreements, pursuant to the terms of this Agreement; and
- (iv) any other operating expenses or other items pertaining to the Property which are customarily prorated between a purchaser and a seller in the county in which the Property is located.

(b) Notwithstanding anything contained in Section 4.4(a) hereof:

- (i) At the Closing Seller shall be entitled to receive and retain all refundable cash or other deposits posted with utility companies serving the Property;
- (ii) Any taxes paid at or prior to the Closing shall be prorated based upon the amounts actually paid. If taxes and assessments due and payable during the year of the Closing have not been paid before the Closing, Seller shall be charged at the Closing an amount

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equal to that portion of such taxes and assessments which relates to the period before the Closing and Purchaser shall pay the taxes and assessments prior to their becoming delinquent. Any such apportionment made with respect to a tax year for which the tax rate or assessed valuation, or both, have not yet been fixed shall be based upon the tax rate and/or assessed valuation last fixed. To the extent that the actual taxes and assessments for the current year differ from the amount apportioned at the Closing, the parties shall make all necessary adjustments by appropriate payments between themselves within thirty (30) days after such amounts are determined following the Closing, subject to the provisions of Section 4.4(d) hereof;

- (iii) As to utility charges referred to in Section 4.4(a)(ii) hereof, Seller may on notice to Purchaser elect to pay one or more of all of said items accrued to the date hereinabove fixed for apportionment directly to the person or entity entitled thereto, and to the extent Seller so elects, such item shall not be apportioned hereunder, and Seller's obligation to pay such item directly in such case shall survive the Closing or any termination of this Agreement;

(c) Seller may continue to prosecute any appeal of the real property tax assessment for prior tax periods pending as of the Effective Date, and may take related action which Seller deems appropriate in connection therewith. Purchaser shall cooperate with Seller in connection with such appeal and collection of a refund of real property taxes paid. Seller owns and holds all right, title and interest in and to such appeal and refund, and all amounts payable in connection therewith shall be paid directly to Seller by the applicable authorities. If such refund or any part thereof is received by Purchaser, Purchaser shall promptly pay such amount to Seller. Any refund received by Seller shall be distributed as follows: first, to reimburse Seller for all costs incurred in connection with the appeal and second, to Seller to the extent such appeal covers the period prior to the Closing, and to Purchaser to the extent such appeal covers the period as of the Closing and thereafter. If and to the extent any such appeal covers the period after the Closing, Purchaser shall have the right to participate in such appeal.

(d) Except as otherwise provided herein, any revenue or expense amount which cannot be ascertained with certainty as of the Closing shall be prorated on the basis of the parties' reasonable estimates of such amount, and shall be the subject of a final proration sixty (60) days after the Closing, or as soon thereafter as the precise amounts can be ascertained. Purchaser shall promptly notify Seller when it becomes aware that any such estimated amount has been ascertained. Once all revenue and expense amounts have been ascertained, Purchaser shall prepare, and certify

as correct, a final proration statement which shall be subject to Seller's approval. Upon Seller's acceptance and approval of any final proration statement submitted by Purchaser, such statement shall be conclusively deemed to be accurate and final.

(e) Subject to the final sentence of Section 4.4(d) hereof, the provisions of this Section 4.4 shall survive the Closing.

Section 4.5 Transaction Taxes and Closing Costs.

(a) Seller and Purchaser shall execute such returns, questionnaires and other documents as shall be required with regard to all applicable real property transaction taxes imposed by applicable federal, state or local law or ordinance.

(b) Seller shall pay the fees of any counsel representing Seller in connection with this transaction. Seller shall also pay the following costs and expenses:

- * one-half of the escrow fee, if any, which may be charged by Escrow Agent.
- * any transfer tax, sales tax, documentary stamp tax or similar tax which becomes payable by reason of the transfer of the Property.
- * the fees for Broker.

(c) Purchaser shall pay the fees of any counsel representing Purchaser in connection with this transaction. Purchaser shall also pay the following costs and expenses:

- * one-half of the escrow fee, if any, which may be charged by Escrow Agent or Title Company.
- * the fee for the title examination and the title report or commitment and the premium for the Title Policy, and all endorsements thereto.
- * the cost of the Survey.
- * the fees for recording the Deed.

(d) The Personal Property is included in this sale without charge, except that Purchaser shall pay to Seller the amount of any and all sales or similar taxes payable in connection with the transfer of the Personal Property and Purchaser shall execute and deliver any tax returns required of it in connection therewith.

(e) All costs and expenses incident to this transaction and the closing thereof, and not specifically described above, shall be paid by the party incurring same.

(f) The provisions of this Section 4.5 shall survive the Closing.

Section 4.6 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 date of the Closing 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 4.2 hereof.

(b) All of the representations and warranties of Seller contained in this Agreement shall be true and correct as of the date of the 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 date of the Closing.

Section 4.7 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 the 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 as provided herein, 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 4.3 hereof.

(c) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct as of the date of the Closing (with appropriate modifications permitted under this Agreement).

(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 date of the Closing.

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ARTICLE V REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 5.1 Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Purchaser as of the Effective Date, which representations and warranties shall be deemed to have been made again as of the Closing, subject to Section 4.2(d) hereof:

(a) Organization and Authority. Seller has been duly organized and is validly existing under the laws of the State of New York. Subject to the provisions of Section 10.16 hereof, Seller has the full right and authority to enter into this Agreement and to transfer all of the Property and to consummate or cause to be consummated the transaction contemplated by this Agreement. The person signing this Agreement on behalf of Seller is authorized to do so.

(b) Leases. To Seller's knowledge, there are no leases currently affecting the Property and the Property is unoccupied.

(c) Pending Actions. To Seller's knowledge, Seller has not received written notice of any action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending against Seller which, if adversely determined, could individually or in the aggregate materially interfere with the consummation of the transaction contemplated by this Agreement.

(d) Operating Agreements. To Seller's knowledge, the Operating Agreements listed on Exhibit C are all of the agreements concerning the operation and maintenance of the Property entered into by Seller and affecting the Property, except any agreement with Seller's property manager, which shall be terminated by Seller.

(e) Lease Brokerage. To Seller's knowledge, there are no agreements with brokers providing for the payment from and after the Closing by Seller or Seller's successor-in-interest of leasing commissions or fees for procuring tenants with respect to the Property.

(f) Condemnation. To Seller's knowledge, Seller has received no written notice of any condemnation proceedings relating to the Property.

(g) Litigation. To Seller's knowledge, except as set forth on Exhibit I attached hereto, and except proceedings related to claims for personal injury or damage to property due to events occurring at the Property, Seller has not received written notice of any litigation which has been filed against Seller that arises out of the ownership of the

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Property and would affect the Property or use thereof, or Seller's ability to perform hereunder.

(h) Violations. To Seller's knowledge, except as set forth on Exhibit J attached hereto, Seller has not received written notice of any uncured violation of any federal, state or local law relating to the use or operation of the Property which would materially adversely affect the Property or use thereof.

(i) Insurance. Seller presently maintains, and Seller will continue to maintain until the date of the Closing, a policy of casualty insurance providing so-called "all-risk" coverage for the full replacement value of the Improvements.

Section 5.2 Knowledge Defined. References to the "knowledge" of Seller shall refer only to the current actual knowledge of the Designated Employee (as hereinafter defined) of AEW Real Estate Advisors, Limited Partnership, and shall not be construed, by imputation or otherwise, to refer to the knowledge of Seller or any affiliate of Seller, to any property manager, or to any other officer, agent, manager, representative or employee of Seller or any affiliate thereof or to impose upon such Designated Employee any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. As used herein, the term "Designated Employee" shall refer to the following person: Tammy Nicora.

Section 5.3 Survival of Seller's Representations and Warranties. The representations and warranties of Seller set forth in Section 5.1 hereof as updated as of the Closing in accordance with the terms of this Agreement, shall survive the Closing for a period of one hundred eighty (180) days. No claim for a breach of any representation or warranty of Seller shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter which was known to Purchaser prior to the Closing. Seller shall have no liability to Purchaser for a breach of any representation or warranty (a) unless the valid claims for all such breaches collectively aggregate more than Fifty Thousand Dollars (\$50,000.00), in which event the full amount of such valid claims shall be actionable, up to the Cap (as defined in this Section), and (b) unless written notice containing a description of the specific nature of such breach shall have been given by Purchaser to Seller prior to the expiration of said one hundred eighty (180) day period and an action shall have been commenced by Purchaser against Seller within two hundred forty (240) days of the Closing. Purchaser agrees to first seek recovery under any insurance policies and service contracts prior to seeking recovery from Seller, and Seller shall not be liable to Purchaser if Purchaser's claim is satisfied from such insurance policies or service contracts. As used herein, the term "Cap" shall mean the total aggregate amount of Four Hundred Seventy-Two Thousand Five Hundred Dollars (\$472,500.00), being five percent (5%) of the Purchase Price.

Section 5.4 Covenants of Seller. Seller hereby covenants with Purchaser as follows:

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(a) From the Effective Date until the Closing or earlier termination of this Agreement, Seller shall use reasonable efforts to operate and maintain the Property in a manner generally consistent with the manner in which Seller has operated and maintained the Property prior to the Effective Date.

(b) Seller shall not enter into any lease of space at the Property prior to the Closing.

Section 5.5 Representations and Warranties of Purchaser. Purchaser hereby makes the following representations and warranties to Seller as of the Effective Date, which representations and warranties shall be deemed to have been made again as of the Closing, subject to Section 4.3(c) hereof:

(a) Organization and Authority. Purchaser has been duly organized and is validly existing under the laws of the Commonwealth of Pennsylvania. Purchaser has the full right and authority to enter into this Agreement and to consummate or cause to be consummated the transaction contemplated by this Agreement. The person signing this Agreement on behalf of Purchaser is authorized to do so.

(b) Pending Actions. To Purchaser's knowledge, there is no action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending against Purchaser which, if adversely determined, could individually or in the aggregate materially interfere with the consummation of the transaction contemplated by this Agreement.

(c) ERISA. As of the Closing, (1) Purchaser will not be an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Title I of ERISA, nor a plan as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (each of the foregoing hereinafter referred to collectively as "Plan"), and (2) the assets of Purchaser will not constitute "plan assets" of one or more such Plans within the meaning of Department of Labor ("DOL") Regulation Section 2510.3-101.

As of the Closing, if Purchaser is a "governmental plan" as defined in Section 3(32) of ERISA, the closing of the sale of the Property will not constitute or result in a violation of state or local statutes regulating investments of and fiduciary obligations with respect to governmental plans.

As of the Closing, Purchaser will be acting on its own behalf and

not on account of or for the benefit of any Plan.

Purchaser has no present intent to transfer the Property to any

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entity, person or Plan which will cause a violation of ERISA.

Purchaser shall not assign its interest under this contract of sale to any entity, person, or Plan which will cause a violation of ERISA.

Section 5.6 Survival of Purchaser's Representations and Warranties. The representations and warranties of Purchaser set forth in Section 5.5 hereof as updated as of the Closing in accordance with the terms of this Agreement, shall survive the Closing for a period of one hundred eighty (180) days. No claim for a breach of any representation or warranty of Purchaser shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter which was known to Seller prior to the Closing. Purchaser shall have no liability to Seller for a breach of any representation or warranty (a) unless the valid claims for all such breaches collectively aggregate more than Fifty Thousand Dollars (\$50,000.00), in which event the full amount of such valid claims shall be actionable, up to the Cap (as defined in this Section), and (b) unless written notice containing a description of the specific nature of such breach shall have been given by Seller to Purchaser prior to the expiration of said one hundred eighty (180) day period and an action shall have been commenced by Seller against Purchaser within two hundred forty (240) days of the Closing. Seller agrees to first seek recovery under any insurance policies and service contracts prior to seeking recovery from Purchaser, and Purchaser shall not be liable to Seller if Seller's claim is satisfied from such insurance policies or service contracts. As used herein, the term "Cap" shall mean the total aggregate amount of Four Hundred Seventy-Two Thousand Five Hundred Dollars (\$472,500.00), being five percent (5%) of the Purchase Price.

ARTICLE VI DEFAULT

Section 6.1 Default by Purchaser. In the event the sale of the Property as contemplated by this Agreement is not consummated due to Purchaser's default hereunder, Seller shall be entitled, as its sole remedy, to terminate this Agreement and receive the Deposit and any accrued interest thereon as liquidated damages for the breach of this Agreement, it being agreed between the parties hereto that the actual damages to Seller in the event of such breach are impractical to ascertain and the amount of the Deposit and any accrued interest thereon is a reasonable estimate thereof.

Section 6.2 Default by Seller. In the event the sale of the Property as contemplated by this Agreement is not consummated due to Seller's default hereunder, Purchaser shall be entitled, as its sole remedy, either (a) to receive the return of the Deposit and any accrued interest thereon, in which event Seller shall reimburse Purchaser for the costs, not to exceed Fifty Thousand Dollars (\$50,000.00) of legal, title, survey, environmental engineering and architectural services actually incurred by Purchaser in connection with this Agreement and Purchaser's investigation of the Property, which return and reimbursement shall operate to terminate this Agreement and

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release Seller from any and all liability hereunder, or (b) to enforce specific performance of Seller's obligation to convey the Property to Purchaser in accordance with the terms of this Agreement, it being understood and agreed that the remedy of specific performance shall not be available to enforce any other obligation of Seller hereunder. Purchaser expressly waives its rights to seek damages in the event of Seller's default hereunder. Purchaser shall be deemed to have elected to terminate this Agreement and receive back the Deposit and any accrued interest thereon if Purchaser fails to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before thirty (30) days following the date upon which the Closing was to have occurred.

Section 6.3 Recoverable Damages. Notwithstanding Sections 6.1 and 6.2 hereof, in no event shall the provisions of Sections 6.1 and 6.2 limit the damages recoverable by either party against the other party due to the other party's obligation to indemnify such party in accordance with this Agreement.

ARTICLE VII RISK OF LOSS

Section 7.1 Minor Damage. In the event of loss or damage to the Property or any portion thereof which is not "Major" (as hereinafter

defined), this Agreement shall remain in full force and effect provided that Seller shall, at Seller's option, either (a) perform any necessary repairs, or (b) assign to Purchaser all of Seller's right, title and interest in and to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the premises in question. In the event that Seller elects to perform repairs upon the Property, Seller shall use reasonable efforts to complete such repairs promptly and the date of the Closing shall be extended a reasonable time in order to allow for the completion of such repairs. If Seller elects to assign a casualty claim to Purchaser, the Purchase Price shall be reduced by an amount equal to the lesser of the deductible amount under Seller's insurance policy or the cost of such repairs as determined in accordance with Section 7.3 hereof. In addition to the foregoing, if Seller elects to assign a casualty claim to Purchaser, Purchaser shall have the right to enter upon the Property to make such repairs as may be necessary to stabilize the Improvements against further damage and to secure the Improvements against vandalism and the like, provided that in such event Purchaser hereby agrees to protect, indemnify, defend and hold Seller harmless from and against any claim for liabilities, losses, costs, expenses (including reasonable attorneys' fees), damages or injuries arising out of or resulting from any repairs performed by Purchaser or its agents, and notwithstanding anything to the contrary in this Agreement, such obligation to indemnify and hold harmless Seller shall survive the Closing or any termination of this Agreement. Upon the Closing, full risk of loss with respect to the Property shall pass to Purchaser.

Section 7.2 Major Damage. In the event of a "Major" loss or damage,

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Purchaser may terminate this Agreement by written notice to Seller, in which event the Deposit and any accrued interest thereon shall be returned to Purchaser. If Purchaser does not elect to terminate this Agreement within ten (10) days after Seller sends Purchaser written notice of the occurrence of such Major loss or damage (which notice shall state the cost of repair or restoration thereof as opined by an architect in accordance with Section 7.3 hereof), then Purchaser shall be deemed to have elected to proceed with the Closing, in which event Seller shall, at Seller's option, either (a) perform any necessary repairs, or (b) assign to Purchaser all of Seller's right, title and interest in and to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the premises in question. In the event that Seller elects to perform repairs upon the Property, Seller shall use reasonable efforts to complete such repairs promptly and the date of the Closing shall be extended a reasonable time in order to allow for the completion of such repairs. If Seller elects to assign a casualty claim to Purchaser, the Purchase Price shall be reduced by an amount equal to the lesser of the deductible amount under Seller's insurance policy or the cost of such repairs as determined in accordance with Section 7.3 hereof. In addition to the foregoing, if Seller elects to assign a casualty claim to Purchaser, Purchaser shall have the right to enter upon the Property to make such repairs as may be necessary to stabilize the Improvements against further damage and to secure the Improvements against vandalism and the like, provided that in such event Purchaser hereby agrees to protect, indemnify, defend and hold Seller harmless from and against any claim for liabilities, losses, costs, expenses (including reasonable attorneys' fees), damages or injuries arising out of or resulting from any repairs performed by Purchaser or its agents, and notwithstanding anything to the contrary in this Agreement, such obligation to indemnify and hold harmless Seller shall survive the Closing or any termination of this Agreement. Upon the Closing, full risk of loss with respect to the Property shall pass to Purchaser.

Section 7.3 Definition of "Major" Loss or Damage. For purposes of Sections 7.1 and 7.2, "Major" loss or damage refers to the following: (a) loss or damage to the Property hereof such that the cost of repairing or restoring the premises in question to substantially the same condition which existed prior to the event of damage would be, in the opinion of an architect selected by Seller and reasonably approved by Purchaser, equal to or greater than Four Hundred Seventy-two Thousand Five Hundred Dollars (\$472,500.00), being five percent (10%) of the Purchase Price, and (b) any loss due to a condemnation which permanently and materially impairs the current use of the Property. If Purchaser does not give written notice to Seller of Purchaser's reasons for disapproving an architect within five (5) business days after receipt of notice of the proposed architect, Purchaser shall be deemed to have approved the architect selected by Seller.

ARTICLE VIII COMMISSIONS

Section 8.1 Brokerage Commissions. With respect to the transaction

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contemplated by this Agreement, Seller represents that its sole broker is Cushman & Wakefield ("Broker"), and Purchaser represents that it has not engaged any broker. Each party hereto agrees that if any person or entity other than Broker makes a claim for brokerage commissions or finder's fees related to the sale of the Property by Seller to Purchaser, and such claim is made by, through or on account of any acts or alleged acts of said party or its representatives, said party will protect, indemnify, defend and hold the other party free and harmless from and against any and all loss, liability, cost, damage and expense (including reasonable attorneys' fees) in connection therewith. The provisions of this paragraph shall survive the Closing or any termination of this Agreement.

ARTICLE IX
DISCLAIMERS AND WAIVERS

Section 9.1 No Reliance on Documents. Except as expressly stated herein, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller or its brokers or agents to Purchaser in connection with the transaction contemplated by this Agreement. Purchaser acknowledges and agrees that all materials, data and information delivered by Seller to Purchaser in connection with the transaction contemplated by this Agreement are provided to Purchaser as a convenience only and that any reliance on or use of such materials, data or information by Purchaser shall be at the sole risk of Purchaser, except as otherwise expressly stated herein. Neither Seller, nor any affiliate of Seller, nor the person or entity which prepared any report or reports delivered by Seller to Purchaser shall have any liability to Purchaser for any inaccuracy in or omission from any such reports.

Section 9.2 AS-IS SALE; DISCLAIMERS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

PURCHASER ACKNOWLEDGES AND AGREES THAT UPON THE CLOSING SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS", EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT. PURCHASER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR

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RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, OFFERING PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, THE MANAGERS OF THE PROPERTY, OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT. PURCHASER ALSO ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS AND TAKES INTO ACCOUNT THAT THE PROPERTY IS BEING SOLD "AS-IS."

PURCHASER REPRESENTS TO SELLER THAT PURCHASER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO THE CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS PURCHASER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN SUCH REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT. UPON THE CLOSING, PURCHASER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INVESTIGATIONS, AND PURCHASER, UPON THE CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER'S OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH PURCHASER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (AND SELLER'S OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY.

Section 9.3 Survival of Disclaimers. The provisions of this Article IX shall survive the Closing or any termination of this Agreement.

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ARTICLE X
MISCELLANEOUS

Section 10.1 Confidentiality. Purchaser and its representatives shall hold in strictest confidence all data and information obtained with respect to Seller or its business, whether obtained before or after the execution and delivery of this Agreement, and shall not disclose the same to others; provided, however, that it is understood and agreed that Purchaser may disclose such data and information to the employees, lenders, consultants, accountants and attorneys of Purchaser provided that such persons agree in writing to treat such data and information confidentially. In the event this Agreement is terminated or Purchaser fails to perform hereunder, Purchaser shall promptly return to Seller any statements, documents, schedules, exhibits or other written information obtained from Seller in connection with this Agreement or the transaction contemplated by this Agreement. It is understood and agreed that, with respect to any provision of this Agreement which refers to the termination of this Agreement and the return of the Deposit and any accrued interest thereon to Purchaser, such Deposit and accrued interest shall not be returned to Purchaser unless and until Purchaser has fulfilled its obligation to return to Seller the materials described in the preceding sentence. In the event of a breach or threatened breach by Purchaser or its agents or representatives of this Section 10.1, Seller shall be entitled to an injunction restraining Purchaser or its agents or representatives from disclosing, in whole or in part, such confidential information. Nothing herein shall be construed as prohibiting Seller from pursuing any other available remedy at law or in equity for such breach or threatened breach. The provisions of this Section 10.1 shall survive the Closing or any termination of this Agreement.

Section 10.2 Public Disclosure. Prior to the Closing, any release to the public of information with respect to the sale contemplated by this Agreement or any matters set forth in this Agreement will be made only in the form approved by Purchaser and Seller. The provisions of this Section 10.2 shall survive the Closing or any termination of this Agreement.

Section 10.3 Assignment. Subject to the provisions of this Section 10.3, the terms and provisions of this Agreement are to apply to and bind the permitted successors and assigns of the parties hereto. Purchaser may not assign its rights under this Agreement without first obtaining Seller's written approval, which approval may be given or withheld in Seller's sole discretion. In the event Purchaser intends to assign its rights hereunder, (a) Purchaser shall send Seller written notice of its request at least ten (10) business days prior to the Closing, which request shall include the legal name and structure of the proposed assignee, as well as any other information that Seller may reasonably request, and (b) Purchaser and the proposed assignee shall execute an assignment and assumption of this Agreement in form and substance satisfactory to Seller, and (c) in no event shall any assignment of this Agreement release or discharge Purchaser from any liability or obligation hereunder. Notwithstanding the foregoing, Seller's prior written approval shall not be required in connection with any assignment by Purchaser of its rights under this Agreement

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to any entity in which J. Brian O'Neill or a Trust created for members of his immediate family is an investor, provided that (i) such assignment shall not take effect until the date of the Closing, (ii) Purchaser shall give Seller written notice of any such assignment at least five (5) business days prior to the Closing, and (iii) the provisions of clauses (b) and (c) above shall apply to any such assignment. Notwithstanding the foregoing, under no circumstances shall Purchaser have the right to assign this Agreement to any person or entity owned or controlled by an employee benefit plan if Seller's sale of the Property to such person or entity would, in the reasonable opinion of Seller's ERISA advisor, create or otherwise cause a "prohibited transaction" under ERISA. Any transfer, directly or indirectly, of any stock, partnership interest or other ownership interest in Purchaser shall constitute an assignment of this Agreement. The provisions of this Section 10.3 shall survive the Closing or any termination of this Agreement.

Section 10.4 Notices. Any notice pursuant to this Agreement shall be given in writing by (a) personal delivery, (b) reputable overnight delivery service with proof of delivery, (c) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (d) legible facsimile transmission, 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 shall have designated by written notice sent in accordance herewith, and shall be deemed to have been given upon receipt or refusal to accept delivery, or, in the case of facsimile transmission, as of the date of the facsimile transmission provided that an original of such facsimile is also sent to the intended addressee by means described in clauses (a), (b) or (c) above. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement shall be as follows:

If to Seller:

Metropolitan Life Insurance Company
c/o AEW Capital Management, L.P.
225 Franklin Street
Boston, MA 02110-2803
Attn: Tammy Nicora
Telephone: (617) 578-9576
Telecopier: (617) 578-9555

With a copy to:

Robert C. Santomenna, Esq.
Drummond & Drummond
One Monument Way
Portland, ME 04101
Telephone: (207) 774-0317
Telecopier: (207) 761-4690

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If to Purchaser:

O'Neill Properties Group, L.P.
210 Mall Boulevard
King of Prussia, PA 19406
Attn: Richard Heany
Telephone: (610) 878-7445
Telecopier: (610) 337-3798

With a copy to:

Kevin W. Walsh, Esq.
Adelman Lavine Gold & Levin
1900 Two Penn Center Plaza
Philadelphia, PA 19102-1799
Telephone: (215) 568-7515
Telecopier: (215) 557-7922

Section 10.5 Modifications. This Agreement cannot be changed orally, and no executory agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such executory agreement is in writing and is signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

Section 10.6 Entire Agreement. This Agreement, including the exhibits and schedules hereto, contains the entire agreement between the parties hereto pertaining to the subject matter hereof and fully supersedes all prior written or oral agreements and understandings between the parties pertaining to such subject matter, other than any confidentiality agreement executed by Purchaser in connection with the Property.

Section 10.7 Further Assurances. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to the Closing, as may be reasonably requested by the other party to consummate the transaction contemplated by this Agreement. The provisions of this Section 10.7 shall survive the Closing.

Section 10.8 Counterparts. This Agreement may be executed in counterparts, all such executed counterparts shall constitute the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

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Section 10.9 Facsimile Signatures. In order to expedite the transaction contemplated by this Agreement, telecopied signatures may be used in place of original signatures on this Agreement. Seller and Purchaser intend to be bound by the signatures on the telecopied document, are aware that the other party will rely on the telecopied signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature.

Section 10.10 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect; provided that the invalidity or unenforceability of such provision does not materially adversely affect the benefits accruing to

any party hereunder.

Section 10.11 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Property is located. Purchaser and Seller agree that the provisions of this Section 10.11 shall survive the Closing or any termination of this Agreement.

Section 10.12 No Third-Party Beneficiary. The provisions of this Agreement and of the documents to be executed and delivered at the Closing are and will be for the benefit of Seller and Purchaser only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at the Closing.

Section 10.13 Captions. The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section or any subsection hereof.

Section 10.14 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

Section 10.15 Recordation. This Agreement may not be recorded by any party hereto without the prior written consent of the other party hereto. The provisions of this Section 10.15 shall survive the Closing or any termination of this Agreement.

Section 10.16 Seller Approval. INTENTIONALLY OMITTED.

Section 10.17 Time of the Essence. Time is of the essence of this Agreement, and of each covenant, agreement and condition hereof which provides for notice to be given or action taken on a specific date or within a specified period of time.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the Effective Date.

PURCHASER:

O'NEILL PROPERTIES GROUP, L.P.,
by _____, its
General Partner

By: _____

Name: _____

Title: _____

Date: _____

SELLER:

METROPOLITAN LIFE INSURANCE COMPANY, by AEW Real
Estate Advisors, Limited Partnership, its duly
authorized asset manager and advisor

By: _____

Name: _____

Title: _____

Date: _____

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Escrow Agent executes this Agreement below solely for the purpose of acknowledging that it agrees to be bound by the provisions of Sections 1.5 and 1.6 hereof.

ESCROW AGENT:

MATZ LAND TRANSFER

By: _____

Name: _____

Title: _____

Date: _____

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EXHIBITS:

- A DESCRIPTION OF LAND
- B LIST OF PERSONAL PROPERTY
- C LIST OF OPERATING AGREEMENTS
- D LIST OF ENVIRONMENTAL REPORTS
- E FORM OF DEED
- F FORM OF BILL OF SALE
- G FORM OF ASSIGNMENT AND ASSUMPTION OF INTANGIBLES
- H FORM OF FIRPTA CERTIFICATE
- I LIST OF SPECIFIED LITIGATION
- J LIST OF VIOLATION NOTICES

EARNEST MONEY CONTRACT AND AGREEMENT
(ALL CASH)

THIS EARNEST MONEY CONTRACT AND AGREEMENT, dated for reference purposes as of August 20, 1997, is made and entered into by and between NEW YORK LIFE INSURANCE COMPANY, a New York mutual insurance company ("Seller"), and CALI REALTY ACQUISITION CORPORATION, a Delaware corporation ("Purchaser").

The mailing, delivery, or negotiation of this Earnest Money Contract and Agreement by Seller or its agents or attorneys shall not be deemed an offer by Seller to enter into any transaction or to enter into any other relationship, whether on the terms contained herein or on any other terms. This Earnest Money Contract and Agreement shall not be binding upon Seller, nor shall Seller have any obligations or liabilities or Purchaser any rights with respect thereto, or with respect to the Property (as hereinafter defined), unless and until Seller has executed and delivered this Earnest Money Contract and Agreement to the Escrow Agent (as hereinafter defined). Until such execution and delivery of this Earnest Money Contract and Agreement, Seller may terminate all negotiations and discussions of the subject matter hereof, with or without cause and for any reason without recourse or liability.

ARTICLE I

DEFINITIONS

The terms hereinafter used shall have the following meanings unless the context of this Contract requires otherwise:

"Broker" means JGT Company.

"Closing" means the closing of the purchase and sale contemplated herein as described in Article IV hereof.

"Closing Date" means the date on which the Closing occurs.

"Commission" means the fee that is to be paid to Broker in accordance with Article IX hereof.

"Contract" means this Earnest Money Contract and Agreement and all written amendments, modifications, and supplements thereto executed and delivered by both Purchaser and Seller.

"Deed" means the customary New Jersey form of bargain and sale deed (with covenant against grantor's acts), conveying good and indefeasible title in fee simple to the Property subject to the Permitted Exceptions.

"Earnest Money" means One Hundred Thirty One Thousand Five Hundred Dollars (\$131,500.00), to be paid in accordance with Article V hereof, plus interest earned thereon while in possession of the Escrow Agent (as hereinafter defined).

"Effective Date" means the effective date of this Contract, which shall be the first date by which the Escrow Agent (as hereinafter defined) has received a fully executed copy of this Contract and the Earnest Money.

"Escrow Agent" means Seller's counsel, Epstein, Epstein, Brown & Bosek, a Professional Corporation, with offices at 245 Green Village Road, Chatham Township, New Jersey 07928, Attention: Patrick B. Sprouls, Esq.; Phone No.: (973) 593-4900, Facsimile No.: (973) 593-4966.

"Escrow Agreement" means that certain Escrow Agreement of even date herewith among Seller, Purchaser and Escrow Agent described in Section 5 and substantially in the form attached as Exhibit H.

"Outside Closing Date" means August 29, 1997.

"Owner Title Policy" means an ALTA 1992 Form owner's policy of Title Insurance issued by the Title Company to Purchaser, in a face amount equal to the Total Purchase Price and subject to no exceptions other than the standard printed exceptions described in Schedule B of the Title Commitment and all other Permitted Exceptions.

"Permitted Exceptions" means (i) the title exceptions set forth on Exhibit E attached hereto, and (ii) liens and encumbrances arising from and after the Effective Date to which Purchaser has consented in writing.

"Property" means that certain tract of land in the Township of South Brunswick, Middlesex County, New Jersey being more particularly described in Exhibit A attached hereto, together with (i) all improvements thereon and all and singular the rights and appurtenances pertaining thereto, (ii) all rights, privileges, grants and easements appurtenant to the land and improvements, including without limitation, all of Seller's right, title and interest in and

to all land lying in the bed of any public street, road or alley, all mineral and water rights and all easements, licenses, covenants and rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the land and improvements, (iii) all personal property, fixtures, equipment, and inventory owned by Seller and located on or at, and used in connection with, the land and improvements, (iv) all leases and other agreements with respect to the use and occupancy of the land and improvements, together with all amendments and modifications thereto and any guaranties provided thereunder, and rents, additional rents, reimbursements, profits, income, receipts and the amount deposited under any lease in the nature of security for the performance of the obligations of the tenant or user under the leases, (v) all intangible property owned by Seller and used in connection with the land and improvements, including any trademarks and trade names used in connection with the land and improvements, (vi) all permits, licenses, guaranties, approvals, certificates and warranties in the possession and control

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of Seller relating to the land and improvements, (vii) all of Seller's right, title and interest in and to those service contracts set forth in Exhibit K hereof, and (viii) all other rights, privileges and appurtenances owned by Seller, if any, and in any way related to the rights and interests described herein.

"Survey" means a current ALTA "as built" survey of the Property to be prepared by a surveyor acceptable to Purchaser.

"Title Commitment" means a written commitment for an ALTA 1992 Form owner's policy of title insurance describing the Property and committing the Title Company to issue such title policy at Closing and upon normal closing conditions, subject only to the standard printed exceptions and to all easements, rights-of-way, liens, restrictions and other encumbrances which (i) are of record or known to the Title Company and (ii) affect the Property.

"Title Company" means First American Title Insurance Company with its office located at 228 East 45th Street, New York, New York 10017.

"Title Documents" means each recorded instrument that is listed on Schedule B-2 of the Title Commitment.

"Total Purchase Price" means the total purchase price for the Property, which shall be Thirteen Million One Hundred Fifty Thousand Dollars (\$13,150,000.00).

ARTICLE II

PURCHASE AND SALE: PURCHASE PRICE

2.01 Purchase and Sale. Seller hereby agrees to sell and convey and Purchaser hereby agrees to purchase the Property for the consideration and upon and subject to the terms, provisions, and conditions set forth in this Contract. The consideration for such purchase and sale shall be the Total Purchase Price.

2.02 Payment of Total Purchase Price. The Total Purchase Price shall be payable at Closing, in cash or by wire transfer of immediately available U.S. federal funds to such account designated by Seller by written notice to Purchaser given no later than three (3) business days prior to Closing.

ARTICLE III

CONTINGENCY PERIOD AND INSPECTIONS

3.01 Title Commitment. Within ten (10) business days after the Effective Date hereof, Purchaser, at its expense, shall cause the Title Company to issue and deliver to Purchaser and Seller

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the Title Commitment and copy of the Title Documents. If the Title Commitment discloses exceptions other than the Permitted Exceptions ("Unpermitted Exceptions"), Seller agrees to use good faith efforts to have any such Unpermitted Exceptions removed from the Title Commitment by the Title Company at or prior to Closing. Seller, in its discretion, may adjourn the Closing for up to sixty (60) days in order to eliminate the Unpermitted Exceptions. In the event Seller is unable to eliminate the Unpermitted Exceptions on or before such adjourned Closing Date, Purchaser shall elect (i) to terminate this Contract by notice given to the Seller, in which event the Earnest Money shall be returned to Purchaser as Purchaser's sole remedy hereunder and Purchaser and Seller shall have no further obligations to each other hereunder except as otherwise provided in Sections 3.04 and 3.05 of this Contract, or (ii) to accept title subject to such Unpermitted Exceptions

and receive no credit against or reduction in the Purchase Price. Seller shall have no affirmative obligation hereunder to expend any funds or incur any liabilities in order to cause any title exceptions to be removed from the Title Commitment, except that Seller shall pay or discharge any and all liens and encumbrances which can be satisfied by payment of a liquidated amount and are not created by or resulting from the acts of Purchaser.

3.02 Survey. Purchaser shall be responsible to obtain its own Survey of the Property, at Purchaser's sole cost and expense.

3.03 Property Information. Purchaser acknowledges receipt of the following items from Seller:

- (a) Rent roll current as of June 30, 1997;
- (b) Site and building plans;
- (c) Tax statements for the calendar year 1996;
- (d) Operating statements which are available for the calendar year 1996 and the months of January through June, 1997;
- (e) Personal property and equipment inventory;
- (f) Copies of all service contracts in Seller's possession affecting the Property (the "Service Contracts");
- (g) Copies of all existing leases, amendments and modifications thereto in Seller's possession (the "Leases");
- (h) Copy of the existing title policy;
- (i) Copy of the existing survey;
- (j) Certificates of Occupancy in Seller's possession for the Leases; and
- (k) Phase I Environmental Site Assessment prepared for New York Life Insurance Company by Professional Service Industries, Inc. dated November 11, 1994.

The information contained in items (a) and (d) above is believed to be accurate, and Seller is not aware of any reason to believe otherwise, but Seller does not represent or warrant the accuracy thereof. As to item (k), Seller makes no representations or warranties as to the accuracy and completeness of the report.

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3.04 Inspections. Seller agrees that at any reasonable time during the pendency of this Contract, Purchaser, its agents and contractors, may enter upon the Property and make, at Purchaser's sole cost, risk, and expense, any investigations, inspections, tests, survey, and studies of the Property that Purchaser may, in Purchaser's sole discretion, desire, including, but not limited to, soil tests and borings, groundwater tests and borings, and environmental studies; provided, however, if Purchaser terminates this Contract pursuant to the terms and conditions hereof, Purchaser shall deliver to Seller a copy of every report of findings that is issued as a result of such activities, and Purchaser shall cause any portion of the Property altered by Purchaser, its agents or contractors, to be restored to substantially the same condition as existed prior to any of Purchaser's or its agents' activities which altered the condition of the Property. Purchaser shall indemnify and save Seller harmless from and against any and all damages, costs, injuries, and liabilities to the Property and/or any persons or property of any person to the extent arising out of or in connection with any such inspections, tests, surveys, studies, or any other entry upon or use of the Property by Purchaser or its agents. Purchaser may enter upon the Property, provided (i) Purchaser notifies Seller or Seller's representative (which notice may be oral or written) of its intent to inspect, test, survey or study; (ii) Purchaser is accompanied by a representative of Seller (unless waived by Seller) (Seller will make a representative available to Purchaser upon reasonable notice); (iii) any inspection of any tenant's premises shall be subject to any limitations on landlord's entry contained in such tenant's lease; and (iv) such entry on and investigating, inspecting, testing, surveying, and studying of the Property does not unreasonably interfere with the operation of the Property or the peaceful possession of tenants of their respective leased premises. Purchaser shall keep confidential the results of all of its inspections of the Property. The provisions of this Section 3.04 shall survive the Closing or any termination or cancellation of this Contract.

3.05 Confidentiality. Purchaser agrees that it has no present intention of making any public announcement about the results of any inspection, test, survey, or study conducted pursuant of Section 3.04 hereof. If this Contract is terminated for any reason, Purchaser shall promptly return to Seller all of the documents and information theretofore delivered to Purchaser by Seller, including without limitation, all documents recited in Section 3.03 hereof, plus every report of findings obtained pursuant to Section 3.04 hereof. Seller shall not deliver any of such documents, or otherwise knowingly transmit any of the information contained in any such documents, to any third party except Seller's counsel, property manager or other advisors, provided such individuals agree to be bound to the same burdens of confidentiality and nondisclosure as Seller. At no time prior to the Closing Date, or after this Contract is terminated, shall Purchaser deliver any of the documents theretofore delivered to Purchaser by Seller or obtained by Purchaser pursuant to Section 3.04 hereof, or otherwise knowingly transmit any of the information contained in any such documents, to any third party except Purchaser's counsel, other advisors, potential lenders or

mortgage brokers, provided such individuals agree to be bound to the same burdens of confidentiality and nondisclosure as Purchaser. The covenants set forth in this Section 3.05 shall survive the termination or closing of this Contract. Purchaser agrees that any public announcement about the purchase and sale transaction contemplated hereby, or of any of the terms hereof, shall be subject to the prior approval of Seller as to the text of the announcement, not to be unreasonably withheld or delayed.

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3.06 PROPERTY CONDITION. PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER OWNS THE PROPERTY AS A RESULT OF A FORECLOSURE OR DEED IN LIEU OF FORECLOSURE, THAT PURCHASER IS EXPERIENCED IN THE OWNERSHIP AND OPERATION OF PROPERTIES SIMILAR TO THE PROPERTY AND THAT PURCHASER PRIOR TO THE CLOSING DATE WILL HAVE INSPECTED THE PROPERTY TO ITS SATISFACTION AND REVIEWED THE LEASES AND IS QUALIFIED TO MAKE SUCH INSPECTION AND REVIEW. PURCHASER ACKNOWLEDGES THAT IT IS FULLY RELYING ON PURCHASER'S (OR PURCHASER'S REPRESENTATIVES') INSPECTIONS OF THE PROPERTY AND REVIEW OF THE LEASES AND NOT UPON ANY STATEMENTS (ORAL OR WRITTEN) WHICH MAY HAVE BEEN MADE OR MAY BE MADE (OR PURPORTEDLY MADE) BY SELLER OR ANY OF ITS REPRESENTATIVES. PURCHASER ACKNOWLEDGES THAT PURCHASER HAS (OR PURCHASER'S REPRESENTATIVES HAVE), OR PRIOR TO THE CLOSING DATE WILL HAVE, THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY AND REVIEWED THE LEASES TO THE EXTENT DEEMED NECESSARY BY PURCHASER IN ORDER TO ENABLE PURCHASER TO EVALUATE THE CONDITION OF THE PROPERTY AND ALL OTHER ASPECTS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE ENVIRONMENTAL CONDITION OF THE PROPERTY), AND PURCHASER ACKNOWLEDGES THAT PURCHASER IS RELYING SOLELY UPON ITS OWN (OR ITS REPRESENTATIVES') INSPECTION, EXAMINATION AND EVALUATION OF THE PROPERTY AND THE LEASES. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS CONTRACT AND THE PURCHASE, PURCHASER HEREBY AGREES TO ACCEPT THE PROPERTY ON THE CLOSING DATE IN ITS "AS IS", "WHERE IS" CONDITION AND WITH ALL FAULTS, AND, EXCEPT AS EXPRESSLY SET FORTH HEREIN, WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, EXCEPT ONLY THE TITLE WARRANTIES EXPRESSLY SET FORTH IN THE DEED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IN CONNECTION WITH THE SALE OF THE PROPERTY TO PURCHASER, EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER AND SELLER'S OFFICERS, AGENTS, DIRECTORS, EMPLOYEES, ATTORNEY, CONTRACTORS AND AFFILIATES ("SELLER'S RELATED PARTIES") HAVE MADE NO, AND SPECIFICALLY DISCLAIM, AND PURCHASER ACCEPTS THAT SELLER AND SELLER'S RELATED PARTIES HAVE DISCLAIMED, ANY AND ALL REPRESENTATIONS, GUARANTIES OR WARRANTIES, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW (EXCEPT AS TO TITLE AS HEREINABOVE PROVIDED), OF OR RELATING TO THE PROPERTY, INCLUDING WITHOUT LIMITATION, OF OR RELATING TO (I) THE USE, INCOME POTENTIAL, EXPENSES, OPERATION, CHARACTERISTICS OR CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, INCLUDING WITHOUT LIMITATION, WARRANTIES OF SUITABILITY, HABITABILITY, MERCHANTABILITY, TENANTABILITY, DESIGN OR FITNESS FOR ANY SPECIFIC OR A PARTICULAR PURPOSE, OR GOOD AND WORKMANLIKE CONSTRUCTION, (II) THE NATURE, MANNER, CONSTRUCTION,

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CONDITION, STATE OF REPAIR OR LACK OF REPAIR OF ANY IMPROVEMENTS LOCATED ON THE PROPERTY, ON THE SURFACE OR SUBSURFACE THEREOF, WHETHER OR NOT OBVIOUS, VISIBLE OR APPARENT, (III) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF THE PROPERTY, (IV) THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND THE PRESENCE OR ABSENCE OF OR CONTAMINATION BY HAZARDOUS MATERIALS, OR THE COMPLIANCE OF THE PROPERTY WITH REGULATIONS OR LAWS PERTAINING TO HEALTH OR THE ENVIRONMENT, AND (V) THE SOIL CONDITIONS, DRAINAGE, FLOODING CHARACTERISTICS, UTILITIES OR OTHER CONDITIONS EXISTING IN, ON, OR UNDER THE PROPERTY. THE PURCHASER HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES, AND COSTS (AND AGREES THAT SELLER SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES) ON AND AFTER THE CLOSING DATE RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR OR OPERATION OF THE PROPERTY AFTER THE CLOSING DATE. EXCEPT AS OTHERWISE MAY BE AGREED IN WRITING BY THE PARTIES, PURCHASER ACKNOWLEDGES THAT ANY CONDITION OF THE PROPERTY WHICH PURCHASER DISCOVERS OR DESIRES TO CORRECT OR IMPROVE PRIOR TO OR AFTER THE CLOSING DATE SHALL BE AT PURCHASER'S SOLE EXPENSE. PURCHASER EXPRESSLY WAIVES (TO THE EXTENT ALLOWED BY APPLICABLE LAW) ANY CLAIMS UNDER FEDERAL LAW, STATE OR OTHER LAW THAT PURCHASER MIGHT OTHERWISE HAVE AGAINST SELLER RELATING TO THE USE, CHARACTERISTICS OR CONDITION OF THE PROPERTY.

3.07 Leasing. Seller shall not enter into new leases or negotiate modifications or renewals of Leases for the Property or portions thereof or make any capital expenditures on the Property without Purchaser's consent which shall be given or withheld in Purchaser's sole discretion. Purchaser shall respond to Seller's notice for consent to any new lease, Lease renewal or capital expenditures on the Property within two (2) business days of receiving notice. Purchaser shall be required to pay brokerage commission and tenant improvements allowance for any new lease, Lease renewal, or Lease expansion which takes effect after the Effective Date and prior to Closing, provided that (i) Purchaser consents to such new lease, Lease renewal, or Lease expansion, (ii) the commission and allowance is expressly set forth in Seller's notice for consent, and (iii) Purchaser shall not pay any brokerage commission(s) to Seller, Broker, or an affiliate of either unless Purchaser expressly agrees in

writing.

ARTICLE IV

CLOSING

4.01 Time of Closing. The Closing shall be held at 10 A.M. local time in the offices of Seller's counsel, Epstein, Epstein, Brown & Bosek, in Chatham Township, New Jersey, on the

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Outside Closing Date or at such other place as the parties hereto may mutually agree. Closing may be held at an earlier date mutually satisfactory to Seller and Purchaser. If the Outside Closing Date is not a business day, Closing shall be held on the next succeeding business day.

4.02 Seller's Obligations. At Closing, Seller shall deliver or cause to be delivered to Purchaser the following:

- (a) The Deed, duly executed and acknowledged.
- (b) Possession of the Property, free and clear of occupancies, tenancies, or parties in possession other than pursuant to the Permitted Exceptions or listed on Exhibit J hereto.
- (c) An assignment and assumption of leases affecting the Property (Exhibit I) duly executed and acknowledged and an assignment and assumption of service contracts, if required, duly executed and acknowledged.
- (d) Certified (as of Closing Date) rent roll (Exhibit J).
- (e) A standard form of tenant notice letter (Exhibit C), duly executed, informing tenants that the Property has been sold.
- (f) A certificate (Exhibit B) indicating that Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Internal Revenue Code and Income Tax Regulations.
- (g) The originals or certified true copies of the Leases and Service Contracts, and any certificate of occupancy in Seller's possession.
- (h) An affidavit of title in form and substance reasonably acceptable to the Title Company.
- (i) An original letter of non-applicability issued by the New Jersey Department of Environmental Protection pursuant to the Industrial Site Recovery Act, N.J.S.A. 13:1k-6, et seq.
- (j) A duly executed resolution authorizing the sale and conveyance as herein required.

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- (k) Such other and further documents as may be reasonably requested by the Title Company or Purchaser to effectuate the Closing in accordance with the terms hereof.
- (l) Original Estoppel Certificates.
- (m) Closing Statement with prorations.
- (n) Originals or certified true copies of any and all permits, licenses, approvals, certificates and warranties relating to the Property in Seller's possession.

4.03 Estoppel Certificates. Seller shall make a reasonable commercial effort to obtain and deliver to Purchaser at or prior to Closing a Tenant Estoppel Certificate in the form of the attached Exhibit G with respect to each of the leases listed on the rent roll (attached as Exhibit J) duly executed by the Tenant thereunder and dated within thirty (30) calendar days of the Closing Date. As soon as reasonably practicable following receipt, Seller shall provide a copy of any Tenant Estoppel Certificate(s) obtained to Purchaser for Purchaser's review. If Seller is unable either (i) to obtain and deliver to Purchaser at or prior to Closing a Tenant Estoppel Certificate from each tenant of the Property, or (ii) to deliver to Purchaser on or before Closing a certificate of Seller addressing the items set forth in each Tenant Estoppel Certificate which Seller is unable to obtain from such tenants and to agree to indemnify Purchaser and hold Purchaser harmless from any and all losses,

liabilities, claims, costs and expenses incurred by Purchaser after Closing as a result of any knowingly false statement of Seller contained in any such certificate of Seller, then Purchaser shall have the right to terminate this Contract by delivering written notice of termination to Seller and the Escrow Agent, whereupon Purchaser shall receive a return of the Earnest Money and thereafter neither party hereto shall have any further rights or obligations hereunder whatsoever, except for such rights or obligations that, by the express terms hereof, survive any termination of this Contract. In addition, Purchaser shall have the further right to terminate this Contract, upon the same notice and release terms and conditions, in the event Seller is unable to obtain and deliver to Purchaser on or before Closing a Tenant Estoppel Certificate from each of tenants Merrill Lynch, Bell Atlantic, Riviera Financial, and MCI.

4.04 Purchaser's Obligations. At Closing, Purchaser shall deliver to Seller the Total Purchase Price, Purchaser shall execute and deliver the assignment and assumption of leases described in Section 4.02(c) and an assignment and assumption of service contracts indicating Purchaser's obligation to assume all obligations applicable thereto arising from and after Closing, and Purchaser shall execute and deliver signed statements acknowledging that it has received and is responsible for the respective tenants' security deposits under the Leases and specifying the exact dollar amount of the deposit being held for each tenant for whom Seller delivers a security deposit to Purchaser, with a copy for Seller. Purchaser shall execute and deliver an officer's certificate with corporate resolutions showing Purchaser's authority to enter into the transaction evidenced by this Contract.

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4.05 Prorations. General real property taxes and assessments for the current year relating to the Property, rents, service contracts, sewer use tax, utilities, operating expenses, and all other expenses related to the ownership and operation of the Property shall be prorated as of midnight of the day immediately preceding the Closing Date and shall be adjusted in cash at the Closing. No prorations will be made for delinquent rents until actually collected. If at the time of Closing there are past due rents and Seller is entitled to all or part of the same, Seller agrees that the first rentals received by Purchaser subsequent to the Closing from said delinquent tenant or tenants shall be applied to the payment of rents then due, and, thereafter, to rents which accrued prior to Closing. Purchaser shall use reasonable commercial efforts to collect all delinquent rents, if any, and any such rents, if received, after application by Purchaser to rents then due, shall be received by Purchaser for the account of Seller and be promptly remitted by Purchaser to Seller upon receipt, provided that Purchaser shall have no obligation to institute any legal action or otherwise employ an attorney or collection agent with respect to any delinquent rents. All rent applicable to periods prior to the Closing Date collected by Purchaser after Closing will be prorated to the Closing Date, if and when received. Any delinquent rents not so collected by Purchaser within a period of ninety (90) days following the Closing shall remain the property of Seller, who may pursue the remedies for collection thereof (not including termination of or any action adversely affecting the particular Lease), for its own account, as it may deem advisable. If within ten (10) days after the Closing Date the amount of any prorated item shall prove to have been incorrect, the party in whose favor the error was made shall pay the sum necessary to correct the error to the other party within ten (10) business days after receipt of proof of such error from the other party, provided that such proof is delivered to the party from whom payment is requested within ten (10) days from Closing Date.

4.06 Closing Costs. All costs of closing the sale and purchase of the Property shall be borne as follows:

- (a) Cost of the Survey and Owner Title Policy to be paid by Purchaser.
- (b) Filing Fees for Deed to be paid by Purchaser.
- (c) Attorney's fees of Seller and Purchaser to be paid by each, respectively.
- (d) New Jersey Realty Transfer Fee to be paid by Seller.
- (e) Any other closing costs, unless otherwise specified in this Contract, to be borne by Purchaser.

4.07 Closing Conditions. The obligations of Seller to deliver title to the Property and to perform the other covenants and obligations to be performed by Seller on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Seller):

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- (a) The representations and warranties made by Purchaser in

Section 10.03 hereof shall be true and correct in all respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

- (b) Purchaser shall have delivered to Seller all of the documents provided herein for said delivery.

The obligations of Purchaser to accept title to the Property and to perform the other covenants and obligations to be performed by Purchaser on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Purchaser):

- (a) The representations and warranties made by Seller in Section 10.02 hereof shall be true and correct in all respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.
- (b) Seller shall have delivered to Purchaser all of the documents provided herein for said delivery.
- (c) There shall not be any sewer moratorium affecting the Property.

ARTICLE V

EARNEST MONEY

For the purpose of securing the performance of Purchaser under the terms and provisions of this Contract, Purchaser shall deliver to Escrow Agent within twenty-four hours after Seller gives telephonic notice to Purchaser that Seller has delivered a fully executed original Contract to the Escrow Agent (i) a cashier's check drawn on a national bank payable to the order of the Escrow Agent in the amount of the Earnest Money, (ii) or the Earnest Money, by wire transfer of immediately available Federal Funds, to Epstein, Epstein, Brown & Bosek Trust Account No. 0010399025 (EC 150) at Summit Bank, Sub-Account No. 2933, ABA No. 021202162, File No. 14466-040. The Escrow Agent shall deposit the Earnest Money in an interest bearing, readily available, liquid federally insured account(s). The account(s) to which the funds are deposited shall be an escrow or trust account(s) of the Escrow Agent and the Earnest Money shall at all times be fully covered by the federal insurance so that no portion of the Earnest Money shall ever be at risk. Such deposit, together with any interest earned thereon, shall constitute the Earnest Money hereunder and shall be held, invested and disbursed pursuant to the respective terms and provisions hereof and of the Escrow Agreement. The Earnest Money shall be delivered by the Escrow Agent to Seller in the event Purchaser breaches this Contract as provided in Article VII hereof. At Closing, or in the event this Agreement shall terminate and Purchaser shall be entitled to a return of Earnest Money, the Earnest Money shall be returned to Purchaser.

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ARTICLE VI

BREACH BY SELLER

If Seller shall fail to fully and timely perform any of its obligations hereunder for any reason except Purchaser's default, Purchaser shall have the following remedies, which shall be Purchaser's sole and exclusive remedies: (i) to terminate this Contract and receive a return of the Earnest Money, or (ii) to obtain the specific performance of Seller's obligations under this Contract. If Seller, however, after complying with the terms of this Contract, shall be unable to convey the Property in accordance with the terms of this Contract, then the Purchaser's only remedy shall be the right to terminate this Contract and receive a return of the Earnest Money and reimbursement of all title search costs incurred by Purchaser, following which this Contract shall be deemed canceled and the parties shall be released of all obligations and liabilities under this Contract, except those that are expressly stated to survive the cancellation or termination of this Contract. Purchaser expressly agrees that it shall have no right to seek damages or any other action at law or in equity.

ARTICLE VII

BREACH BY PURCHASER

If Purchaser should fail to consummate the purchase of the Property for any reason other than Seller's default or inability to perform hereunder, and other than Purchaser's right to terminate this Contract as provided herein, Seller shall have the right to terminate this Contract and receive the Earnest Money from the Escrow Agent, such funds being agreed upon as liquidated damages (and not as a penalty, Seller and Purchaser hereby acknowledging that the amount of damages resulting from a breach of this Contract by Purchaser would be difficult or impossible to accurately ascertain) for the failure of Purchaser to perform the duties, liabilities,

and obligations imposed upon it by the terms and provisions of this Contract, and Seller agrees to accept and take the Earnest Money as its total damages and relief and as its sole and exclusive remedy for such failure by the Purchaser to consummate such purchase, subject to Purchaser's indemnification and confidentiality obligations under Sections 3.04 and 3.05 of this Contract. Purchaser hereby authorizes Escrow Agent to release the Earnest Money to Seller in accordance with the provisions of this Contract upon the delivery by Seller to the Escrow Agent of a certification that Purchaser breached this Contract, failed to cure such breach as may be expressly permitted hereby, and that the conditions precedent set forth in the Escrow Agreement with respect to the release of the Earnest Money to the Seller have been met.

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ARTICLE VIII

NOTICE

Any notice, communication, request, reply, consent, approval, or advice ("Notice") in this Contract provided or permitted to be given or made by either party to the other must be in writing and shall, unless otherwise in this Contract expressly provided, be given or served by depositing the same in the United States mail, postage prepaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to the party to be notified, or by depositing the same with a nationally recognized overnight courier service, charges prepaid, addressed to the party to be notified. Except as otherwise expressly provided in this Contract, Notice deposited in the mail in the manner hereinabove described shall be effective from and after two (2) days (exclusive of Saturdays, Sundays and postal holidays) after such deposit. Notice deposited with an overnight courier in the manner hereinabove described shall be effective from and after one (1) day (exclusive of Saturdays and Sundays) after such deposit. Notice given in any other manner shall be effective only if and when received by the party to be notified. For purpose of Notice, the addresses for the parties shall, until changed as hereinafter provided, be as follows:

If to Seller, to:

New York Life Insurance Company
Mortgage Finance Department
51 Madison Avenue - Room 907
New York, New York 10010
Attention: Walter Corlett
Phone: (212) 576-4842
Facsimile: (212) 447-4250

with copies to:

New York Life Insurance Company
Office of the General Counsel
51 Madison Avenue - Room 10SB
New York, New York 10010
Attention: Michael A. Monjoy, Esq.
Phone: (212) 576-4603
Facsimile: (212) 576-7078

and

Epstein, Epstein, Brown & Bosek
245 Green Village Road
Chatham Township, New Jersey 07928
Attention: Patrick B. Sprouls, Esq.
Phone: (973) 593-4900
Facsimile: (973) 593-4966

If to Purchaser, to:

Cali Realty Acquisition Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Attention: Roger W. Thomas, Esq.
Phone: (908) 272-8000
Facsimile: (908) 272-6755

and

Pryor, Cashman, Sherman & Flynn
410 Park Avenue

New York, New York 10022
Attention: Andrew S. Levine, Esq.
Phone: (212) 421-4100
Facsimile: (212) 326-8464

The parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the continental United States of America by at least five (5) days Notice to the other party as herein provided.

ARTICLE IX

COMMISSIONS

Seller has agreed to pay the Commission to Broker as real estate broker for this transaction pursuant to the terms of a separate agreement between Seller and Broker. The Commission shall not be earned and shall not be payable until Closing, the consummation of the purchase and sale contemplated herein, the passing of title to the Property from Seller to Purchaser, and the payment of the Total Purchase Price to Seller; provided that if Closing of this transaction in accordance with the terms of this Contract does not occur, regardless of cause, no commission whatsoever shall be due, earned, or payable to Broker. The Commission shall be payable in cash at Closing. Purchaser and Seller each represents and warrant to the other that except for Broker there are no other brokers involved in this transaction. Purchaser and Seller each agree to indemnify and hold the other harmless from and against any claims by any broker or third parties claiming by, through, or under it for brokerage commissions, finders' fees, or other fees relative to the sale of the Property. The foregoing indemnity shall survive Closing.

ARTICLE X

MISCELLANEOUS

10.01 Assignment. This Contract may not be assigned by Purchaser except to a wholly-owned subsidiary of Purchaser, or to a partnership in which any such wholly-owned subsidiary owns 75% of the profits, losses and cash flow thereof and controls the management of the affairs of such partnership (any such entity, a "Permitted Assignee"), and any other assignment or attempted assignment by Purchaser shall constitute a default by Purchaser hereunder and shall be deemed null and void and of no force and effect. No assignment shall relieve Purchaser from Purchaser's obligations under this Contract. Purchaser shall have right to designate in writing, prior to Closing, a Permitted Assignee to whom the Deed shall be directed.

10.02 Seller's Representations and Covenants. Seller makes no express or implied representations or warranties regarding the Property or any other matter other than the following:

- (a) Seller is a duly organized, validly existing mutual insurance company in the State of New York and authorized to transact business in the State of New Jersey. Seller has the right, power and authority to enter into this Contract and all other documents to be executed in connection herewith, perform its obligations hereunder, and to cause its right, title and interest in and to the Property to be sold and conveyed in accordance with the terms and conditions hereof, and the person(s) executing this Contract on behalf of Seller is duly authorized and empowered to act for and to bind the Seller.
- (b) This Contract, when duly executed and delivered, will be the legal, valid and binding obligation of Seller, enforceable in accordance with the terms of this

Contract. The execution and delivery of this Contract, and the performance of the transactions contemplated hereby, does not require the consent of any governmental or private party or body and does not conflict with or constitute a breach by the Seller of any other agreement, instrument, law, judgment, rule, order, injunction, writ or decree to which the Seller is a party or by which the Seller or any of its assets may be bound or subject, and will not result in a violation of any applicable law, order, rule or regulation of any Federal, or State agency, body or corporation, or require the approval of any such agency, body or corporation.

- (c) To the best of Seller's actual knowledge, Seller has not received notice from any governmental entity having jurisdiction, including, without limitation, any municipal, federal, county or state governmental unit, or any subdivision, agency, board, bureau, department, office or

body thereof, that the Property fails to comply in all respects with all applicable federal, state and local environmental, health, safety and zoning statutes and regulations, nor does Seller have actual knowledge of any violations or conditions that may give rise thereto.

- (d) Seller is not a party to any contract or agreement to sell or otherwise transfer all or any part of its interest in the Property other than this Contract.
- (e) Seller is not a "Foreign Person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.
- (f) To the best of Seller's actual knowledge, Seller has not received any notices from appropriate governmental authorities of any condemnation or special assessment applicable to the Property not reflected in the Permitted Exceptions.
- (g) Seller will continue to operate the Property in the ordinary course of business during the pendency of this Contract.
- (h) To the best of Seller's actual knowledge, Seller has not received any notice that any default or breach presently exists under any covenant, condition, restriction, right-of-way or easement affecting the Property or any portion thereof which is to be performed or complied with by Seller and which would have a material and adverse effect on the Property, and Seller has no knowledge of any fact or condition which would constitute such a default or breach (or event which with notice or lapse of time, or both, could constitute such a default) under any such covenant, condition, restriction, right-of-way or easement.
- (i) To the best of Seller's actual knowledge, there are no legal actions, suits, labor disputes, litigation or proceedings pending or threatened against the Property, or with respect to the environmental condition thereof, or any violations of any building codes or other statutes affecting the use, occupancy and enjoyment of the Property, except for pending

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"slip and fall" claim made by Audrey Evans in or about March, 1996 (the "Evans Claim") with regard to which Seller agrees to indemnify, defend, and hold Purchaser harmless from and against any claims, losses, liabilities, or expenses.

- (j) As of the Effective Date, Seller has no knowledge of the discharge or existence on, at, under, or emanating from the Property of any hazardous or toxic substances in violation of New Jersey or federal environmental law, regulation, rule, ordinance or order.
- (k) Attached hereto as Exhibit L is a true, complete and correct schedule of all Leases, true copies of which have been delivered to Purchaser upon execution of this Contract.
- (l) Except as set forth in this Contract or in the Leases themselves, (i) the Leases have not been amended, modified, supplemented, terminated or extended, (ii) to the actual knowledge of Seller, no defaults exist thereunder and no condition exists which, with the passage of time or the giving of notice or both, will become a default, and (iii) Seller has no knowledge that any tenant under the Leases has asserted any claim for any reduction, abatement, concession, offset, or allowance against the rent described in the Leases.
- (m) Attached hereto as Exhibit J is a true, correct, and complete listing of the Property rent roll, setting forth (i) the name of each tenant, (ii) the square footage, (iii) the commencement and expiration dates, (iv) the minimum rent per square foot, (v) the annual minimum rent, and (vi) the security deposit.
- (n) Attached hereto as Exhibit K is a true, correct and complete list of service contracts affecting the Property, true copies of which have been delivered to Purchaser upon execution of this Contract.
- (o) To the actual knowledge of Seller, there are no actions,

suits, labor disputes, litigation or proceedings currently pending or threatened against Seller and related to the Property, the environmental condition or operation thereof.

- (p) To the actual knowledge of Seller, there are no union agreements affecting the Property, nor shall Seller cause any such agreements to affect the Property as of the Closing Date.
- (q) Seller will not accept the surrender of any Service Contract or Lease, or grant any concession, rebate, allowance or free rent, without the consent of Purchaser.
- (r) Seller will not apply any Lease security deposit with respect to any tenant in occupancy of the Property on the Closing Date.
- (s) Seller will not renew, extend or modify any of the Service Contracts without the prior written consent of Purchaser.

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- (t) Seller has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or, to the best of its actual knowledge, suffered the filing of any involuntary petition by Seller's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of such Seller's assets, suffered the attachment or other judicial seizure of all, or substantially all, of such Seller's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

The representations and warranties made by Seller in subparagraphs (d), (i), (k), (n), and (o) shall survive the Closing Date for a period of forty-five (45) days and shall not be merged in the delivery of the Deed during said forty-five (45) day period, but shall be merged in the delivery of the Deed upon expiration of said forty-five (45) day period, except that Seller's indemnity with regard to the Evans Claim shall survive the Closing Date for the applicable period of the statute of limitations. All other representations and warranties made by Seller in this Section 10.02 shall not survive the Closing Date and shall be merged in the delivery of the Deed.

10.03 Purchaser's Representations. In order to induce Seller to enter into this Contract, Purchaser represents and warrants as follows:

- (a) Purchaser has the funds necessary to consummate this transaction.
- (b) Purchaser is knowledgeable and experienced in the purchase, operation, ownership, refurbishing and sale of commercial real estate, and is fully able to evaluate the merits and risks of this transaction. Purchaser has inspected, examined and investigated the Property and reviewed the Leases prior to signing this Contract.
- (c) Purchaser has not relied, and is not relying, upon any information, document, sales brochures or other literature, maps or sketches, projection, proforma, statement, representation, guarantee or warranty (whether express or implied, oral or written, material or immaterial) that may have been given or made by, or on behalf of Seller, except as may be expressly set forth in this Contract.
- (d) Purchaser is not relying and has not relied on Seller or its agents as to (i) the quality, nature, adequacy or physical condition of the Property including, but not limited to, the structural elements, foundation, roof, appurtenances, access, landscaping, parking facilities or the electrical, mechanical, HVAC, plumbing, sewage or utility systems, facilities or appliances at the Property, if any; (ii) the quality, nature, adequacy or physical condition of any utilities serving the Property; (iii) the real estate taxes now or hereafter payable on the Property or the valuation of the Property for ad valorem tax purposes; (iv) the Property's habitability, merchantability or fitness, suitability or adequacy for any particular purpose; (v) except as expressly set forth herein, the zoning or other legal status of the Property; (vi) except as expressly set forth herein, the Property's or its operations' compliance with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions or restrictions of any

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governmental or quasi-governmental entity or of any other person or entity; (vii) the quality of any labor or materials relating in any way to the Property; or (viii) the condition of title to the Property or the nature, status and extent of any right of way, lease, right of redemption, possession, lien, encumbrance, license, reservation, covenant, condition, restriction or any other matter affecting title to the Property.

- (e) Purchaser has the full right, power and authority to execute, deliver and perform this Contract and all requisite action on the part of Purchaser in connection with making and entering into this Contract has been taken to authorize the execution and delivery of this Contract.

10.04 Governing Law. This Contract shall be construed under and in accordance with the laws of the State of New Jersey and all obligations of the parties created hereunder are to be performed, and exclusive venue shall lie, in New Jersey.

10.05 Binding on Assigns. Subject to Section 10.01, this Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

10.06 Severability. In case any one or more of the provisions contained in this Contract for any reason be held to be invalid, illegal, or unenforceable in any respect, that provision or provisions shall not affect any other provision hereunder.

10.07 Sole Agreement. This Contract constitutes the sole and only agreement of the parties hereto and supersedes any prior understanding or written or oral agreements between the parties respecting the subject matter of this Contract.

10.08 Gender and Number. Words of any gender used in this Contract shall be held and construed to include any other gender and words in the singular number shall be held to include the plural and vice versa unless the context requires otherwise.

10.09 Headings. The headings of the articles and sections contained in this Contract are for convenience only and shall not be taken into account in determining the meaning of any provision of this Contract.

10.10 No Recording. Neither this Contract nor any memorandum hereof shall be recorded in any public records.

10.11 Notice to Purchaser. Purchaser is hereby notified that it should have a title abstract covering the Property examined by an attorney of its selection, or it should be furnished with or obtain a title insurance policy.

10.12 Business Days. Business days shall not include Saturdays, Sundays, or any national banking holidays.

10.13 Casualty. Seller shall maintain fire and extended coverage insurance policies in effect with respect to the Property until Closing, which shall be equivalent in all material respects to those maintained by Seller with respect to the Property as of the Effective Date. If, before Closing, the Property is damaged or destroyed by casualty, then Seller shall elect, within five (5) business days after such damage, either to repair such damage or not repair such damage. Seller shall notify Purchaser of its election when made; if Seller fails to notify Purchaser of its election within eight (8) business days after such damage, Seller shall be deemed to have elected not to repair such damage. If Seller elects to repair such damage, then the Outside

Closing Date shall be extended thirty (30) days to allow Seller to repair such damage, and Closing shall occur as provided herein with no adjustment to the Total Purchase Price. If Seller elects not to repair such damage, or, regardless of Seller's election above, if the cost to repair such damage should, in Seller's estimation, exceed \$100,000, then Purchaser, as its sole and exclusive remedies, may either (i) terminate this Contract, in which event Seller shall refund the Earnest Money to Purchaser or (ii) proceed with Closing with no adjustment to the Total Purchase Price, but Seller will (x) assign to Purchaser all insurance proceeds recoverable by Seller with respect to such casualty, (y) assign its rights to all unpaid claims and rights with respect thereto, and (z) execute such instruments of assignment as Purchaser shall reasonably require.

10.14 Condemnation. In the event the Property or any part thereof is condemned prior to the Closing, Purchaser shall have the right to terminate this Contract upon written Notice to Seller given within ten (10) days of receipt of written notice from Seller or the condemning authority of such condemnation. Upon such termination, the Earnest Money shall be returned to Purchaser, and neither party shall have any further obligations under this Contract. If this Contract is not so terminated, there shall be no reduction in the Total Purchase Price, and at the Closing, Seller will (i) assign the entire condemnation award to Purchaser, (ii) assign its rights to all unpaid claims and rights with respect thereto, and (iii) execute such instruments of assignment as Purchaser shall reasonably require.

10.15 Drafting. This Contract shall not be construed more strictly against one party than the other because it may have been drafted by one of the parties or its counsel, each having contributed substantially and materially to the negotiation and drafting thereof.

ARTICLE XI

SERVICE CONTRACTS

Subject to the terms of this Article XI, on the Closing Date, Seller shall assign and Purchaser shall assume all service contracts affecting the Property, a listing of all of which service contracts is attached hereto and made a part hereof as Exhibit K (the "Service Contracts"). On or before the Closing Date, Seller shall terminate all contracts related to the management and leasing of the Property (other than the Service Contracts).

THIS CONTRACT IS EXECUTED in multiple copies, each of which shall be deemed to be an original for all purposes.

SELLER:
NEW YORK LIFE INSURANCE COMPANY,
a New York mutual insurance company

By:
Name:
Title:

PURCHASER:
CALI REALTY ACQUISITION CORPORATION,
a Delaware corporation

By:
Name:
Title:

ESCROW AGENT:
Receipt of \$131,500.00 Earnest Money is
acknowledged in the form of:
EPSTEIN, EPSTEIN, BROWN & BOSEK

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By:
Name: Patrick B. Sprouls

Title: Director

Date Earnest Money Received: August

, 1997

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ATTACHMENTS

Exhibit A - Property Description
Exhibit B - Grantor's IRC Section 1445 Certificate
Exhibit C - Tenant Letter
Exhibit D - Intentionally Omitted
Exhibit E - Permitted Exceptions
Exhibit F - Intentionally Omitted
Exhibit G - Tenant Estoppel Certificate
Exhibit H - Escrow Agreement

Exhibit I - Assignment and Assumption of Leases

Exhibit J - Rent Roll

Exhibit K - Service Contracts

Exhibit L - Schedule of Leases