

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 1996

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-13274

Cali Realty Corporation  
(Exact name of registrant as specified in its charter)

Maryland 22-3305147  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or organization) Identification Number)

11 Commerce Drive, Cranford, New Jersey 07016-3501  
(Address of principal executive office)  
(Zip Code)

(908) 272-8000  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year,  
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding twelve (12) months (or such shorter period that the  
Registrant was required to file such report) YES  NO   
and (2) has been subject to such filing requirements for the past ninety (90)  
days YES  NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's  
classes of common stock, as of the latest practicable date.

There were 15,202,482 shares of \$.01 par value common stock outstanding  
at May 10, 1996.

CALI REALTY CORPORATION

Form 10-Q

INDEX

Part I - Financial Information

Item 1. Financial Statements

Consolidated Balance Sheets as of March 31, 1996  
and December 31, 1995

Consolidated Statements of Operations for the three months  
ended March 31, 1996 and 1995

Consolidated Statements of Cash Flows for the three months  
ended March 31, 1996 and 1995

Consolidated Statement of Stockholders' Equity for the  
three months ended March 31, 1996

Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition  
and Results of Operations

Part II - Other Information and Signatures

Item 1. Exhibits

Signatures

CALI REALTY CORPORATION

Part I - Financial Information

Item 1 Financial Statements

The information furnished in the accompanying consolidated balance sheets, statements of operations, of cash flows, and of stockholders' equity reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the aforementioned financial statements for the interim periods.

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.

The results of operations for the three months ended March 31, 1996 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

<TABLE>

<CAPTION>

CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts)

	March 31, 1996	December 31, 1995
	-----	-----
<S>	<C>	<C>
ASSETS		
Rental property		
Land .....	\$ 40,758	\$ 38,962
Buildings and improvements .....	321,520	319,028
Tenant improvements .....	28,989	28,588
Furniture, fixtures and equipment .....	1,085	1,097
	-----	-----
	392,352	387,675
Less - accumulated depreciation and amortization ...	(58,431)	(59,095)
	-----	-----
Total rental property .....	333,921	328,580
Cash and cash equivalents .....	1,494	967
Unbilled rents receivable .....	18,795	18,855
Deferred charges and other assets, net of accumulated amortization .....	11,024	10,873
Restricted cash .....	4,453	3,229
Accounts receivable, net of allowance for doubtful accounts of \$176 and \$134 .....	1,806	1,341
Other receivables .....	238	104
	-----	-----
Total assets .....	\$ 371,731	\$ 363,949
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgages and loans payable .....	\$ 137,741	\$ 135,464
Dividends and distributions payable .....	7,608	7,606
Accounts payable and accrued expenses .....	3,509	3,245
Rents received in advance and security deposits ....	4,775	3,114
Accrued interest payable .....	484	629
	-----	-----
Total liabilities .....	154,117	150,058
	-----	-----
Minority interest of unitholders in Operating Partnership .....	27,683	28,083
	-----	-----

(Continued)

<CAPTION>

CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued (in thousands, except per share amounts)

	March 31, 1996	December 31, 1995
	-----	-----
<S>	<C>	<C>
Commitments and contingencies		
Stockholders' equity:		

Preferred stock, authorized 5,000,000 shares, none issued		
Common stock, \$.01 par value, 25,000,000 shares authorized, 15,202,482 shares and 15,104,725 shares outstanding .....	152	151
Additional paid-in capital .....	186,741	185,657
Retained earnings .....	3,038	--
	-----	-----
Total stockholders' equity .....	189,931	185,808
	-----	-----
Total liabilities and stockholders' equity .....	\$ 371,731	\$ 363,949
	=====	=====

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

</TABLE>

<TABLE>

<CAPTION>

CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share amounts)

=====

	Three Months Ended March 31,	
	1996	1995
	-----	-----
<S>	<C>	<C>
REVENUES		
Base rents .....	\$ 16,012	\$ 11,240
Escalations and recoveries .....	3,081	2,121
Parking and other .....	404	401
Interest income .....	74	110
	-----	-----
Total revenues .....	19,571	13,872
	-----	-----
EXPENSES		
Real estate taxes .....	1,959	1,314
Utilities .....	1,882	1,365
Operating services .....	2,803	1,862
General and administrative .....	936	933
Depreciation and amortization .....	3,294	2,832
Interest expense .....	2,569	1,641
	-----	-----
Total expenses .....	13,443	9,947
	-----	-----
Income before gain on sale of rental property, minority interest and extraordinary item .....	6,128	3,925
Gain on sale of rental property .....	5,658	--
	-----	-----
Income before minority interest and extraordinary item .....	11,786	3,925
Minority interest .....	1,812	836
	-----	-----
Income before extraordinary item .....	9,974	3,089
Extraordinary item-loss on early retirement of debt (net of minority interest's share of \$86) .....	475	--
	-----	-----
Net income .....	\$ 9,499	\$ 3,089
	=====	=====

(Continued)

<CAPTION>

CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - Continued (in thousands, except per share amounts)

=====

	Three Months Ended March 31,	
	1996	1995
	-----	-----
<S>	<C>	<C>
Net income per common share:		
Income before extraordinary item-		
loss on early retirement of debt .....	\$ .66	\$ .29
Extraordinary item-loss on early retirement of debt .....	(.03)	--
	-----	-----
Net income .....	\$ .63	\$ .29
	=====	=====

Dividends declared per common share .....	\$ .43	\$ .40
	=====	=====
Weighted average shares outstanding .....	15,146	10,473
	=====	=====

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

</TABLE>

<TABLE>

<CAPTION>

CALI REALTY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	Three Months Ended March 31,	
	1996	1995
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income .....	\$ 9,499	\$ 3,089
Adjustments to reconcile net income to net cash flows provided by operating activities		
Depreciation and amortization .....	3,294	2,832
Gain on sale of rental property .....	(5,658)	--
Minority interest .....	1,812	836
Extraordinary item-loss on early retirement of debt	475	--
Changes in operating assets and liabilities		
Increase in unbilled rents receivable .....	(69)	(35)
Increase in deferred charges and other assets, net .	(993)	(553)
Increase in accounts receivable, net .....	(465)	(68)
(Increase) decrease in other receivables .....	(134)	158
Decrease (increase) in accounts payable and accrued expenses .....	264	(440)
Increase in rents received in advance and security deposits .....	1,661	405
(Decrease) increase in accrued interest payable ....	(145)	162
	-----	-----
Net cash provided by operating activities .....	9,541	6,386
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to rental property .....	(12,400)	(2,700)
Proceeds from sale of rental property .....	10,147	--
Increase in restricted cash .....	(1,224)	(537)
	-----	-----
Net cash used in investing activities .....	(3,477)	(3,237)
	-----	-----

(Continued)

<CAPTION>

CALI REALTY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued (in thousands)

	Three Months Ended March 31,	
	1996	1995
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgages and loans payable .....	36,300	--
Repayments of mortgages and loans payable .....	(34,023)	--
Debt prepayment premiums and other costs .....	(312)	--
Purchase of treasury stock .....	--	(1,595)
Proceeds from stock options exercised .....	106	--
Payment of dividends and distributions .....	(7,608)	(5,371)
	-----	-----
Net cash used in financing activities .....	(5,537)	(6,966)
	-----	-----
Net increase (decrease) in cash and cash equivalents ...	527	(3,817)
Cash and cash equivalents, beginning of period .....	967	6,394
	-----	-----
Cash and cash equivalents, end of period .....	\$ 1,494	\$ 2,577
	=====	=====
Supplemental Cash Flow Information:		
Cash paid for interest .....	\$ 2,796	\$ 1,479
	=====	=====
Interest capitalized .....	\$ 82	\$ --
	=====	=====

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

</TABLE>

<TABLE>

<CAPTION>

CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (in thousands)

Total	Common Shares	Stock Par Value	Paid-In Capital	Retained Earnings	Additional Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1996 .....	15,105	\$ 151	\$ 185,657	--	\$ 185,808
Conversions of 92 Units to shares ...	92	1	978	--	979
Net income .....	--	--	--	9,499	9,499
Dividends .....	--	--	--	(6,461)	(6,461)
Stock options exercised .....	6	--	106	--	106
Balance at March 31, 1996 .....	15,203	\$ 152	\$ 186,741	\$ 3,038	\$ 189,931

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

</TABLE>

CALI REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts)

=====

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Cali Realty Corporation (the "Company"), a Maryland corporation, is a fully integrated, self-administered, self-managed real estate investment trust (REIT) providing leasing, management, acquisition, development, construction and tenant-related services for its properties. As of March 31, 1996, the Company owned and operated 40 Class A office and office/flex buildings totaling approximately 3.9 million square feet and a 327 unit residential complex. The properties are located in New Jersey and New York.

The Company was incorporated on May 24, 1994 and commenced operations on August 31, 1994. On August 31, 1994, the Company completed an initial public offering and effected a business combination with the Cali Group (not a legal entity.) The Company raised (net of offering costs) approximately \$165,518 of capital through an initial public offering (the "Offering") of 10,500,000 shares of common stock, and used the proceeds to acquire a 78.94 percent interest in Cali Realty, L.P. (the "Operating Partnership") and related entities, which were formed just prior to consummation of the Offering and are the successors to the operations of the Cali Group. Prior to the completion of the business combination with the Company, the Cali Group consisted principally of the property partnerships set forth below, which were engaged in development, ownership and operation of a portfolio of twelve office buildings and one multi-family residential property located in New Jersey (the "Initial Properties"), and the real estate leasing, management, acquisition, development and construction business of Cali Associates.

<TABLE>

<CAPTION>

PROPERTY PARTNERSHIPS	PROPERTY LOCATION
Grove Street Associates of Jersey City Limited Partnership	Jersey City, NJ
Office Associates, Ltd.	Roseland, NJ
500 Columbia Turnpike Associates	Florham Park, NJ

C.W. Associates	Clark, NJ
Chestnut Ridge Associates	Woodcliff Lake, NJ
Roseland II Limited Partnership	Roseland, NJ
20 Commerce Drive Associates	Cranford, NJ
Century Plaza Associates	Paramus, NJ
D.B.C. Associates	Clifton, NJ
11 Commerce Drive Associates	Cranford, NJ
Cali Building V Associates	Cranford, NJ
6 Commerce Drive Associates	Cranford, NJ
Tenby Chase Apartments	Delran, NJ

</TABLE>

Prior to and simultaneous with the consummation of the Offering, the Company, the Operating Partnership and related entities and the Cali Group engaged in certain formation transactions summarized as follows:

- (i) The Cali Group contributed all their interests in the Initial Properties to the Operating Partnership in exchange for units in the Operating Partnership ("Units.") Certain non-continuing partners in certain of the Initial Properties received cash in exchange for their interests therein;
- (ii) Concurrently with the Offering, the Cali Group transferred from the property partnerships an aggregate of \$5,175 in exchange for 300,000 Units (the "Concurrent Placement");
- (iii) The Company contributed the net proceeds from the Offering to the Operating Partnership in exchange for the Units. The Operating Partnership used substantially all of such net proceeds, together with the net proceeds from the Mortgage Financing (Note 5), and the cash proceeds of the Concurrent Placement, described above, to repay certain indebtedness on the Initial Properties, to purchase certain land previously leased and to acquire the interests of certain non-continuing partners;
- (iv) The Operating Partnership acquired all of the non-voting preferred stock of, and a 99 percent economic interest in, Cali Services, Inc. ("CSI"), an entity formed to engage in third party property management services.

In 1994 and 1995, following the Company's initial public offering, the Company acquired 28 office and office/flex properties totaling 1,723,000 square feet for approximately \$157,000. The acquisition properties are all located in New Jersey and New York.

On March 20, 1996, the Company sold its office building located at 15 Essex Road in Paramus, New Jersey ("Essex Road") and concurrently acquired a 95,000 square foot office building at 103 Carnegie Center in Princeton, New Jersey. The concurrent transactions qualified as a tax free exchange, as the Company used substantially all of the proceeds from the sale of Essex Road to acquire the Princeton property. The financial statements for the three months ended March 31, 1996 include a gain of \$5,658 relating to this transaction.

In advance of the sale of Essex Road, on March 12, 1996, the Company prepaid \$5,492 of the Mortgage Financing (Note 5) and obtained a release of the mortgage liens on the property. On account of prepayment penalties, loan origination fees, legal fees and other costs incurred in the retirement of the debt, an extraordinary loss of \$475, net of minority interest's share of the loss (\$86), was recorded for the three months ended March 31, 1996.

On May 2, 1996, the Company acquired Rose Tree Corporate Center, a two-building suburban office complex totaling approximately 260,000 square feet located in Media, Pennsylvania. The complex was acquired for approximately \$28 million, which was drawn on one of the Company's credit facilities.

Basis of  
Presentation

The accompanying consolidated financial statements include all accounts of the Company and its majority owned subsidiaries which consist principally of the Operating Partnership. The Company's investment in CSI is accounted for under the equity method.

All significant intercompany accounts and

transactions have been eliminated.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Rental Property

Rental properties are stated at cost less accumulated depreciation. Costs include interest, property taxes, insurance and other project costs incurred during the period of construction. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments are capitalized and depreciated over their estimated useful lives. Fully depreciated assets are removed from the accounts. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Management does not believe that the value of any of its real estate properties are impaired.

### Deferred Financing Costs

Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs were \$261 and \$441 for the three months ended March 31, 1996 and 1995, respectively.

### Deferred Leasing Costs

Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease.

### Revenue Recognition

The Company recognizes base rental revenue on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Parking revenue includes income from parking spaces leased to tenants. Rental income on residential property under operating leases having terms generally of one year or less is recognized when earned.

### Cash and Cash Equivalents

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

### Income and Other Taxes

The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Code. As a REIT, the Company will not be subject to federal income tax to the extent it distributes at least 95 percent of its REIT taxable income to its shareholders. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a

REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The Company may be subject to certain state and local taxes.

Net Income  
Per Share

Net income per share is computed using the weighted average common shares outstanding during the period. The weighted average shares outstanding during the three months ended March 31, 1996 and 1995 were 15,146,089 and 10,473,333, respectively. The assumed exercise of outstanding stock options using the Treasury Stock method is not considered dilutive.

Dividends and  
Distributions  
Payable

The dividends and distributions payable at March 31, 1996 represents dividends payable to shareholders of record on April 3, 1996 (15,202,482 shares) and distributions payable to minority interest unitholders (2,699,002 Units) on that same date. The first quarter dividends and distributions of \$.425 per share and per Unit were approved by the Board of Directors on March 20, 1996 and were paid on April 19, 1996.

### 3. RESTRICTED CASH

Restricted cash includes security deposits for the residential property, and escrow and reserve funds for debt service, real estate taxes, property insurance, capital improvements, tenant improvements, and leasing costs established pursuant to certain mortgage financing arrangements and is comprised of the following:

<TABLE>  
<CAPTION>

	March 31, 1996	December 31, 1995
	-----	-----
<S>	<C>	<C>
Escrow and other reserve funds .....	\$4,130	\$2,901
Residential security deposits .....	323	328
	-----	-----
Total restricted cash .....	\$4,453	\$3,229
	=====	=====

</TABLE>

### 4. DEFERRED CHARGES AND OTHER ASSETS

<TABLE>  
<CAPTION>

	March 31, 1996	December 31, 1995
	-----	-----
<S>	<C>	<C>
Deferred leasing costs .....	\$ 12,704	\$ 13,498
Deferred financing costs .....	5,300	5,778
	-----	-----
Accumulated amortization .....	18,004	19,276
	(7,628)	(9,035)
	-----	-----
Deferred charges, net .....	10,376	10,241
Prepaid expenses and other assets .....	648	632
	-----	-----
Total deferred charges and other assets .....	\$ 11,024	\$ 10,873
	=====	=====

</TABLE>

### 5. MORTGAGES AND LOANS PAYABLE

<TABLE>  
<CAPTION>

	March 31, 1996	December 31, 1995
	-----	-----
<S>	<C>	<C>
Mortgage Financing [a] .....	\$ 64,508	\$ 70,000
Fair Lawn Property Loan [b] .....	18,733	18,764
Initial Credit Facility [c] .....	28,500	46,700
Additional Credit Facility [d] .....	26,000	--
	-----	-----
	\$137,741	\$135,464
	=====	=====

</TABLE>

[a] Concurrent with the Company's initial public offering, the Company's initial operating subsidiaries, which own the Initial Properties, issued five-year mortgage notes with an aggregate principal balance of \$144,500 secured and cross-



collateralized by the Initial Properties to an affiliate ("PSI") of Prudential Securities Inc. PSI then issued commercial mortgage pay-through bonds ("Bonds") collateralized by the mortgage notes. Bonds with an aggregate principal balance of \$70,000 were purchased by unrelated third parties. Bonds with an aggregate principal balance of \$74,500 were purchased by the Company. As a result, the Company's initial mortgage financing was \$70,000, (the "Mortgage Financing"). Approximately \$38,000 of the \$70,000 is guaranteed under certain conditions by certain partners of the partnerships which owned the Initial Properties. The Mortgage Financing requires monthly payments of interest only, with all principal and any accrued but unpaid interest due in August 1999. \$46,000 of the \$70,000 Mortgage Financing bears interest at a net cost to the Company equal to a fixed rate of 8.02 percent per annum and the remaining \$24,000 bears interest at a net cost to the Company equal to a floating rate of 100 basis points over 30-day London Inter Bank Offered Rate (LIBOR) with a lifetime interest rate cap of 11.6 percent.

In advance of the sale of Essex Road, on March 12, 1996, the Company prepaid \$5,492 (\$1,687-fixed rate, \$3,805-floating rate debt) of the Mortgage Financing, resulting in outstanding balances at March 31, 1996 of \$44,313 for the 8.02 percent fixed rate debt and \$20,195 for the floating rate debt.

[b] In connection with the acquisition of an office building in Fair Lawn, New Jersey on March 3, 1995, the Company assumed an \$18,764 non-recourse mortgage loan bearing interest at a fixed rate of 8.25 percent per annum. The loan requires payment of interest only through March 15, 1996 and payment of principal and interest thereafter, on a 20 year amortization schedule, with the remaining principal balance due October 1, 2003.

[c] The Company has a \$70,000 revolving credit facility ("Initial Credit Facility"), which may be used to fund acquisitions and new development projects and for general working capital purposes, including capital expenditures and tenant improvements. In connection with the Initial Mortgage Financing, the Company obtained a \$6,005 letter of credit, secured by the Initial Credit Facility, to meet certain tenant improvement and capital expenditure reserve requirements. The Initial Credit Facility currently bears interest at a floating rate equal to 150 basis points over LIBOR. The Initial Credit Facility is a recourse liability of the Operating Partnership and is secured by a pledge of the \$74,500 Bonds held by the Company. The Initial Credit Facility requires monthly payments of interest only, with outstanding advances and any accrued but unpaid interest due February 28, 1997 and is subject to renewal at the lender's sole discretion. The Initial Credit Facility also requires a fee equal to one quarter of one percent of the unused balance payable quarterly in arrears. Since March 31, 1996, the Company has repaid \$23,200 and drawn \$30,700 on the Initial Credit Facility.

[d] On February 1, 1996, the Company obtained an additional credit facility (the "Additional Credit Facility") secured by certain of its properties in the amount of \$75,000 from two participating banks. The Additional Credit Facility has a three- year term and bears interest at 150 basis points over 30-day LIBOR. The terms of the Additional Credit Facility include certain restrictions and covenants which limit, among other things, dividend payments and additional indebtedness and which require compliance with specified financial ratios and other financial measurements. The Additional Credit Facility also requires a fee equal to one quarter of one percent of the unused balance payable quarterly in arrears. Since March 31, 1996, the Company has drawn \$24,000 on the Additional Credit Facility.

#### Interest Rate Swap Agreements:

On May 24, 1995, the Company entered into an interest rate swap agreement

with a commercial bank. The swap agreement fixes the Company's one-month LIBOR base to a fixed 6.285 percent per annum on a notional amount of \$24,000 through August 1999.

On January 23, 1996, the Company entered into an interest rate swap agreement with one of the participating banks in its Additional Credit Facility. The swap agreement has a three-year term and a notional amount of \$26,000 which fixes the Company's one-month LIBOR base to 5.265 percent (with a 150 basis point spread, an interest rate of 6.765 percent) on its floating rate credit facilities.

The Company is exposed to credit loss in the event of non-performance by the other parties to the interest rate swap agreements. However, the Company does not anticipate non-performance by either counterparty.

6. MINORITY INTEREST

In conjunction with the Company's initial public offering, individuals contributing interests to the Operating Partnership had the right to elect either to receive common stock of the Company or Units. A Unit and a share of common stock of the Company have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the Operating Partnership. Minority interest in the accompanying consolidated financial statements relates to Units held by parties other than the Company.

Beginning one year after the closing of the Company's initial public stock offering (which occurred on August 31, 1994), certain Units are able to be redeemed by the unitholders on the basis of one Unit for either one share of common stock or cash equal to the fair market value of a share at the time of the redemption. When a Unit is redeemed for common stock, minority interest is reduced and the Company's investment in the Operating Partnership is increased. During the three months ended March 31, 1996, 91,614 Units were redeemed for common stock of the Company.

7. RELATED PARTY TRANSACTIONS

Certain employees of the Operating Partnership provide leasing services to the Properties and receive fees as compensation ranging from .667 percent to 2.667 percent of adjusted rents. For the three months ended March 31, 1996 and 1995, such fees, which are capitalized and amortized, approximated \$80 and \$132, respectively.

8. SIGNIFICANT TENANT

At March 31, 1996, Donaldson, Lufkin and Jenrette Securities Corporation ("DLJ") leased approximately 55 percent of the space in the 95 Christopher Columbus Drive, Jersey City property. Total rental income from DLJ, including escalations and recoveries, was \$2,424 and \$2,431 for the three months ended March 31, 1996 and 1995, respectively. At March 31, 1996 and December 31, 1995, respectively, unbilled rents receivable included \$12,351 and \$12,164 from DLJ.

On April 9, 1996, the Company signed a lease with DLJ for an additional 73,200 square feet of space at its Jersey City property. The 13-year lease is scheduled to commence on June 1, 1996, and will increase the tenant's occupancy in the building to approximately 66 percent.

9. STOCK OPTION PLAN

In 1994, the Company established the Cali Employee Stock Option Plan ("Employee Plan") and the Cali Director Stock Option Plan ("Directors Plan") under which a total of 1,330,188 (subject to adjustment) of the Company's shares of common stock have been reserved for issuance. Options granted under the Employee Plan generally become exercisable over a three to five year period, while options under the Directors Plan become exercisable in one year. All options were granted at not less than fair market value at dates of grant and have a term of ten years.

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

<TABLE>

<CAPTION>

Shares under option: -----	Cali Employee Stock Option Plan -----	Cali Director Stock Option Plan -----
<S> Granted on August 31, 1994 at \$17.25 per share	<C> 600,000	<C> 25,000
-----	-----	-----
Outstanding at December 31, 1994	600,000	25,000
Granted at \$17.25-\$19.875 per share	220,200	10,000
Less--		
Lapsed or canceled	(3,588)	--
-----	-----	-----
Outstanding at December 31, 1995	816,612	35,000
Granted at \$21.50 per share	361,750	--

Less--		
Lapsed or canceled	(4,447)	--
Exercised at \$17.25 per share	(1,143)	(5,000)
-----		
Outstanding at March 31, 1996	1,172,772	30,000
\$17.25-\$21.50 per share		
-----		
Exercisable at March 31, 1996	271,124	30,000
-----		
Available for grant at December 31, 1995	463,576	15,000
-----		
Available for grant at March 31, 1996	106,273	15,000
-----		

</TABLE>

#### 10. EMPLOYEE BENEFIT PLAN

All employees of the Company who meet certain minimum age and period of service requirements are eligible to participate in a Section 401(k) plan (the "Plan") as defined by the Internal Revenue Code. The Plan allows eligible employees to defer up to 15 percent of their annual compensation. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management's discretion, may match employee contributions. No employer contributions have been made to date.

#### 11. COMMITMENTS AND CONTINGENCIES

Pursuant to the terms of the Mortgage Financing, the Company is required to escrow \$143 per month for tenant improvements and leasing commissions and \$53 per month for capital improvements.

Pursuant to an agreement with the City of Jersey City, New Jersey expiring in 2009, the Company is required to make payments in lieu of property taxes ("PILOT") on its property in Jersey City. Such PILOT is determined based on the greater of 2 percent of the property cost, as defined, or \$1,131 per annum, through 1999 and 2.5 percent, or \$1,414 per annum, through 2004.

#### 12. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2009. Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs as defined and the pass through of charges for electrical usage.

#### 13. STOCKHOLDERS' EQUITY

To maintain its qualification as a REIT, not more than 50 percent in value of the outstanding shares of the Company may be owned, directly or indirectly, by five or fewer individuals (defined to include certain entities), applying certain constructive ownership rules. To help ensure that the Company will not fail this test, the Company's Articles of Incorporation provides for, among other things, certain restrictions on the transfer of the common stock to prevent further concentration of stock ownership. Moreover, to evidence compliance with these requirements, the Company must maintain records that disclose the actual ownership of its outstanding common stock and will demand written statements each year from the holders of record of designated percentages of its common stock requesting the disclosure of the beneficial owners of such common stock.

On March 7, 1995, the Board of Directors authorized the Company to purchase up to 100,000 shares of its outstanding common stock so that the total number of shares and Units may be reduced to approximately 13,300,000. On March 8, 1995, the Company purchased, for constructive retirement, 100,000 shares of its outstanding common stock for \$1,595. The excess of the purchase price over par value was recorded as a reduction to additional paid-in capital. Concurrent with this purchase, the Company sold to the Operating Partnership 100,000 Units for \$1,595.

On November 6, 1995, the Company completed a second public offering of 4,000,000 shares of its common stock at \$19.50 per share (the "Second Offering"). Net proceeds to the Company after the underwriting discounts and other offering costs were approximately \$72,512 which was used along with funds drawn on the Initial Credit Facility to acquire certain properties.

On November 17, 1995, pursuant to an over-allotment option granted to the underwriters of the Second Offering, the Company issued an additional 600,000 shares of its common stock at \$19.50 per share. Net proceeds to the Company after underwriting discounts totaled approximately \$11,082, which was used to repay an equal amount of indebtedness on the Initial Credit Facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements of Cali Realty Corporation and the notes thereto.

The following comparisons are for the three months ended March 31, 1996 ("1996,") as compared to the three months ended March 31, 1995 ("1995.") References are made to the "Pre-Acquisition Properties," which is comprised of all properties owned by the Company at December 31, 1994, as well as "Acquired Properties," which refers to all properties acquired by the Company since January 1, 1995.

Three Months Ended March 31, 1996 Compared to Three Months Ended  
March 31, 1995

Total revenues increased \$5.7 million, or 41.1 percent, for the three months ended March 31, 1996 over 1995. Base rents increased \$4.8 million, or 42.5 percent, of which \$5.2 million, or 46 percent, was attributable to the Acquired Properties, offset by a decrease of \$0.4 million, or 3.6 percent, primarily as a result of occupancy changes at the Pre-Acquisition Properties. Escalations and recoveries increased \$1.0 million, or 45.3 percent, substantially all of which was attributable to the Acquired Properties.

Total expenses for the three months ended March 31, 1996 increased \$3.5 million, or 35.1 percent, as compared to the same period in 1995. Interest expense increased by \$0.9 million, or 56.5 percent, primarily due to an increase in indebtedness resulting from drawings on the Company's credit facilities in connection with property acquisitions. Real estate taxes increased \$0.6 million, or 49.1 percent, for 1996 over 1995 due to the Acquired Properties. Additionally, operating services increased \$0.9 million, or 50.6 percent, and utilities increased \$0.5 million, or 38 percent. The aggregate increase in operating services and utilities of \$1.4 million, or 45.3 percent, consists of \$1.2 million, or 38.8 percent, attributable to the Acquired Properties, and \$0.2 million, or 6.5 percent, for the Pre-Acquisition Properties due primarily to a harsher winter in 1996. Depreciation and amortization increased \$0.5 million, or 16.3 percent, for 1996 over 1995, of which \$0.8 million relates to depreciation on the Acquired Properties, offset by decreases of \$0.1 million for depreciation on the Pre-Acquisition Properties and \$0.2 million for amortization of deferred financing costs.

Income before minority interest and extraordinary item increased to \$11.8 million in 1996 from \$3.9 million in 1995. The increase of \$7.9 million was due to the gain on sale of a rental property of \$5.7 million in 1996, as well as to the factors discussed above.

Net income increased \$6.4 million for the three months ended March 31, 1996 from \$3.1 million (net of minority interest of \$0.8 million) in 1995 to \$9.5 million (net of minority interest of \$1.8 million) in 1996, as a result of an increase in income before minority interest and extraordinary item of \$7.9 million partially offset by recognition in 1996 of a \$0.5 million (net of minority interest's share of \$0.1 million) extraordinary item - loss on early retirement of debt.  
Liquidity and Capital Resources

Statement of Cash Flows

During the three months ended March 31, 1996, the Company generated \$9.5 million in cash flow from operating activities, and, along with \$10.1 million of proceeds from the sale of a rental property, \$7.8 million in net borrowings on its credit facilities and \$0.1 million of proceeds from stock options exercised, used an aggregate \$27.5 million to (i) purchase a rental property for \$10.4 million, (ii) acquire tenant improvements and building improvements for \$2.0 million, (iii) pay quarterly dividends and distributions of \$7.6 million, (iv) prepay a portion of its mortgage notes in the amount of \$5.5 million, (v) increase the escrow cash balances relating to the Mortgage Financing by \$1.2 million, (vi) pay debt prepayment penalties and other related costs of \$0.3 million, and (vii) increase its cash and cash equivalents balance by \$0.5 million.

Capitalization

On November 6, 1995, the Company completed its Second Offering of 4,000,000 shares of common stock, \$.01 par value, at \$19.50 per share. The proceeds of the Second Offering, net of offering costs, were approximately \$72.5 million. The Company used these funds along with funds drawn on the Initial Credit Facility to acquire certain properties, as fully described in the Company's Form 10-K for the year ended December 31, 1995.

On November 17, 1995, pursuant to an over-allotment option granted to the underwriters of the Second Offering, the Company issued an additional

600,000 shares of its common stock, \$.01 par value, at \$19.50 per share. Net proceeds to the Company after underwriting discounts were approximately \$11.1 million which were used to repay an equal amount of indebtedness under the Initial Credit Facility.

On February 1, 1996, the Company obtained from two participating banks the \$75 million Additional Credit Facility. The Additional Credit Facility bears interest at a floating rate equal to 150 basis points over LIBOR. The Additional Credit Facility is also subject to certain financial covenants, including the ratio of earnings before interest, taxes, depreciation and amortization to debt service, minimum net worth and debt-to-market capitalization. In addition, the Additional Credit Facility restricts distributions by the Company in excess of 100 percent of Funds from Operations for three successive quarters, provided that the Company retains the right to make distributions necessary to maintain its status as a REIT. The Additional Credit Facility is secured by a first lien mortgage on certain of the Company's properties. Additional Credit Facility borrowings are recourse to the Operating Partnership and guaranteed by the Company.

On May 24, 1995, the Company entered into an interest rate swap agreement with a commercial bank. The swap agreement fixes the Company's one-month LIBOR base to a fixed 6.285 percent per annum on a notional amount of \$24,000 through August 1999.

In addition, on January 23, 1996, the Company entered into a second interest rate swap agreement with one of the participating banks in its Additional Credit Facility. This swap agreement has a three-year term and a notional amount of \$26,000 which fixes the Company's one-month LIBOR base at 5.265 percent on its floating rate credit facilities.

On March 20, 1996, the Company sold its office building located at 15 Essex Road in Paramus, New Jersey ("Essex Road") and concurrently acquired a 95,000 square foot office building at 103 Carnegie Center in Princeton, New Jersey. The concurrent transactions qualified as a tax free exchange, as the Company used substantially all of the proceeds from the sale of Essex Road to acquire the Princeton property. The financial statements for the three months ended March 31, 1996 include a gain of \$5,658 relating to this transaction.

On May 2, 1996, the Company acquired Rose Tree Corporate Center, a two-building suburban office complex totaling approximately 260,000 square feet, located in Media, Pennsylvania. The complex was acquired for approximately \$28 million which was drawn on the Initial Credit Facility.

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

The Company presently has no plans for major capital improvements to the existing properties, other than normal recurring expenditures. The Company expects to meet its short-term liquidity requirements generally through its working capital and net cash provided by operating activities along with the Initial Credit Facility and Additional Credit Facility. The Company expects to meet certain of its financing requirements through long-term borrowings and the issuance of debt securities or additional equity securities. In addition, the Company anticipates utilizing the Initial Credit Facility and Additional Credit Facility primarily to fund property acquisition activities.

The Company does not intend to reserve funds to retire the existing Mortgage Financing, indebtedness under the credit facilities or other mortgages and loans payable upon maturity. Instead, the Company will seek to refinance such debt at maturity or retire such debt through the issuance of additional equity securities. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distributions discussed below may be adversely affected.

To maintain its qualification as a real estate investment trust, the Company must make annual distributions to its stockholders of at least 95 percent of its REIT taxable income, excluding the dividends paid deduction and net capital gains. Moreover, the Company intends to make regular quarterly distributions to its stockholders which, based upon current policy, in the aggregate would equal approximately \$25.8 million on an annual basis. However, any such distribution, whether for federal income tax purposes or otherwise, would only be paid out of available cash after

meeting both operating requirements and scheduled debt service on mortgages and loans payable and required annual capital expenditure reserves pursuant to its mortgage indenture.  
 Funds From Operations

The Company considers Funds from Operations after adjustment for the straight-lining of rents one measure of REIT performance. Funds from Operations is defined as net income (loss) before minority interest of unitholders, computed in accordance with Generally Accepted Accounting Principles, excluding gains (or losses) from debt restructuring and sales of property, plus real estate-related depreciation and amortization. Funds from Operations should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity.

Funds from Operations for the three months ended March 31, 1996 and 1995, as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, are summarized in the following table (in thousands):

<TABLE>  
 <CAPTION>

	Three Months Ended:	
	March 31, 1996	March 31, 1995
	-----	-----
<S>	<C>	<C>
Income before minority interest, gain on sale of property and extraordinary item	\$ 6,128	\$ 3,925
Add: Real estate-related depreciation and amortization	3,020	2,370
	-----	-----
Funds from Operations .....	9,148	6,295
Deduct: Rental income adjustment for straight-lining of rents .....	(69)	(34)
	-----	-----
Funds from Operations after adjustments for straight-lining of rents .....	\$ 9,079	\$ 6,261
	=====	=====
Weighted average shares outstanding (1) .....	17,897	13,307
	=====	=====

</TABLE>

(1) Assumes redemption of all Units, calculated on a weighted average basis, for shares of common stock in the Company.

Inflation

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

CALI REALTY CORPORATION

Part II -- Other Information and Signatures

Item 6. Exhibits

The following exhibits are filed herewith:

- 10.35 Agreement of Sale and Purchase, dated February 28, 1996, between Adwin Realty Company and LBA Associates, collectively as Seller, and J. Brian O'Neill, or his Nominees or Assignees, as Buyer.
- 10.36 Purchase Agreement, dated March 11, 1996 between Keller Carnegie Associates, as Seller, and Century Plaza Associates, as Purchaser.
- 10.37 Agreement of Assignment of Real Estate Sale Agreement, dated April 26, 1996, between J. Brian O'Neill, as Contract Vendee, and Cal-Tree Realty Associates L.P., as Assignee.
- 10.38 Agreement of Assignment, dated May 1, 1996, between J. Brian O'Neill, as Assignor, and Bryemere L.P., as Assignee.
- 10.39 Amendment to Agreement of Assignment of Real Estate Agreement, dated May 2, 1996, between Bryemere L.P., as Assignor, and Cal-Tree Realty Associates L.P., as Assignee.

Signatures

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

Cali Realty Corporation

-----

(Registrant)

/s/ Barry Lefkowitz

-----

Barry Lefkowitz  
Chief Financial Officer  
(signing on behalf of the Registrant)

Date: May 14, 1996

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE (the "Agreement") is made as of this 28th day of February, 1996, by and between ADWIN REALTY COMPANY, a Pennsylvania corporation and LBA ASSOCIATES, a Pennsylvania general partnership, having an address at 300 Stevens Drive, Lester, PA 19113-1521 (collectively referred to herein as "Seller") and J. BRIAN O'NEILL, OR HIS NOMINEE(S) OR ASSIGNEE(S), having a business address c/o 443 South Gulph Road, King of Prussia, PA 19406 ("Buyer").

W I T N E S S E T H:

In consideration of the covenants and provisions contained herein, the parties agree as follows:

1. Agreement to Sell and Purchase. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, subject to all of the terms and conditions of this Agreement, certain property located at 1400 Providence Road, Media, Delaware County, Pennsylvania, consisting of the following:

(a) Real Property. That certain tract of land more fully described by metes and bounds on Exhibit "A" to this Agreement containing approximately thirteen (13) acres in area, identified on the Delaware County Tax Map as Folio Nos. 35-00-01465-00 and 35-00-00806- 00, together with all improvements thereon including, without limitation, the two (2) office buildings containing approximately 259,746 net leasable square feet in the aggregate, and all appurtenances thereto (including, without limitation, all easements, rights-of-way, water rights, mineral and timber rights, development rights, privileges, licenses, and other rights and benefits belonging to, running with the owner of, or in any way relating to the aforesaid tract of land and all trees, shrubbery and plants, and rights to growing crops); together with all rights, title and interest of Seller in and to any land lying in the bed of any street, opened or proposed, in front of or abutting or adjoining the aforesaid tract of land, and all right, title and interest of Seller in and to any unpaid award for the taking by eminent domain of any part of the aforesaid tract of land or for damage to such tract of land by reason of a change of grade of any street (collectively, the "Real Property").

(b) Personal Property. All fixtures, furniture, equipment, supplies, stock for completion of tenant improvements and other personal property attached or appurtenant to, or located in or on, or used in connection with the Real Property which are not owned by tenants of the Real Property, together with all intangible personal property used in the ownership, operation or maintenance of the Real Property including, without limitation, the items set forth on Exhibit "B" to this Agreement (collectively, the "Personal Property"), but excluding the items set forth on Exhibit "C" of this Agreement (collectively, the "Excluded Items of Personal Property").

(c) Property. The Real Property and the Personal Property are sometime collectively referred to as the "Property".

2. Purchase Price.

(a) Amount and Method of Payment. The purchase price for the Property (the "Purchase Price"), subject to adjustments as provided in this Agreement, shall be Twenty-Two Million Five Hundred Thousand Dollars (\$22,500,000.00), and shall be paid as follows:

(i) One Hundred Fifty Thousand Dollars (\$150,000.00) (the "Deposit") is being paid upon execution of this Agreement by Buyer's plain check drawn to the order of the Title Company selected by Buyer (the "Escrow Agent"). Seller acknowledges the delivery by Buyer to the Escrow Agent of Buyer's check for the Deposit. As used in this Agreement, the term "Deposit" shall refer to any sums then paid by Buyer to Escrow Agent on account of the Purchase Price. The Deposit shall be held by the Escrow Agent in one (1) or more federally-insured interest bearing accounts acceptable to both Seller and Buyer, or in short-term United States Government obligations having a maturity date which is not later than the Closing Date (as hereinafter defined). The taxpayer identification number for Adwin Realty Company is 23-1706179 and the taxpayer identification number for LBA Associates is 23-2534044; Buyer's social security number is ###-##-####.

(ii) The balance of the Purchase Price shall be paid at the Closing (as hereinafter defined) by wire transfer of immediately available funds as directed by Seller.

3. Disposition of Deposit; Defaults.

(a) Held in Escrow. The Deposit shall be held in escrow and disbursed by the Escrow Agent strictly in accordance with the terms of this Agreement.

(b) Upon Default.



(i) If Buyer, without the right to do so and in default of its obligations under this Agreement, fails to complete the Closing, Seller shall have the right to be paid the Deposit and all interest earned on the Deposit as liquidated damages. The right of Seller to be paid the Deposit plus interest thereon shall be Seller's exclusive and sole remedy, and Seller hereby waives any right to recover the balance of the Purchase Price, or any part thereof, and the right to pursue any other remedy permitted by law or in equity against Buyer. Notwithstanding anything to the contrary contained in this Paragraph 3(b), the Escrow Agent shall not pay the Deposit to Seller under this Paragraph 3(b) until the earlier of (A) receipt by the Escrow Agent of written joint instructions from Seller and Buyer, or (b) entry of a final and unappealable adjudication determining which party is entitled to receive all or part of the Deposit.

(ii) If Seller, without the right to do so and in default of its obligations under this Agreement, fails to complete the Closing or otherwise defaults under or breaches this Agreement, Buyer, as its sole remedies, shall have the right to be paid the Deposit and all interest earned on the Deposit together with the amount of all charges incurred by Buyer for searching title, the cost of any plans, surveys and environmental studies ordered by Buyer and all other reasonable fees costs and expenses incurred by Buyer in connection with the Property and Buyer's intended acquisition thereof in the maximum amount of Fifty Thousand Dollars (\$50,000.00) (the "Reimburseable Costs"), together with the right to specific performance and injunctive relief. Upon payment to Buyer of the Reimburseable Costs, Buyer shall provide a copy of such plans, surveys and reports to Seller (and to the extent assignable, provide an assignment of same).

(c) Upon Closing or Termination by Buyer. If the Closing is completed hereunder, the Escrow Agent shall pay the Deposit to Seller and all interest earned on the Deposit to Buyer. If Buyer terminates this Agreement as a result of Seller's default or pursuant to the exercise of any right of termination permitted by this Agreement, upon the earlier to occur of: (i) receipt by Escrow Agent of written joint instructions from Seller and Buyer or (ii) entry of a final and unappealable adjudication determining which party is entitled to receive the Deposit and interest thereto, as applicable, the Deposit and all interest thereon shall be distributed in accordance with such written instructions or adjudication.

(d) Dispute. In the event of a dispute between the parties with respect to the Deposit, the Escrow Agent may deposit the Deposit with a court of competent jurisdiction and commence an interpleader action. Upon notifying Seller and Buyer of the commencement of such action, the Escrow Agent shall be released of all liability with respect to the Deposit, except to the extent of accounting for any monies previously delivered by the Escrow Agent out of escrow. Escrow Agent shall not be liable to either Seller or Buyer other than for the performance of its duties under this Agreement, its negligence or intentional wrongdoing. The Escrow Agent may rely upon the genuineness or authenticity of any document tendered to it by either of the parties, and shall be under no duty of independent inquiry with respect to any acts or circumstances recited in such documents. Seller and Buyer shall indemnify, defend and hold harmless the Escrow Agent from and against all costs, claims or liabilities arising from the performance by the Escrow Agent of its obligations under this Agreement, other than for its failure to comply herewith, negligence or intentional wrongdoing.

(e) Counsel as Escrow Agent. If the Escrow Agent is counsel for Seller or Buyer, such counsel shall not be disqualified or prohibited from representing its client in connection with any matter arising out of this Agreement by reason of its capacity as the Escrow Agent.

#### 4. Closing.

(a) Place of Closing. The closing and settlement of this transaction (the "Closing") shall take place at the offices of Adelman Iavine Gold and Levin, a Professional Corporation, 1900 Two Penn Center Plaza, Philadelphia, PA 19102-1799.

(b) Closing Date. The Closing shall commence on or before the date which is sixty (60) days after the expiration of the Inspection Period (as defined herein) (the "Closing Date"). On or before the initial Closing Date, Buyer shall have the right to extend the initial Closing Date for an additional forty-five (45) days by written notice to Seller, provided such notice is accompanied by Buyer's plain check drawn to the order of the Escrow Agent in the amount of Fifty-Thousand Dollars (\$50,000.00), which amount shall be held by the Escrow Agent on account of the Purchase Price and included in the total Deposit tendered by Buyer under this Agreement.

#### 5. Condition of Title.

(a) Title to Real Property. Title to the Real Property shall be good and marketable and free and clear of all liens, restrictions, easements, encumbrances, leases, tenancies and other title objections, except for the Permitted Encumbrances (as hereinafter defined), and shall be insurable as such and as provided in this Agreement at ordinary rates by any reputable title

insurance company selected by Buyer (the "Title Company") pursuant to an ALTA Owner's Policy of Title Insurance, 1992 Form B, amended October 17, 1992 (the "Owner's Policy of Title Insurance"). The term "Permitted Encumbrances" shall mean the Tenant Leases (as hereinafter defined) and the items set forth on Exhibit "D" to this Agreement. The Owner's Policy of Title Insurance shall also contain endorsements insuring that (i) the covenants, conditions and restrictions included in the Permitted Encumbrances have not been violated and that a future violation thereof will not cause a forfeiture or reversion of title; (ii) Buyer's contemplated use of the Real Property as office building(s) will not violate the covenants, conditions and restrictions included in the Permitted Encumbrances; (iii) if the Real Property consists of multiple parcels, all such parcels constitute a single, contiguous tract; (iv) the Real Property has direct access to Providence Road, and Kirk Lane, publicly dedicated roads; and (v) the existing use of the Real Property complies with all applicable zoning ordinances and regulations as may affect the Real Property. The premium for the Owner's Policy of Title Insurance and such endorsements will be paid by Buyer.

(b) Title to Personal Property. Title to the Personal Property shall be good and marketable and free and clear of all liens, security interests and other encumbrances. Seller shall pay at or before the Closing all sums required to free the Personal Property of any interest of any party not otherwise permitted under this Agreement and shall cause to be filed at or before the Closing any termination statement, release, discharge or other document required to remove of record any encumbrance upon the Personal Property held by any party.

(c) Commitment to Insure. Buyer hereby acknowledges and agrees that Buyer will order a commitment to insure with respect to the Real Property from the Title Company, such commitment to certify that fee simple title to the Real Property is vested in Seller, and to commit to insure title to the Real Property as required by Paragraph 5(a) hereof. If the commitment to insure discloses that title to the Real Property is subject to any defect, encumbrance or other title objection other than the Permitted Encumbrances, or if Buyer is unable to obtain such commitment to insure, Buyer shall have the right to give to Seller written notice specifying such defect, encumbrance or other title objection, or inability to obtain such commitment to insure, and Seller shall use reasonable efforts to correct such defect, encumbrance or other title objection (including the payment and satisfaction of monetary liens) and obtain the commitment to insure from a reputable title insurance company acceptable to Buyer, all by the date which is the later of (i) the Closing Date, or (ii) thirty (30) days following Buyer's notice specifying the defect.

(d) Inability to Convey. If Seller is unable to convey title to the Real Property to Buyer at Closing in accordance with the requirements of this Agreement, or if a commitment to insure in accordance with the requirements of this Agreement cannot be obtained from the Title Company or other reputable title insurance company acceptable to Buyer, Buyer shall have the options (i) of taking such title as Seller is able to convey with abatement of the Purchase Price in the amount (fixed or ascertainable) of any liens on the Real Property, (ii) of terminating Buyer's obligations under this Agreement and being repaid the Deposit and all interest earned thereon, this Agreement shall be null and void and neither party shall have any obligations hereunder.

## 6. Possession.

(a) Delivery of Possession. Actual, sole and exclusive physical possession of the Property shall be given to Buyer at Closing unoccupied and free of any leases, claims to or rights of possession, other than the rights of tenants under the Tenant Leases, by delivery of the keys to the Property and Seller's special warranty deed, duly executed and acknowledged by Seller and in proper form for recording (the "Deed"), and Seller's bill of sale in the form of Exhibit "E" to this Agreement duly executed and acknowledged by Seller and in proper form for recording (the "Bill of Sale"). If Buyer causes a survey of the Real Property to be made, then at Buyer's option the description of the Real Property contained in the Deed shall be based upon that survey. It is intended by the parties that the Real Property includes all of the land and real property interest owned by Seller in the vicinity of the lot or tract of ground described on Exhibit "A" to this Agreement. If it is determined that Seller owns land or other real property interest adjacent to and in addition to, that described on Exhibit "A" to this Agreement, then the Deed shall include such additional land or interests. The proposed Deed shall be prepared by Seller at Seller's expense and shall be submitted to Buyer for the Buyer's approval not less than ten (10) days before the Closing Date.

(b) Delivery of Separate Deeds. If the Real Property consists of multiple parcels at the Closing, or if Buyer desires to create separate parcels or air rights estates in and to the Real Property, Seller shall so convey by the delivery of separate deeds for each parcel, and in such event the term "Deed" as used in this Agreement shall mean all of the deeds delivered by Seller to Buyer with respect to the Real Property, collectively.

## 7. Apportionments.

(a) (i) Taxes, Rents, etc. Real estate taxes (on the basis of

the actual fiscal years for which such taxes are assessed) on the Real Property, personal property taxes on the Personal Property, minimum water and sewer rentals, rents including, without limitation, expense pass through, percentage rents and other sums paid by tenants, licensees and concessionaires and collected by Seller under the Tenant Leases prior to the Closing, payments due under the Service Agreements (as hereinafter defined) which are to be assigned to Buyer hereunder, prepaid liens fees and other charges for licenses and permits for the Real Property which will remain in effect for Buyer's benefit after the Closing and which are listed on Exhibit "F" to this Agreement including, municipal rubbish removal charges, (if any), shall be apportioned pro rata between Seller and Buyer on a per diem basis as of the Closing Date.

(ii) The Purchase Price has not been increased by reason of any accounts receivable held by Seller at Closing. Therefore, any payment received by Buyer after the Closing Date from a tenant under any of the Tenant Leases on account of minimum fixed rent which is applicable to periods of time prior to the Closing Date and any other payments received by Buyer after the Closing Date from a tenant under any of the Tenant Leases on account of charges to such tenant for utilities or services consumed by or rendered to such tenant prior to the Closing Date shall be apportioned by Buyer upon receipt, and the portion thereof attributable to minimum fixed rent or expenses applicable to periods of time prior to the Closing Date shall promptly be paid by Buyer to Seller as an adjustment to the Purchase Price and shall be accompanied by an accounting of such payment in reasonable detail. Any payment received by Seller after the Closing Date from a tenant under any of the Tenant Leases on account of fixed minimum rent which is applicable to periods of time subsequent to the Closing Date and any other payments received by Seller after the Closing Date and any other payments received by Seller after the Closing Date and any other payments received by Seller after the Closing Date from a tenant under any of the Tenant Leases for utilities or services consumed by or rendered to such tenant after the Closing Date shall be apportioned by Seller upon receipt, and the portion thereof attributable to fixed minimum rent or expenses applicable to periods of time subsequent to the Closing Date shall promptly be paid by Seller to Buyer. If, at Closing, any tenants are in arrears in the payment of minimum fixed rent or utility charges which were payable prior to the Closing Date, all payments by such tenants after Closing received by Buyer shall be deemed as being applicable, first as against current amounts then due to Buyer, if any, and then as against such arrearages. In the event that any of the tenants under the Tenant Leases are in monetary default of their obligations to Seller under their respective Tenant Lease as of the Closing Date, and if requested by Seller to do so Buyer shall promptly and diligently endeavor to collect any such amounts after the Closing for the benefit of Seller, and shall remit any amounts so collected to Seller promptly upon receipt thereof. Seller agrees to give Buyer ten (10) days prior written notice before seeking collection or instituting legal proceedings against any tenant for the collection of rent or charges due Seller. This Paragraph 7(a)(ii) shall survive Closing.

(iii) If the apportionment of any "escalation" payment relating to operating expenses, or other payments received by Seller prior to the Closing Date from a tenant under any of the Tenant Leases on account of periods prior to the Closing Date or on account of sums which are attributable to expenses incurred by the landlord for periods of time prior to the Closing Date, cannot be precisely determined at the Closing, Seller and Buyer shall reasonably estimate the apportionment of such sums pro rata between Buyer and Seller on a per diem basis as of the Closing Date. A post-closing adjustment shall be made, if necessary, between Buyer and Seller for such apportioned items within thirty (30) days after the sums can be precisely determined. This Paragraph 7(a)(iii) shall survive Closing.

(iv) If bills for real estate taxes on the Real Property have not been issued as of the Closing Date, and if the amount of real estate taxes of the then current tax fiscal year is not then known, the apportionment of real estate taxes shall be made at the Closing on the basis of the prior year's real estate taxes.

(v) If, at the Closing, the Real Property or any part thereof is affected by an assessment which is payable in installments of which the first installment is then a charge or lien, or has been paid prior to February 2, 1996, then all unpaid installments of such assessments, including those which are to become due and payable after the Closing, shall be deemed to be due and payable and to be a lien upon the Real Property and shall be paid and discharged by Seller at the Closing.

(vi) Any credit due to Buyer pursuant to this Paragraph 7(a) shall be applied as a credit against that portion of the Purchase Price payable at the Closing; and any credit due to Seller pursuant to this Paragraph 7(a) shall be paid by Buyer to Seller at the Closing as an addition to the Purchase Price.

(b) Security Deposits. The total sum of all tenant security deposits listed on Exhibit "G", as updated at the Closing pursuant to Paragraph 15(a)(xi), together with all interest earned thereon, if any, as of the Closing Date which Seller is obligated to pay to tenants, shall be given to Buyer at the Closing as a credit against that portion of the Purchase Price payable at the Closing.

(c) Utility Meter Readings. Seller shall obtain readings of the water, electric, gas and other utility meters servicing the Real Property (other than meters measuring exclusively utility consumption which is to be paid in full by tenants under Tenant Leases) to a date no sooner than the Closing Date. If Seller is unable to obtain readings of any meters prior to the Closing Date, the Closing shall be completed without such readings and, upon obtaining said readings, Seller shall pay the charges incurred prior to the Closing Date as reasonably determined by Buyer based upon such readings.

(d) Transfer and Sales Taxes. Seller and Buyer shall each pay at the Closing one-half (1/2) of all realty transfer, recordation and documentary fees, stamps and taxes imposed on the Deed, conveyance of the Real Property or the transactions contemplated by this Agreement.

(e) Adjustments to Purchase Price for Certain Expenditures. At Closing, Buyer shall reimburse Seller for commissions paid by Seller to any party (a "Lease Broker") and costs for tenant improvements with respect to or on account of any new Leases entered into by Seller on or before February 2, 1996 or renewals or extensions of Tenant Leases, the terms of which Buyer has approved pursuant to the provisions of Paragraph 10 hereof.

8. Representations and Warranties of Seller. Seller, to induce Buyer to enter into this Agreement and to complete the Closing, makes the following representations and warranties to Buyer, 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 Date 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 Date.

AS TO THE TENANT LEASES:

(a) Exhibit "G" to this Agreement is a complete and correct list of all of the leases, tenancies, licenses and other agreements for the use or occupancy of any portion of the Property in effect on the date of this Agreement (the "Tenant Leases")

(b) Each of the Tenant Leases is valid and subsisting and in full force and effect and, except as otherwise set forth on Exhibit "G", the tenant thereunder is in actual possession of that portion of the Property Leased pursuant to such Tenant Lease and occupied in accordance with a properly issued certificate of occupancy and, except as otherwise set forth on Exhibit "G", neither the tenant nor the landlord is in default under the Tenant Lease.

(c) The copies of the Tenant Leases previously delivered by Seller to Buyer are true and complete copies of such Tenant Lease and the same have not been further amended, modified or supplemented; and no tenant thereunder has any right to extend or renew the term thereof except as expressly set forth in its Tenant Lease.

(d) Except as set forth on Exhibit "G", no tenant has asserted any claim of which Seller has notice which could adversely affect the right of the landlord to collect rent from such tenant and no notice of default or breach on the part of the landlord under any of the Tenant Leases has been received by Seller from any tenant which has not been cured.

(e) To the best of Seller's knowledge, All painting, repairs, alterations, improvements and other work required to be performed by the landlord under the terms of each of the Tenant Leases and all of the other obligations of the landlord required to be performed thereunder through and including February 2, 1996 have been fully performed and paid for in full by Seller.

(f) The rents and other payments set forth on Exhibit "G" are the actual rents, income and charges presently being collected by Seller under the Tenant Leases, all minimum rent is payable monthly in advance.

(g) Except as set forth on Exhibit "G", no tenant under any of the Tenant Leases is entitled to any concession, allowance, rebate or refund.

(h) No tenant under any of the Tenant Leases has prepaid any rent or other charges for more than the current month.

(i) To the extent any of the Tenant Leases and any of the rents or other amounts payable under the Tenant Leases has been assigned, pledged or encumbered as collateral security, such assignment will be terminated at the Closing, whereupon the Tenant Leases may be assigned by Seller free and clear of all liens, claims and encumbrances.

(j) No security deposits have been paid by tenants under the Tenant Leases which have not previously been returned to the tenants, except as listed on Exhibit "G".

(k) No brokerage or leasing commissions or other compensation is or will be due or payable to any Lease Broker with respect to or on account

of any of the Tenant Leases or any extensions or renewals thereof which occurred on or before February 2, 1996, except as expressly set forth on Exhibit "G"; and Seller will pay in full, at or before the Closing, all sums now or hereafter due to any Lease Broker on account of any of the Tenant Leases or any extensions or renewals thereof or any other actions by the tenants thereunder and shall deliver to Buyer at the Closing written releases in form satisfactory to Buyer of all claims and other rights by all such Lease Brokers. Buyer agrees to pay all commissions for renewals due and payable on or after February 2, 1996.

(l) No tenant under any of the Tenant Leases has any right or option to acquire the Property or any portion thereof, except as listed on Exhibit "G", and there are no outstanding agreements with any other party granting any right or creating any obligation to acquire the Property or any portion thereof or any interest therein.

(m) Except as set forth in Tenant Leases approved by Buyer in accordance with Paragraph 10 hereof, Seller has no obligation to pay rent or satisfy any other obligation of any tenant under any Tenant Lease for space in any other building, or to purchase any tenant's leasehold estate in any other building or to contribute to any tenant for unfinished tenant leasehold improvements other than those listed on Exhibit "G"; and, to the extent such obligations may exist, Seller will discharge and pay in full, at or prior to the Closing, all such obligations and deliver to Buyer at the Closing a written release in form satisfactory to Buyer of all claims and other rights by the party to whom Seller is so obligated in connection with such obligations.

AS TO THE PROPERTY:

(n) Seller has not received any notice (a "Defect Notice") from the holder of any mortgage presently encumbering the Property (the "Existing Mortgage"), any insurance company which has issued a policy with respect to the Property or from any board of fire underwriters (or other body exercising similar functions) claiming any defects or deficiencies in the Property or suggesting or requesting the performance of any repairs, alterations or other work to the Property, or any portion thereof.

(o) There are no management, service, equipment, supply, security, maintenance, construction, concession or other agreements with respect to or affecting the Property, or any portion thereof, except for the agreements listed on Exhibit "H" to this Agreement (collectively, the "Service Agreements"); neither Seller nor the other party to any of the Service Agreements is in default thereunder and no event or omission has occurred which with the giving of notice or lapse of time, or both, would constitute a default or breach under any of the Service Agreements; each of the Service Agreements designated on Exhibit "H" to be assigned to Buyer at the Closing is assignable by Seller and will not be invalidated, violated or otherwise adversely affected by the assignment thereof or by the transfer of the Property to Buyer; the copies of the Service Agreements previously delivered by Seller to Buyer are true and complete copies of the Service Agreements and same have not been further amended, modified or supplemented; and each of the Service Agreements designated on Exhibit "H" to be terminated shall be terminated by Seller at or prior to the Closing and all sums due thereunder paid in full by Seller.

(p) To the best of Seller's knowledge, all buildings and improvements (including all roads, parking areas, curbs, sidewalks, sewers and other utilities) included within the Property have been completed and installed in accordance with the plans and specifications therefor approved by the governmental authorities having jurisdiction of the Property;

(q) To the best of Seller's knowledge, all permanent certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals required by all governmental authorities having jurisdiction of the Property and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions) have been issued for the Property (and all individual items constituting the Property), have been paid for, are in full force and effect, are assignable by Seller, and will not be invalidated, violated or otherwise adversely affected by the assignment thereof or by the transfer of the Property to Buyer.

(r) The current zoning classification of the Real Property under the applicable zoning code is "SU-3, Office District", and Seller has received no notice of any violations of any zoning, subdivision, building or similar law, ordinance, order, regulation or recorded plat or any certificate of occupancy issued for the Property.

(s) Seller has received no notice of any violation (a "Violation") of any applicable law, ordinance, code, rule, order, regulation requirements of any governmental authority (except for compliance with, the Americans With Disabilities Act, Pub. L. 101-336, July 26, 1990, 104 Stat. 327 and Pub. L. 102-166, Title I, Section 109 (a), (b) (2), Title III, Section 315, November 21, 1991, 105 Stat. 1077, 1095 (the "ADA" which non-compliance Seller has disclosed to Buyer), the requirements of any local board of fire underwriters (or other body exercising similar functions), or the provisions of the Tenant Leases or Service Agreements; and there are not presently outstanding and uncured notices of any Violations.

(t) Exhibit "I" to this Agreement sets forth the only fire and extended coverage insurance policies maintained by Seller with respect to the Property ("Policy"); the Policy is in full force and effect and all premiums due thereunder have been paid; and Seller has not received any notice from the insurance companies which issued the Policy, indicating that the Policy will not be renewed or will be renewed at a higher premium than is presently payable therefor.

(u) There is no action, suit or proceeding pending or, to the knowledge of Seller, threatened against or affecting Seller or the Property or any portion thereof or any of the Tenant Leases or Service Agreements or relating to or arising out of the ownership, management or operation of the Property in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality.

(v) All taxes currently due and payable with respect to the Real Property have been paid; the Real Property constitutes separate tax parcels and are separately assessed for real estate tax purposes; there is no proceeding pending for the adjustment of the assessed valuation of all or any portion of the Real Property; the Real Property has been assessed and real estate taxes have been paid on the basis of the value of all improvements as completed; there is no abatement in effect with respect to all or any portion of the real estate taxes, the real estate tax bills previously delivered by Seller to Buyer are true and complete copies of all bills for taxes levied against or on account of the Property of any rent or income from the Property since January 1, 1993.

(w) To the best of Seller's knowledge, no portion of the Real Property is located within an area designated as a flood hazard area or an area which will require the purchase of flood insurance for the obtaining of any federally insured or federally related loan; no portion of the Real Property is located in any area constituting a "wetland" or "other water of the United States" or "waters of the United States" or "waters of the Commonwealth of Pennsylvania" (as defined in Paragraph 11(a)(v) hereof), or in a "coastal zone" as defined under federal, state or local law; and no portion of the Real Property is located in any conservation or historic district.

(x) Seller has not received any notice of any condemnation proceeding or other proceedings in the nature of eminent domain in connection with the Property (a "Taking"), and, to Seller's knowledge, no Taking has been threatened.

(y) All contractors, subcontractors and other persons or entities furnishing work, labor, materials or supplies for the development and construction of the Property have been paid in full and there are no claims against the Seller or the Property in connection therewith.

(z) All of the books, records, information, data and other items supplied by Seller to Buyer, and upon which Seller prepared financial statements for the past three (3) years for the operation of the Property, are all true, complete and correct in all material respects, have been prepared in accordance with generally accepted accounting practices and principles, and fairly and accurately present the results of operations of the Property for the past three (3) years.

(aa) The statement of income and expense attached as Exhibit "J" to this Agreement is true, complete and correct, fairly and accurately reflects the income and expenses of the operation of the Property for the periods reflected thereby, and has been audited and certified to by an independent certified public accountant or was prepared in accordance with generally accepted accounting practices and principles.

(bb) To the best of Seller's knowledge, the copies of the documents constituting the easements, rights-of-way, restrictions and agreements of record specified on Exhibit "D" to this Agreement previously exhibited by Seller to Buyer (the "Recorded Agreements") are true and complete copies thereof, and same have not been further amended, modified or supplemented; and no default or breach exists under the Recorded Agreements, and no event or omission has occurred which, with the giving of notice or lapse of time or both, would constitute a default or breach under the Recorded Agreements.

(cc) No portion of the Real Property is the subject of any abatement, reduction, deferral or "rollback" with regard to real estate taxes nor any agreement or arrangement whereby the Real Property may be subject to the imposition of real property taxes after the Closing Date on account of periods of time prior to the Closing Date; the Real Property has not, prior to the date of this Agreement, and will not, prior to the Closing Date, be subject to a covenant with the County of Delaware or any other governmental agency pursuant to the Act of January 13, 1965 P.L. 1292, as amended, 16 P.S. Section 11941 et seq. ("Act 515") or the Pennsylvania Farmland and Forest Land Assessment Act of 1974, as amended, 72, P.S. Section 5490.1 et seq. ("Act 319"), or any similar law; and in the event of a breach by Seller of the representation and warranty set forth in this Paragraph 8(ee), then, in addition to all other rights and remedies provided to Buyer at law or pursuant to the terms of this Agreement,

and notwithstanding any other provision set forth in this Agreement, Seller shall be solely responsible for any and all accrued taxes, interest and penalty imposed upon the Real Property from the commencement of any covenant under Act 515 or Act 319 or other agreement or arrangement up to and including the Closing Date, which taxes, interest and penalties shall be satisfied at the Closing.

(dd) To the best of Seller's knowledge, all fire safety systems at or serving the Property are identified as "K" to this Agreement and are in good condition, repair and working order.

(ee) The execution and delivery of this Agreement and the performance by Seller of its obligations hereunder have been duly authorized by all requisite corporate action, and will not conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Incorporation or Bylaws of Seller, and will not conflict with or result in a breach of any law, regulation or order, or any agreement or instrument to which Seller is a party or by which Seller is bound or the Property is subject; and this Agreement and the documents to be delivered by Seller pursuant to this Agreement will each constitute the legal, valid and binding obligations of Seller, 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 Seller of this Agreement and the documents to be delivered pursuant hereto.

#### 9. Survival of Representations, Warranties and Obligations.

(a) Surviving Representations and Warranties. The representations and warranties of Seller set forth in Paragraph 8 of this Agreement shall remain in effect for a period of one (1) year following the Closing Date and thereafter if Buyer shall have given to Seller notice of a breach thereof within one (1) year period. For the purposes of the representations and warranties contained in this Agreement, the receipt by, notice to or knowledge of Seller's managing agent at the Property, if any, shall be attributed to Seller.

10. Operations Prior to Closing. Between the date of the execution of this Agreement and Closing:

(a) Repairs; Alterations. Seller shall, at its expense, make all repairs and replacements, structural and nonstructural, which are required with respect to any portion of the Property to maintain it in its present condition, which in all instances shall be in accordance with all applicable federal, state and local laws, and in accordance with sound business practices, except only damage by a Casualty (which term is defined in, and shall be governed by, the provisions of Paragraph 12 below) and reasonable wear and tear. Seller will not in any manner alter the condition of the Property, including, without limitation, the removal therefrom of soil or other ground conditions or the making of any changes or alterations to the buildings and improvements thereon.

(b) Operations and Management. Seller shall operate and manage the Property in the same manner as it has been operated and managed prior to the date of this Agreement and in accordance with applicable law. Seller shall submit to Buyer monthly reports of rental collections, occupancy and vacancies.

(c) Compliance with Obligations. Seller shall comply with all of the obligations of Seller under the Tenant Leases, the Service Agreements and all other agreements and contractual arrangements by which Seller and/or the Property are bound or affected. Seller shall maintain the Policy in full force and effect and shall pay all required premiums and other charges. If Seller fails to make any payments required under the provisions of this Paragraph 10(c), Buyer may, at or prior to the Closing Date, in addition to all of its other rights and remedies available at law, in equity or under this Agreement, make such payment on behalf of Seller and set off and deduct the amount of such payment against the Purchase Price.

(d) New Contracts; New Leases.

(i) Seller shall not enter into any contract for or on behalf of or affecting the Property, unless such contract can be terminated upon at least thirty (30) days prior notice or without charge, cost, penalty or premium, and shall not renew, fail to give a notice which, in the absence of which, will result in an automatic renewal of, modify, cancel or terminate any Service Agreement, and shall not renew, fail to give a notice which, in the absence of which, will result in an automatic renewal of, modify, cancel, accept surrender of, terminate, or accept any advance rental under any of the Tenant Leases. Seller shall not execute any new service agreement or new lease for any portion of the Property without the prior written consent of Buyer which consent shall not be unreasonably withheld or delayed.

(ii) (A) Notwithstanding the provisions of Paragraph 10(d)(i) above, Seller may enter into new leases prior to the Closing Date for portions of the Real Property which are or may become vacant or may renew any of the Tenant Leases which expire prior to the Closing Date, subject to the prior approval of Buyer to the terms thereof, which approval shall not be unreasonably

withheld or delayed.

(B) Seller shall use reasonable efforts to obtain tenant leases with respect to any portion of the Real Property which are or may become vacant prior to the Closing Date, and to obtain renewals of any of the Tenant Leases which expire prior to the Closing Date.

(C) All unrented spare units in the Property which have been vacated by tenants and not reoccupied prior to the Closing or which have never been occupied shall be delivered at the Closing free of all personal property not conveyed to Buyer under this Agreement.

(D) Seller will not apply any security deposit paid under any of the Tenant Leases to the payment of rent or on account of any default by the tenant unless shown on rent roll and occurring prior to February 2, 1996

(e) Buyer's Access.

(i) Buyer, its attorneys, accountants, architects, engineers and other representatives shall be afforded access to the Property and to all books, records and files relating to the operation thereof, including, without limitation, any and all studies and/or reports conducted by or for Seller with respect to the condition of any and all mechanical systems located on or within the Property (including those relating to the heating, ventilation and air conditioning system(s)), from time to time prior to the Closing for the purposes of inspections, preparation of plans, taking of measurements, making of surveys, making of appraisals and generally for the ascertainment of the condition of the Property; and there shall be furnished to Buyer all documentation concerning the Property in the possession of Seller and/or Seller's management agent for the Property which Buyer, its attorneys, accountants, architects, engineers and other representatives shall reasonably request. All of the foregoing information and materials shall be maintained in the strictest of confidence by Buyer and Buyer's attorneys, accountants, architects, engineers and other representatives and shall be promptly returned to Seller upon any termination of this Agreement. Buyer shall cause all of Buyer's representatives as aforesaid to comply with all of the foregoing requirements.

(ii) Any entry upon the Real Property by Buyer or its representatives shall be at their sole risk and shall occur at reasonable times and in a manner which does not unreasonably interfere with the use and occupancy of the Real Property by any of the tenants. In the event that Buyer or any of its representatives conduct any tests upon any Real Property, upon completion of such tests Buyer shall promptly and fully restore the Real Property substantially to the condition which it was in prior to commencement of such tests. The results of all tests shall be supplied to Seller promptly upon Buyer's receipt thereof.

Any entry on the Property by Buyer or its agents or representatives pursuant to which Paragraph 10 shall be subject to Buyer's full compliance with the following terms and conditions:

(A) Buyer agrees to indemnify, defend and hold harmless Seller from and against any and all claims, suits, actions, liabilities, losses, damages and expenses (including, without limitation, reasonable attorneys' fees) of every kind and nature arising in whole or in part from any act or omission of Buyer or any of its employees, architects, engineers, contractors, subcontractors, agents or invitees while in, on or about the Property. This Paragraph 10(e)(ii)(A) shall survive the Closing or any sooner termination of this Agreement for a period equal to any applicable period for the limitation of actions under applicable law following the Closing or such sooner termination, and thereafter if Seller shall have given notice to Buyer of a claim hereunder within such period until such claim is finally resolved.

(f) Notices. Promptly after receipt thereof by Seller, Seller shall deliver to Buyer the following:

(i) a copy of any notice of default given or received under any of the Tenant Leases or the Service Agreements;

(ii) a copy of any additional Tenant Lease executed by Seller as permitted by the terms of Paragraph 10(d)(ii) hereof, as fully executed;

(iii) a copy of any tax bill, notice or statement of value, or notice of change in a tax rate affecting or relating to the Real Property;

(iv) a copy of any notice of an actual or alleged Violation; and

(v) a copy of any notice of a Taking.



(g) Employees. At the Closing, Seller shall terminate the employment of all persons and/or entities then employed by Seller in connection with the management, operation and maintenance of the Property, if any, and Seller shall pay all accrued and unpaid vacation, salary, wages, benefits and other compensation owed to same as of the Closing Date or required to be paid under applicable law. Buyer shall assume no liability for any such payments or for any other such obligations of Seller, and Seller shall indemnify, defend and hold Buyer harmless from and against all claims in connection with such vacation, salary, wages, benefits and other compensation which have accrued and are payable as of the Closing Date.

(h) Tenant Estoppel Certificates. Seller shall complete and deliver for execution by each tenant under the Tenant Leases which are designated on Exhibit "G" as requiring a Tenant Estoppel Certificate a written certification in the form of Exhibit "L" to this Agreement ("Tenant Estoppel Certificate"), and shall use its best efforts to obtain an executed Tenant Estoppel Certificate from each tenant. Seller shall deliver to Buyer a copy of each executed Tenant Estoppel Certificate delivered to Seller promptly after receiving same.

#### 11. Environmental Matters.

(a) Representations and Warranties. Seller represents and warrants to Buyer that, to the best of Seller's knowledge,:

(i) The Property and all activities and conditions at the Property including, without limitation, those involving the use and operation of the Personal Property, are in compliance with the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601 et seq. ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 et seq., as amended from time to time ("RCRA"), and the Clean Water Act, 33 U.S.C. Sections 1251 et seq., as amended from time to time, the Clean Air Act, 42 U.S.C. Sections 7401 et seq., as amended from time to time, the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., as amended from time to time, the Hazardous Materials Transportation Act, 49 U.S.C. Section 6901 et seq., as amended from time to time, the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251 et seq., as amended from time to time, the Safe Drinking Water Act, 42 U.S.C. Sections 300f-300j, as amended from time to time, the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. Sections 6020.101 et seq., as amended from time to time ("HSCA"), and the Dam Safety and Encroachments Act, 32 P.S. Sections 693.1 et seq., as amended from time to time, and with all other federal, state and local environmental laws, statutes, ordinances, regulations, rules, orders and requirements of common law including, without limitation, those relating to the construction, operation, maintenance or repair of any improvements or equipment or other Personal Property; the discharge, emission or release of any Contaminant (as hereinafter defined) to the air, soil, surface water or ground water; the discharge of any dredge or fill material to a wetland or other water of the United States (as hereinafter defined); the storage, treatment, disposal or handling of any Contaminant; or the construction, operation, maintenance or repair of aboveground or underground storage tanks (collectively, "Environmental Laws").

(ii) No Contaminant is present on, over or under or is migrating from the Property or is present on any of the Personal Property or on, over or under any premises adjacent to the Property. As used in this Agreement, the term "Contaminant" shall mean any "hazardous substance" or "pollutant or contaminant" as defined pursuant to CERCLA or HSCA, "petroleum" as defined pursuant to RCRA, or any material containing petroleum, any polychlorinated biphenyls ("PCBs") or substances containing PCBs, any urea formaldehyde foam, or any asbestos or materials containing asbestos.

(iii) Neither radon nor any radon progeny is present at any area of the Property in excess of 4 picocuries/liter.

(iv) Seller has not, and except as disclosed to Buyer in that certain Limited Subsurface Investigation Report by Enviro Business, Inc. dated January 3, 1996 and that certain Environmental Site Assessment and Soil Removal Report of Harpstead Environmental, Inc. dated August 17, 1992, nor to the best of its knowledge has anyone else, generated, stored, treated, disposed of, discharged, released, emitted or otherwise handled any Contaminant on, over, under, from or in any manner affecting the Property or any premises adjacent to the Property or in connection with the Personal Property. For the purposes of this subparagraph (iv) only, "Contaminant" shall not include construction materials (other than asbestos, polychlorinated biphenyls or urea formaldehyde foam), office equipment, fuel and other similar products contained in vehicles and cleaning solutions and other maintenance materials that are customarily used or stored incidental to and are reasonably necessary for the operation or maintenance of the Property.

(v) Seller has not, nor to the best of its knowledge has anyone else, discharged any dredge or fill material to any "wetland" or "waters of the United States" or "waters of the Commonwealth of Pennsylvania" on the Property, as those terms are defined in the rules and regulations promulgated pursuant to the Clean Water Act or the Dam Safety and Encroachments

Act or other applicable federal, state or local law.

(vi) Neither the Property nor, to the best of Seller's knowledge, any adjacent premises, is listed or proposed for listing on the National Priorities List established pursuant to Section 105(8)(B) of CERCLA, 42 U.S.C. Section 9605(8)(B), or on any other hazardous site test promulgated by any federal, state or local government or governmental agency.

(vii) No underground or aboveground storage tanks are present at the Property.

(viii) Seller has provided Buyer with copies of all: (A) permits, licenses, certificates, registrations, approvals, and any amendments thereto required for the Property and for the conduct of Seller's activities at the Property pursuant to or necessary for compliance with Environmental Laws; (B) applications, reports or other materials submitted to any governmental agency in connection with any Environmental Law; (C) records or manifests required to be maintained pursuant to Environmental Laws or which are relevant to the issue of compliance with Environmental Laws; (D) correspondence, notices of violation, summonses, orders, administrative, civil or criminal complaints, requests for information or other documents received by Seller or its agents pertaining to compliance with Environmental Laws or the generation, storage, treatment, handling, discharge, emission, release or migration of any Contaminant on, over, under, from or affecting the Property; and (E) records and analyses of any environmental tests pertaining to the Property including, without limitation, the results of any air, water or soil analyses or tank integrity testing which are in the possession of Seller or any managing agent for the Property or the existence of which is known to Seller.

(ix) No civil, criminal or administrative proceeding is pending or threatened relating to Environmental Laws or Contaminants on, over, under, from or affecting the Property; neither Seller nor any of its agents has received any notice of violation or potential liability regarding the Property or activities thereon relating to Environmental Laws or Contaminants on, over, under from or affecting the Property and Seller has no reason to know of circumstances that would give rise to such notices or proceedings in the future; Seller has not entered into any consent order, consent decree, administrative order, judicial order or settlement relating to Environmental Laws or Contaminants on, over, under, migrating from or affecting the Property.

(b) Cooperation. Seller will assist Buyer in giving notice to applicable government agencies and in transferring or reissuing to Buyer any permit, license, certificate, registration or other approval necessary to continue operations at the Property, or in obtaining for Buyer any new permit, license, certificate, registration or approval required of Buyer under any Environmental Law.

(c) Liens. Seller represents and warrants that it does not know or have reason to know of any lien imposed, or any circumstance which might lead to imposition of a lien, upon its revenues or personal or real property pursuant to any Environmental Law.

(d) Buyer's Environmental Investigation.

(i) Upon execution of this Agreement by Seller, Buyer may contract for the preparation of a Phase I environmental report with respect to the Property (the "Phase I"), at Buyer's sole cost and expense, with a consultant selected by Buyer, which shall include an investigation of, inter alia, compliance with Environmental Laws, the presence of Contaminants on, over, under, migrating from or affecting the Property including, without limitation, in connection with the use and operation of any personal property, and the presence of conditions that may affect Buyer's intended use of the Property.

(ii) Seller will give reasonable cooperation to Buyer and Buyer's agents in the preparation of the Phase I including, without limitation, (A) complying with requests for information and records; (B) assisting Buyer in obtaining governmental agency or other records and, upon Buyer's request, communicating directly with any governmental agencies; and (C) granting Buyer access to the entire Property including, without limitation, access for collecting surface or subsurface samples of soil, vegetation or water, or samples from buildings and other improvements and Personal Property located on the Property, including samples from walls, floors, ceilings, plenums, paved areas and other areas the taking of which samples may necessitate some damage to the buildings, other improvements or the Personal Property, and installing groundwater monitoring wells if necessary in Buyer's opinion.

(iii) If, in Buyer's sole opinion, Buyer's environmental investigation is not completed by at least ten (10) business days prior to the Closing Date, then at Buyer's election Closing shall automatically be extended to the tenth (10th) business day following completion of Buyer's investigation, but in no event shall the Closing be extended pursuant to this subparagraph beyond thirty (30) days after the Closing Date established pursuant to Paragraph 4(b) hereof.

(iv) If, in Buyer's sole opinion, the environmental

investigation indicates any non-compliance with Environmental Law at or in connection with the Property or the Personal Property or the use or operation thereof, or the presence of Contaminants on, under, over, migrating from or affecting the Property or the presence of any condition that may affect Buyer's intended use of the Property, then, at Buyer's election, Buyer may terminate this Agreement together with reimbursement to Buyer of Reimbursable Costs in an amount not to exceed Fifty Thousand Dollars (\$50,000.00).

(v) Buyer's environmental investigation shall in no way limit or otherwise affect Seller's representations and warranties under this Paragraph 11 hereof in any other provision of this Agreement.

(e) Indemnification. Provided Seller is notified of such claim within one (1) year after the Closing Date, Seller agrees to indemnify, hold harmless, defend and reimburse Buyer for, and release Buyer from, all costs, expenses (including, without limitation, reasonable attorneys' fees, consultant and expert fees and court costs), losses (including, without limitation, loss of income and loss of value of the Property), and liabilities (including, without limitation, common law and statutory liability) suffered by Buyer from or in connection with any of the following: (i) Seller's breach of any of the provisions in this Paragraph 11; (ii) compliance with any present Environmental Laws incurred on account of the status of or conditions existing at the Property before the Closing; (iii) studying or remedying contamination or suspected contamination of the Property by any Contaminant, which contamination existed before the Closing; (iv) costs incurred due to any investigation of the Property or any cleanup, removal, remediation or any restoration required by a federal, state or local governmental agency or political subdivision or court arising out of the condition of the Property before Closing; and (v) claims, sums paid for settlement of claims, damages, fines, penalties, judgments or other sanctions incurred, arising out of, relating to or on account of any Environmental Laws or the presence of any Contaminants (including, without limitation, any personal injury or property damage relating thereto) arising out of the condition of the Property before the Closing, except as may have been disclosed to Buyer prior to the Closing Date.

(f) Choice of Remedies. None of the remedies described herein shall exclude or limit Buyer's common law rights of recovery, contribution or other legal redress, or Buyer's right to obtain statutory relief including, but not limited to, a cost recovery action under CERCLA or other federal, state or local statutes providing for similar remedies and the right to specific performance.

(g) Survival. The representations, warranties and indemnifications of this Paragraph 11 shall survive the Closing for a period of one (1) year after the Closing Date.

## 12. Casualty.

(a) Seller's Insurance. Seller shall maintain the Policy in effect until the time of the Closing, and shall deliver to Buyer, within ten (10) days after the date of this Agreement, an endorsement to the Policy issued by the insurance company issuing the Policy evidencing that the Policy is in effect, that the same will not be cancelled or materially modified without at least thirty (30) days prior written notice to Buyer, and that Buyer has been named as an additional insured party thereunder, as its interest may appear. At the Closing, Seller may cancel the Policy and the full short rate rebate of the prepaid premium shall be paid to Seller.

(b) Destruction. If at any time prior to the Closing Date any portion of the Property is destroyed or damaged as a result of fire or any other casualty ("Casualty"), Seller shall promptly give written notice ("Casualty Notice") thereof to Buyer. If the Property is the subject of a Casualty, Buyer shall have the right, at its sole option, of terminating this Agreement (by written notice to Seller and the Escrow Agent given within ten (10) days after receipt of the Casualty Notice from Seller) unless, if insubstantial and not material, the Casualty damage or destruction is fully repaired or restored by Seller prior to the Closing Date. If Buyer does not terminate this Agreement, the proceeds of any insurance with respect to the Property paid between the date of this Agreement and the Closing Date and not retained by the holder of the Existing Mortgage, less an amount to be retained by Seller equal to Seller's deductible under the Policy, shall be paid to Buyer at the time of the Closing, and all unpaid claims and rights in connection with losses to the Property shall be assigned to Buyer at Closing without in any manner affecting the Purchase Price.

(c) Repairs. If the Property is the subject of a Casualty, but Buyer does not terminate this Agreement pursuant to the provisions of Paragraph 12(b) hereof, then Seller shall cause all temporary repairs to be made to the Property as shall be required to prevent further deterioration and damage to the Property prior to the Closing Date; provided, however, that any such repairs shall first be approved by Buyer. Seller shall have the right to be reimbursed from the proceeds of any insurance with respect to the Property paid between the date of this Agreement and the Closing Date and not retained by the holder of the Existing Mortgage for the cost of all such repairs made pursuant to this Paragraph 12(c). Except for the obligation of Seller to repair the Property set

forth in this Paragraph 12(c), Seller shall have no other obligation to repair any Casualty, damage or destruction in the event Buyer does not elect to terminate this Agreement pursuant to the provisions of Paragraph 12(b), and in such event, Buyer shall accept the Property at the Closing as damaged or destroyed by the Casualty and Buyer shall have the right to enter the Real Property prior to the Closing for the purpose of performing such repairs thereto (at Buyer's sole cost and expense) as are reasonably necessary to protect the Property against further damage prior to the Closing Date.

13. Eminent Domain. If a Taking affects all or any part of the Property prior to the Closing, or if any proceeding for a Taking is commenced prior to the Closing, or if notice of the contemplated commencement of a Taking is given prior to the Closing, Buyer shall have the right, at its sole option, of terminating this Agreement (by written notice to Seller within ten (10) days after receipt by Buyer of written notice from Seller of the Taking). If Buyer does not terminate this Agreement pursuant to the provisions of this Paragraph 13, Seller shall, at the Closing, be deemed to have assigned to Buyer all of Seller's right, title and interest in and to any awards or damages to which Seller may have become entitled or may thereafter be entitled by reason of any exercise of the power of eminent domain or condemnation with respect to or for the Taking of the Property or any portion thereof.

14. Conditions of Buyer's Obligations.

(a) Conditions. The obligations of Buyer under this Agreement are subject to the satisfaction at the time of the Closing of each of the following conditions (any one of which may be waived in whole or in part in writing by Buyer at or prior to the Closing):

(i) all of the representations and warranties by Seller set forth in this Agreement shall be true and correct at and as of the Closing Date 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 Date;

(ii) no representation or warranty by Seller contained in this Agreement shall contain any untrue statement or shall omit a material fact necessary to make the statement of fact therein recited not misleading;

(iii) Seller shall have performed all covenants, agreements and conditions required by this Agreement to be performed by Seller prior to or as of the Closing Date;

(iv) there shall have been no material adverse change in the financial condition of the Property during the period from the date of this Agreement to the Closing Date;

(v) that portion of the Property subject to Tenant Leases is leased in accordance with the Rent Roll attached hereto as Exhibit "G", is fully occupied under properly issued certificates of occupancy pursuant to valid and fully enforceable Tenant Leases and all rent payable thereunder is paid to date;

(vi) executed Tenant Estoppel Certificates shall have been received within thirty (30) days after the date of this Agreement from each of the tenants under the Tenant Leases which are designated on Exhibit "G" as requiring a Tenant Estoppel Certificate;

(vii) Buyer shall have reviewed and approved the Tenant Leases and operating costs of the Property within thirty (30) days after the date of this Agreement.;

(viii) Seller shall have delivered, or caused to be delivered, all of the documents required to be delivered at Closing under this Agreement;

(ix) Buyer shall have received an updated and recertified as-built survey of the Property certified to Buyer and disclosing no conditions objectionable to Buyer.

(b) Failure of Condition. In the event any of the conditions set forth in Paragraph 14(a) hereof are not satisfied as of the Closing Date, Buyer shall have the right (in addition to all other rights and remedies available to Buyer under this Agreement, at law or equity), at Buyer's sole option (by written notice to Seller) to (i) terminate Buyer's obligations under this Agreement; or (ii) complete the Closing notwithstanding the unsatisfied condition; or (iii) adjourn the Closing to a date not later than sixty (60) days, during which period Seller shall satisfy any unsatisfied conditions within Seller's power to satisfy;

(c) Inspection Contingency. Buyer shall, during the period from the date Buyer receives from Seller a fully executed counterpart of this Agreement to the date occurring thirty (30) days thereafter (the "Inspection Period"), examine the Property, the Rent Roll, the Tenant Leases, the Service

Agreements, the Policy, the Permitted Encumbrances and the other items to be delivered by Seller to Buyer, cause any survey to be prepared and commence any environmental study including, without limitation, causing test bores to be drilled. Buyer may, for any or no reason whatsoever, terminate this Agreement by written notice given to Seller on or before the expiration of the Inspection Period (a "Termination Notice"). Upon delivery of a Termination Notice as aforesaid, Buyer shall be entitled to the return of the Deposit and all interest accrued thereon; and upon such payment, except as otherwise expressly provided herein, this Agreement shall be and become null and void, neither party hereto shall have any further rights or obligations hereunder and all original executed counterparts of this Agreement shall be returned to Seller for cancellation. In the event Buyer terminates this Agreement in accordance with this Paragraph 14(c), Buyer shall not be entitled to be reimbursed from Seller for any of the Reimbursable Costs.

15. Items to be Delivered at the Closing.

(a) By Seller. At the Closing, Seller shall deliver to Buyer the following:

(i) Deed . The Deed.

(ii) Bill of Sale. The Bill of Sale.

(iii) Assignment of Leases and Service Agreements. Assignments in the form of Exhibits "L" and "M", respectively, of the Tenant Leases and the Service Agreements designated on Exhibit "H" to be assigned to Buyer, duly executed and acknowledged by Seller and in proper form for recording, assigning to Buyer or Buyer's assignee all of the lessor's and Seller's right, title and interest in and to the Tenant Leases and such Service Agreements, together with an original executed copy of each of the Tenant Leases and all guarantees and to the extent in Seller's possession, tenant financial information, insurance certificates, correspondence and all other information and files relating thereto, and each such Service Agreements and a letter, duly executed by Seller, in form satisfactory to Buyer addressed to each of the tenants under the Tenant Leases and other parties under the Service Agreements informing each of the assignments.

(iv) Certificates, Etc. An assignment, duly executed and acknowledged by Seller, of (and delivery to Buyer of originals or copies of): all permanent certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals required by all governmental authorities having jurisdiction over the Property; all fees, escrow and/or security funds, deposits and other sums heretofore paid to any governmental authority in connection with the Property; all certificates issued by the local board of fire underwriters (or other body exercising similar functions); all plans, specifications and project manuals for the Property; all guarantees, bonds and warranties with respect to the Property (together with original counterparts of such instruments); and all keys to the Property.

(v) Assignment of Escrow Deposits. An assignment, duly executed by Seller, assigning to Buyer or Buyer's assignee all sums, if any, then on deposit with the holder of the Existing Mortgage for the payment of real estate taxes, insurance premiums, and any other amounts then held by the holder of the Existing Mortgage.

(vi) Assignment of Name. An assignment, duly executed by Seller, assigning to Buyer or Buyer's assignee, Seller's rights to use all names or designations pertaining to the Property.

(vii) Tenant Estoppel Certificates. Original counterparts of the Tenant Estoppel Certificates.

(viii) Releases. The releases from the Lease Brokers specified in Paragraph 8(k) hereof duly executed and acknowledged by each Lease Broker and addressed to Buyer or Buyer's assignee, and the releases from the parties specified in Paragraph 8(m) hereof duly executed and acknowledged by each such party and addressed to Buyer or Buyer's assignee.

(ix) Resolutions; Title Company Affidavits, Etc. Such resolutions and certificates as Buyer or the Title Company shall require to evidence the due authorization of the execution and performance of this Agreement and the documents to be delivered pursuant hereto; if Seller is a corporation, Seller's Articles or Certificate of Incorporation and by-laws, as amended, certified by the secretary of Seller; if Seller is a partnership, Seller's partnership agreement, as amended, certified by a partner of Seller, and the items required in the preceding clause with respect to any corporate general partner of Seller and all affidavits, indemnities and other agreements required by the Title Company to permit it to issue to Buyer the Owner's Policy of Title Insurance required pursuant to Paragraph 5(a) hereof.

(x) Statements of Operating Expenses. A statement of all operating expenses and real estate taxes for all "base years" under the Tenant Leases, certified by Seller and a certified public accountant as being true and correct, with all other information necessary or required to permit

Buyer to calculate and collect after the Closing all payments of additional rent and other charges under the Tenant Leases.

(xi) Up-Dated Rent Roll. A schedule in the form of Exhibit "G" of the rents and other charges and payments due from tenants under the Tenant Leases including, without limitation, any which are in arrears, all dated as of the Closing Date and certified by Seller as true and correct.

(xii) Conveyance of Awards. All proper instruments for the conveyance of the awards referred to in Paragraphs 1(a) and 13 hereof.

(xiii) Additional Permits and Certificates.

(A) To the extent in Seller's possession or control, a certificate issued by the appropriate officer of the municipality wherein the Real Property lies, certifying to the same type of information as if provided in the Statement of Occupancy issued pursuant to the Philadelphia Building Code; provided, however, that the foregoing requirement shall be deemed waived by Buyer if the Real Property is situated in a municipality, the laws or ordinances of which do not provide for the issuance of such a certificate.

(B) To the extent in Seller's possession or control, if the Real Property is not situated in a city of the first class, second class, or second Class A, a permit issued by the Pennsylvania Department of Labor and Industry pursuant to Act of Assembly of April 27, 1927, P.L. 465 (35 P.S. Sections 1221-1235), as amended, which permit shall authorize the occupancy or use of the building and all other structures on the Real Property and shall be dated after the date of completion of the most recent erection, adaptation, remodeling or alteration of any of such building or structures.

(ix) Plans and Specifications. To the extent in Seller's possession or control, a set of plans and specifications for the improvements which constitute a part of the Property and all alterations and additions thereto, and a set of project manuals for the Property.

(x) Books and Records. Duplicate copies of all books, records and operating reports in Seller's possession which are necessary to insure continuity of operation of the Property.

(xi) MSDS Sheets. To the extent in Seller's possession or control, copies of all material safety data sheets posted at any time by Seller at the Property.

(xii) Letters of Credit. All letters of credit held by Seller as security for the performance by any tenant of its obligations under its Tenant Lease, together with an endorsement to each such letter of credit issued by the issuer of such letter of credit naming Buyer or Buyer's assignee as beneficiary under such letter of credit.

(xiii) Warranties. All warranties applicable to the Property including, without limitation, those relating to the roof and the heating, ventilating and air conditioning systems, together with an assignment thereof to Buyer.

(xix) Other Documents. Any other documents required to be delivered by Seller pursuant to any other provisions of this Agreement.

(b) Buyer. At the Closing, Buyer shall deliver to Seller the following:

(i) Purchase Price. The portion of the Purchase Price payable pursuant to Paragraph 2(a)(ii).

(ii) Assumption Agreements. Assumption agreements, in the form of Exhibits "L" and "M" respectively, of the Tenant Leases and of the Service Agreements designated on Exhibit "H" to be assigned to Buyer, duly executed and acknowledged by Buyer and in proper form for recording.

(iii) Other Documents. Any other document required to be delivered by Buyer pursuant to any other provision of this Agreement.

16. Indemnity of Seller. Seller agrees to indemnify, defend and hold harmless Buyer from and against, and to reimburse Buyer with respect to, any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and court costs) asserted against or incurred by Buyer by reason of or arising out of (a) a breach of any representation or warranty of Seller as set forth in this Agreement, and (b) the failure of Seller to perform any obligation required by this Agreement to be performed by it. The rights of Buyer to indemnification under this Agreement shall not be affected by the fact that Buyer knew or should have known the true state of facts giving rise to such indemnification, and the furnishing of any information to Buyer or its affiliates or representatives or the investigation by Buyer or its affiliates or representatives shall not affect Buyer's right to rely on any representations or warranties made in this Agreement.

17. Brokerage. Buyer and Seller represent and warrant to each other that neither has dealt with any broker, finder or other intermediary in connection with this sale other than Cushman & Wakefield of Pennsylvania, Inc. (the "Broker"). Buyer agrees to pay all brokerage commission due to the Broker up to the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00). Buyer and Seller otherwise agree to indemnify, defend and hold each other harmless from and against all claims, demands, causes of action, loss, damages, liabilities costs and expenses (including, without limitation, attorneys' fees and court costs) arising from any claims for commissions made by any broker, finder or other intermediary, other than the Broker, with which either may have dealt in connection with this sale, and the other party shall have no liability, or obligation in connection therewith.

18. No Other Representations. Buyer acknowledges that neither Seller nor anyone acting, or purporting to act, on behalf of Seller, has, except as expressly set forth in this Agreement, made any representation or warranty with respect to the Property.

19. Assignability. Buyer shall have the right to assign this Agreement at any time before Closing and its rights hereunder with Seller's prior written consent which shall not be unreasonably withheld; and any assignee of Buyer shall be entitled to all of the rights and powers of Buyer hereunder. Buyer may assign this Agreement at Closing with or without Buyer's consent.

20. FIRPTA.

(a) Parties Who Are Not Foreign - Entity Transferor. Section 1145 of the Internal Revenue Code of 1986, as amended (the "Code") provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform Buyer that withholding of tax is not required upon the disposition by Seller of a United States real property interest, the undersigned parties executing this Agreement on behalf of Seller hereby certify the following on behalf of Seller:

(i) Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and Income Tax Regulations).

(ii) The U.S. employer identification number for Awin Realty Company is 23-1706179 and the taxpayer identification number for LBA Associates is 23- 2534044; and

(iii) Seller's office address is 300 Stevens Drive, Lester, Pennsylvania 19113-1521.

Seller, and the parties executing this Agreement on behalf of Seller, understand that this certification may be disclosed to the Internal Revenue Service by Buyer and that any false statement made here could be punished by fine, imprisonment or both. Under penalties of perjury, the undersigned parties executing this Agreement on behalf of Seller declare that they have examined this certification and to the best of their knowledge and belief, it is true, correct and complete; and they further declare that they have authority to sign this document on behalf of Seller.

(b) Re-certification at Closing. The Seller, and the parties executing this Agreement on behalf of Seller, shall deliver to Buyer at Closing, a restatement of the above certifications of Seller and of the parties executing this Agreement on behalf of Seller in the form attached to this Agreement as Exhibit "N".

21. Notices.

(a) All notices, demands, requests or other communications required or permitted under the term of this Agreement shall be in writing and, unless and until otherwise specified in a written notice by the party to whom notice is intended to be given, shall be sent to the parties at the following respective addresses:

(i) if intended for Seller:

300 Stevens Drive  
Lester, PA 19113-1521  
Attention:Annamarie Donley, Vice President

(ii) if intended for Buyer:

443 South Gulph Road  
King of Prussia, PA

with a copy to:

Adelman Lavine Gold and Levin,  
a Professional Corporation

1900 Two Penn Center Plaza  
Philadelphia, PA 19102-1799  
Attention: Kevin W. Walsh, Esquire

(iii) if intended for Escrow Agent:

Certified Abstract Co., Inc.  
5 Sentry Parkway East, Suite 107  
Blue Bell, PA 19422

Notices may be given on behalf of any party by its legal counsel.

(b) Each such notice, demand, request or other communication shall be deemed to have been properly given for all purposes if (i) delivered against a written receipt of delivery; (ii) mailed by registered or certified mail of the United States Postal Service, return receipt requested, postage prepaid; or (iii) delivered to a nationally recognized overnight courier service for next business day delivery, to its addressee at such party's address as set forth above.

(c) Each such notice, demand or request shall be deemed to have been given upon the earlier of (i) actual receipt or refusal by the addressee or (ii) deposit thereof at any main or branch United States post office if sent in accordance with Paragraph 21(b)(ii) hereof, and deposit thereof with the courier if sent pursuant to Paragraph 21(b)(iii).

## 22. Miscellaneous.

(a) Captions and Headings. The captions and headings incorporated in this Agreement are inserted for convenience of reference only and shall not form any part of this Agreement or affect its interpretation.

(b) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(c) Entire Agreement; Governing Law. This agreement contains the entire understanding of the parties with respect to the subject matter hereof, supersedes all prior or other negotiations, representations, understandings and agreements of, by or among the parties, express or implied, oral or written, which are fully merged herein. The express terms of this Agreement control and supersede any course of performance and/or customary practice inconsistent with any such terms. Any agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Agreement unless such agreement is in writing and signed by the party against whom enforcement of such change, modification, discharge or abandonment is sought. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.

(d) Provisions Separable. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other provision may be invalid or unenforceable in whole or in part.

(e) Waiver of Tender of Deed and Purchase Monies. The tender of an executed Deed by Seller and the tender by Buyer of the portion of the Purchase Price payable at the Closing are mutually waived, but nothing in this Agreement shall be construed as a waiver of Seller's obligation to deliver the Deed and the Bill of Sale and/or of the concurrent obligation of Buyer to pay the portion of the Purchase Price payable at the Closing.

(f) Gender, etc. Words used in this Agreement, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate.

(g) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one (1) and the same instrument. This Agreement shall be binding when one (1) or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected on this Agreement as the signatories.

(h) Exhibits. All exhibits attached to this Agreement are incorporated by reference into and made a part of this Agreement.

(i) No Waiver. Neither the failure nor any delay on the part of either party to this Agreement to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver or any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of any such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be



effective unless it is in writing and is signed by the party asserted to have granted such waiver.

(j) Interpretation. No provision of this Agreement is to be interpreted for or against either part because that part or that party's legal representative or counsel drafted such provision.

(k) Time. Time is of the essence of this Agreement. In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period provided in this Agreement shall end on a Saturday, Sunday or legal holiday, then the final day shall extend to 5:00 p.m. of the next full business day. For the purposes of this Paragraph 22(k), the term "holiday" shall mean a day other than a Saturday or Sunday on which banks in the state in which the Real Property is located are or may elect to be closed.

(l) Buyer's Exercise of Right to Terminate. If Buyer desires to terminate its obligations under this Agreement pursuant to any of the provisions hereof, Buyer shall do so by delivering written notice of termination to Seller, with a copy to the Escrow Agent, whereupon, after delivery of such notice by Seller to Escrow Agent, the Deposit and all interest earned thereon shall be paid to Buyer, and except as otherwise expressly provided herein, this Agreement shall be and become null and void and neither party shall have any further rights or obligations under this Agreement and all original executed counterparts of this Agreement shall be returned to Seller for cancellation. Any dispute(s) with respect to the disposition of the Deposit following Buyer's exercise of any right hereunder to terminate this Agreement shall be resolved in accordance with the terms of Paragraph 3(b) hereof.

(m) Post-Closing Instructions. Seller agrees to instruct, or cause its agents, servants, or employees to instruct, Buyer or its designee in all phases and aspects of the operation of the Real Property, to disclose to Buyer all information concerning the Property reasonably necessary, convenient or useful to Buyer, which information and instructions are specifically made a part of the Property to be purchased hereunder, and to hold itself and its agents, servants, representatives, and employees available until the Closing Date and from time to time thereafter in order to supply any additional information reasonably requested by Buyer regarding the operation, maintenance, or management of the Property.

23. Index to Definitions. The definition of each of the following defined terms is contained in the Paragraph of this Agreement set forth below:

Defined Term -----	Paragraph -----
Act 319	8 (dd)
Act 515	8 (dd)
ADA	8 (s)
Bill of Sale	6 (a)
Broker	17
Buyer	Preamble
Casualty	12 (b)
Casualty Notice	12 (b)
Closing	4 (a)
Closing Date	4 (b)
Code	20 (a)
Contaminant	11 (a) (ii)
Deed	6 (a)
Defect Notice	8 (n)
Deposit	2 (a) (i)
Environmental Laws	11 (a) (i)
Escrow Agent	2 (a) (i)
Excluded Items of Personal Property	1 (b)
Existing Mortgage	8 (n)
Holiday	22 (k)
Inspection Period	14 (c)
Lease Broker	8 (k)
Owner's Policy of Title Insurance	5 (a)
PCBs	11 (a) (ii)
Permitted Encumbrances	5 (a)
Personal Property	1 (b)
Policy	8 (t)
Property	1 (c)
Purchase Price	2 (a)
Real Property	1 (a)
Recorded Agreements	8 (cc)
Reimbursable Costs	3 (a) (ii)
Seller	Preamble
Service Agreements	8 (o)
Taking	8 (x)
Tenant Leases	8 (a)

Tenant Estoppel Certificate	10 (h)
Title Company	5 (a)
Violation	8 (s)
Waters of the Commonwealth of Pennsylvania	11 (a) (v)
Waters of the United States	11 (a) (v)
Wetland	11 (a) (v)

In addition, certain defined terms in the form of acronyms or shortened statutory names for statutes or governmental agencies which are referred to in Paragraph 11 are defined in that Paragraph.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Agreement as a sealed instrument as of the day and year first above written.

SELLER:

Attest:

ADWIN REALTY COMPANY,  
a Pennsylvania corporation

\_\_\_\_\_  
[corporate seal]

By: \_\_\_\_\_  
Name:  
Title:

LBA ASSOCIATES  
By: ADWIN REALTY COMPANY

By: \_\_\_\_\_  
A General Partner

ADWIN INVESTMENT CO.

By: \_\_\_\_\_  
A General Partner

BUYER:

Witness: \_\_\_\_\_ /s/ \_\_\_\_\_  
J. BRIAN O'NEILL

JOINDER OF BROKER

The undersigned, the broker referred to in Paragraph 17 of the foregoing Agreement of Sale and Purchase, acknowledges and agrees that Seller shall have no liability to the undersigned for payment of any commission or other compensation in connection with the Agreement of Sale and Purchase, the sale of the Property, or in connection with any financing obtained by Buyer to complete its acquisition of the Property, except as specifically provided in the foregoing Agreement and Sale of Purchase. The undersigned consents to the provisions of Paragraph 17 of the foregoing Agreement of Sale and Purchase.

Intending to be legally bound, the undersigned has caused this Joinder of Broker to be executed the \_\_\_\_\_ day of February, 1996.

CUSHMAN & WAKEFIELD OF  
PENNSYLVANIA, INC.,  
a Pennsylvania corporation

By: \_\_\_\_\_  
WILLIAM LUFF, Branch Manager

EXHIBITS

Exhibit "A"	Legal Description of Real Property
Exhibit "B"	List of Personal Property
Exhibit "C"	Excluded Items of Personal Property
Exhibit "D"	Permitted Title Encumbrances
Exhibit "E"	Bill of Sale
Exhibit "F"	Fees to be Apportioned at Closing
Exhibit "G"	Rent Roll
Exhibit "H"	Service Agreements
Exhibit "I"	Policy
Exhibit "J"	Statement of Income and Expense by Seller
Exhibit "K"	Tenant Estoppel Certificate
Exhibit "L"	Assignment and Assumption of Tenant Leases

Exhibit "M" Assignment and Assumption of Service Agreements  
Exhibit "N" FIREPTA Affidavit1  
EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

See attached.

EXHIBIT "B"

LIST OF PERSONAL PROPERTY

See attached.

EXHIBIT "C"

EXCLUDED ITEMS OF PERSONAL PROPERTY

See attached.

EXHIBIT "D"

PERMITTED TITLE ENCUMBRANCES

See attached.

EXHIBIT "E"

BILL OF SALE

SCHEDULE "A" TO BILL OF SALE

LEGAL DESCRIPTION OF REAL PROPERTY

See attached.

SCHEDULE "B" TO BILL OF SALE

PERSONAL PROPERTY

See attached.

SCHEDULE "F"

LICENSE FEES TO BE APPORTIONED AT CLOSING

EXHIBIT "G"

RENT ROLL

See attached.

EXHIBIT "H"

SERVICE AGREEMENTS

See attached.

EXHIBIT "I"

POLICY

See attached.

EXHIBIT "J"

STATEMENT OF INCOME AND EXPENSE

See attached.

EXHIBIT "K"

TENANT ESTOPPEL CERTIFICATE

See attached.

EXHIBIT "L"

ASSIGNMENT AND ASSUMPTION OF TENANT LEASES

SCHEDULE "A" TO ASSIGNMENT AND  
ASSUMPTION OF TENANT LEASES

LEASES

EXHIBIT "M"

ASSIGNMENT AND ASSUMPTION AGREEMENT

SCHEDULE "A" TO ASSIGNMENT AND ASSUMPTION AGREEMENT

SERVICE AGREEMENTS

SCHEDULE "N"

FIRPTA AFFIDAVIT

AGREEMENT

THIS AGREEMENT made this 11TH day of March, 1996 between KELLER CARNEGIE ASSOCIATES, a New Jersey limited partnership having an office at 103 Carnegie Center, Princeton, New Jersey 08540 ("Seller") and CENTURY PLAZA ASSOCIATES, a New Jersey general partnership, having an office at 11 Commercial Drive, Cranford, New Jersey 07016 ("Purchaser").

RECITALS

A. Seller is the owner of the Premises (as hereinafter defined) located in the County of Mercer, Township of Princeton, State of New Jersey, commonly known as 103 Carnegie Center, Princeton, New Jersey.

B. Seller has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Seller, the Premises (as hereinafter defined), subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, do hereby agree as follows:

1. SUBJECT OF CONVEYANCE.

Seller hereby agrees to sell and convey, and Purchaser hereby agrees to purchase, subject to all terms and conditions set forth in this Agreement:

(i) those certain plots, pieces or parcels of land situate, lying and being in the County of Mercer, Township of Princeton and State of New Jersey comprised of approximately 9.892 acres in the aggregate of developed land, as described in Exhibit A annexed hereto (the "Land"); and

(ii) the buildings, open parking areas and improvements, including without limitation, all mechanical, electrical, heating, ventilation, air conditioning and plumbing fixtures, systems and equipment as well as all compressors, engines, elevators and escalators, if any, erected on the Land and commonly known as Carnegie Center, Princeton, New Jersey (the "Buildings"); and

(iii) All leases and other agreements with respect to the occupancy of the Land and Buildings, together with all amendments and modifications thereto, and rents, additional rents, reimbursements, profits, income, receipts and Security Deposits thereunder ("Leases") and all of Seller's right, title and interest in and to those contracts and agreements for the servicing, maintenance and operation of the Land and Buildings ("Service Contracts") to the extent Purchaser elects to assume same as provided in Section 9 herein; and

(iv) all right, title and interest, if any, of the Seller in and to those certain fixtures, equipment, furniture and other personal property affixed to or appurtenant to the Land and Buildings including, without limitation, all carpets, drapes and other furnishings; maintenance equipment and tools; keys to locks on or in the Buildings; and all other machinery, equipment, meters, boilers, repair parts, fixtures and tangible personal property of every kind and character and all accessions and additions thereto owned by and in the possession of Seller and attached to or located upon and used in connection with the ownership, maintenance, or operation of the Land or Buildings which are not the property of tenants of the Buildings or of other persons (the "Personal Property"); and

(v) all right, title and interest, if any, of the Seller in and to any land lying in the bed of any public street, road, alley, easements, rights of way, water, water courses, hereditaments or avenue opened or proposed, in front of or adjoining said Land and Buildings, including all strips and gores between the Land and abutting property, to the center line thereof; and

(vi) all right, title and interest of Seller, if any, in and to all site plans, surveys, soil and substrata studies, architectural drawings, plans and specifications, engineering plans and studies, floor plans, landscape plans, operating or maintenance manuals and other plans and studies of any kind owned by Seller, if any, with respect to the Land, the Buildings, or the Personal Property ("Plans"); and

(vii) all books, records, promotional material, tenant data, leasing material and forms, past and current rent rolls, paid bill files, bank statements, tax returns, market studies, keys, and other materials of any kind owned by Seller, if any, which are or may be used in Seller's ownership or use of the Land, the Buildings or the Personal Property ("Books and Records"); and

(viii) all right, title and interest of Seller, if any, in and to the use of the name "Carnegie Center" and any other name by which the property is commonly known, and all goodwill, if any, related to the name by which the property is commonly known; and

(ix) all right, title and interest of Seller, if any, in and to any and all licenses and permits owned or held by Seller (including any certificates of occupancy) to the extent such are assignable and in any way related to or arising out of or used in connection with the ownership or operation of the Land, the Buildings or the Personal Property (collectively, "Licenses and Permits"); and

(x) all other rights, privileges and appurtenances owned by Seller, if any, and in any way related to the rights and interests described above in this Section.

(The foregoing properties, rights and interests set forth or described in sub-sections (i) - (x) of this Section 1 are hereinafter collectively referred to as the "Premises".)

## 2. DEFINITIONS OF CERTAIN TERMS.

For purposes of this Agreement, unless the context otherwise requires:

"Additional Rent" shall mean any component of additional rent, however characterized, under a Lease, including without limitation, real estate taxes, electrical charges, utility costs and operating expenses.

"Additional Rent Credit" shall mean the aggregate amount due to all Tenants on account of the overpayment during calendar year 1995 or any other prior year of any Additional Rent.

"Appurtenances" shall mean all right, title and interest, if any, of Seller in and to any award or payment made, or to be made, (x) for any taking in condemnation, eminent domain or agreement in lieu thereof of land adjoining all or any part of the Land or Buildings, (y) for damage to the Land or Buildings or any part thereof by reason of change of grade or closing of any such street, road, highway or avenue, and (z) for any taking in condemnation or eminent domain of any part of the Land or Buildings other than provided for in Section 19.

"Broker" is as defined in Section 16.

"Brokerage Fund" is as defined in Section 15.

"Cash Payment" is Ten Million (\$10,000,000) Dollars, subject to adjustments as provided herein.

"Closing" is on or about March 20, 1996, but subject to the provisions of Section 22.

"Closing Date" shall mean the date on which the deed to the Premises shall be delivered and title thereto conveyed to Purchaser.

"Deed" shall mean a bargain and sale deed with covenants in proper statutory form for recording so as to convey to Purchaser good and marketable title to the fee simple of the Premises, free and clear of all liens and encumbrances, except the Permitted Encumbrances.

"Deposit" is Two Hundred Fifty Thousand (\$250,000) Dollars.

"DOT" is as defined in Section 19.

"Element" is as defined in Section 26.

"Environmental Documents" is as defined in Section 26.

"Escrow Agent" is First American Title Insurance Company.

"Escrow" is as defined in Section 15.

"Escrow Agreement" is as defined in Section 15.

"Estoppel Certificate" is as defined in Section 7.

"Execution Date" is the date that a fully executed copy of this Agreement is in the possession of counsel to Purchaser and Seller.

"Expenses Fund" is as defined in Section 15.

"Governmental Authorities" shall mean any agency, board, bureau, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision thereof, having, asserting or acquiring jurisdiction over all or any part of the Premises or the management, operation, use or improvement thereof.

"Hazardous Materials" shall include, without limitation, gasoline, petroleum products, explosives, radioactive materials, polychlorinated biphenyls, asbestos or any materials containing asbestos, or related or similar materials, or any other substance or material defined as a hazardous or toxic substance or waste or toxic pollutant by any federal, state or local law, ordinance, rule, or regulation.

"Inspection Period" is the period commencing on the Execution Date and ending March 20, 1996.

"ISRA" is the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq., the regulations promulgated thereunder and any amending or successor legislation and regulations.

"ISRA Compliance Date" is as defined in Section 26.

"Lease Extensions" is as defined in Section 8.

"Major Facility" is as defined in the Spill Act.

"Master Lease" is as defined in Section 15.

"NJDEP" is the New Jersey Department of Environmental Protection.

"Permitted Encumbrances" is as defined in Section 5.

"Premises" is as defined in Section 1.

"Purchase Price" is as defined in Section 4.

"Rent Roll" is the rent roll for the Premises set forth in Exhibit G in the form required under Section 9(b).

"Security Deposits" are those deposits posted under the Leases and all other deposits, if any, in the nature of security for a Tenant's performance under its Lease.

"Seller's Equity" is as defined in Section 9.

"Service Contracts" shall mean those contracts set forth in Exhibit H.

"Spill Act" shall mean the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq., together with any amendments or revisions thereof and any regulations promulgated thereunder and any amending or successor legislation and regulations.

"Tenant Improvement Fund" is as defined in Section 15.

"Tenants" shall mean any and all occupants of the Premises as of the date hereof.

"Tests and Studies" is as defined in Section 3.

"Title Company" is First American Title Insurance Company.

"Title Policy" is as defined in Section 17.

### 3. INSPECTION PERIOD; PURCHASER'S RIGHT OF INSPECTION PRIOR TO CLOSING

During the Inspection Period, Purchaser, at its sole expense, may perform Tests and Studies and may inspect the physical (including environmental) and financial condition of the Premises, including but not limited to the Leases, contracts, engineering and environmental reports, development approval agreements, permits and approvals and Service Contracts, which inspection shall be satisfactory to Purchaser in its sole discretion. Purchaser may terminate this Agreement for any reason, by written notice to Seller given within the Inspection Period. In the event Purchaser terminates this Agreement, Purchaser shall be entitled to the return of the Deposit with interest earned thereon, and this Agreement shall be null and void and the parties hereto shall be relieved of all further obligations hereunder except as otherwise provided herein.

During the Inspection Period, Purchaser, its agents and contractors, shall have the right to enter upon the Premises and perform (or cause to be performed) tests, investigations and studies of or related to the Premises including, but not limited to, soil borings, ground water investigation, percolator tests, surveys, architectural, engineering, subdivision, environmental, access, financial, market analysis, development and economic feasibility studies and other tests, investigations or studies as Purchaser, in its sole discretion, determines is necessary or desirable to satisfy Purchaser of the feasibility of owning and using the Premises (collectively the "Tests and Studies"), provided that it shall give Seller notification of its intention to conduct any such inspection and that such inspection shall not unreasonably impede the normal day-to-day business operation of the Premises. Such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of the breach of any representation or warranty of Seller which might have been disclosed by such inspection.

Seller agrees to permit Purchaser access to the Premises upon prior notice to Seller for the purpose of performing the Tests and Studies. To assist Purchaser in the performance of its Tests and Studies, Seller has previously delivered to Purchaser true and complete copies of all test borings, environmental reports (including, without limitation, all Environmental Documents), surveys, title materials and engineering and architectural data and the like relating to the Premises that are in Seller's possession or under its control and, in the event any additional materials or information come within Seller's possession or control after the date of this Agreement, Seller shall promptly submit true and complete copies of the same to Purchaser. Seller shall cooperate with Purchaser in facilitating the Tests and Studies and shall obtain, at no cost or expense to Seller, any consents that may be necessary in order for Purchaser to perform the same. Purchaser shall repair and restore any portion of the surface of the Premises disturbed by Purchaser, its agents or contractors during the conduct of any of the Tests and Studies to substantially the same condition as existed prior to such disturbance.

4. PURCHASE PRICE AND TERMS OF PAYMENT.

The purchase price for the Premises is Ten Million Two Hundred Fifty Thousand and xx/100 Dollars (\$10,250,000.00) (the "Purchase Price"), payable as follows:

(a) Delivery of the Deposit to the Escrow Agent, within three (3) days of the Execution Date, which shall be held pursuant to the terms of Section 24; and

(b) The Cash Payment, by a bank, certified or cashier's check on the Closing Date or by the wiring of federal funds to Seller or the Escrow Agent, subject to adjustment as provided herein.

5. MATTERS TO WHICH THIS SALE IS SUBJECT

The Premises are sold and are to be conveyed subject to the following (collectively the "Permitted Encumbrances"):

(a) The liens of real estate taxes, personal property taxes, water charges, and sewer charges provided same are not due and payable;

(b) The rights of Tenants, as tenants only;

(c) Those restrictions, covenants, agreements, easements, matters and things affecting title to the Premises and more particularly described in Exhibit "D" annexed hereto and by this reference made a part hereof;

(d) Any and all laws, statutes, ordinances, codes, rules, regulations, requirements, or executive mandates as the same may be amended subsequent to the date hereof affecting the Premises adopted by the United States, the State of New Jersey, the Township of Princeton and any and every other Governmental Authority having jurisdiction thereof;

(e) The state of facts shown on that certain survey prepared by Thomas Tyler Moore Associates Inc. and dated June 8, 1987 and revised June 18, 1987 and any update of said survey and any other state of facts which a recent and accurate survey of the Premises would actually show, provided same do not impair the use of the Premises as an office building and do not render title uninsurable at standard rates; and

(f) Those Service Contracts (as hereinafter defined) and, to the extent permitted herein, replacements and renewals thereof (subject to apportionment as provided in this Agreement) if and to the extent the same are assumed by Purchaser, at its option, at Closing.



6. ADJUSTMENTS

(a) The following items with respect to the Premises are to be apportioned as of midnight on the date preceding the Closing and shall be paid to the appropriate parties outside of the Purchase Price:

(i) Rents, escalation charges and percentage rents payable by Tenants as and when collected. Purchaser shall use reasonable efforts to collect delinquent additional rents. All monies received from Tenants from and after the Closing shall belong to Purchaser and shall be applied by Purchaser to current rents and other charges under the Leases and to any delinquencies then due Purchaser. After application of such monies to any rents and charges due to Purchaser (whether current or delinquent), Purchaser agrees to remit to Seller any excess amounts paid by a Tenant to the extent paid prior to Closing. Delinquent additional rents received after Closing shall be applied first to any delinquent additional rents owed to Purchaser, and thereafter paid to Seller. The provisions of this subsection 6(a) shall survive the Closing Date.

(ii) The Additional Rent Credit. At least ten (10) days prior to Closing, Seller shall deliver to Purchaser a schedule showing the portion of the Additional Rent Credit allowable to each Tenant and a description of the nature of such overpayment. Purchaser agrees to remit said amount to each Tenant on the schedule. Seller acknowledges its obligation to each Tenant with respect to any claims for overpayment of Additional Rent for any period prior to the Closing Date other than as set forth on said schedule, and that such obligation shall survive the Closing. In the event that any Tenant shall assert a claim against Purchaser for any Additional Rent Credit, Seller shall indemnify, defend and hold harmless Purchaser for any loss, cost or expense arising therefrom, including without limitation the amount of the claim and reasonable counsel fees and disbursements (whether or not in-house or outside counsel).

(iii) Utility charges payable by Seller, including, without limitation, electricity, water charges and sewer charges. If there are meters on the Premises, Seller will cause readings of all said meters to be performed not more than five (5) days prior to the Closing Date.

(iv) Amounts payable under the Service Contracts, to the extent Purchaser assumes such Service Contracts at Closing.

(v) Real estate taxes due and payable over the calendar year. If the Closing Date (as hereinafter defined) shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. If subsequent to the Closing Date, real estate taxes (by reason of change in either assessment or rate or for any other reason) for the Premises should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Seller agrees to pay Purchaser any increase shown by such recomputation and vice versa. The provisions of this Subsection 6(a) (v) will survive the Closing Date.

(vi) Income from vending machines, if any, and all other income, if any, other than rents.

(vii) All charges levied for the maintenance charges, membership fees, dues or other charges as provided in the Declaration of Covenants, Conditions and Restrictions, as amended (as defined in the Title Policy).

(b) At the Closing, Seller shall deliver to Purchaser a list of the Additional Rents billed to Tenants for the calendar year 1996 (both on a monthly basis and in the aggregate), the basis for which the monthly amounts are being billed and the amounts incurred by Seller on account of the components of Additional Rent for calendar year 1996. Upon the reconciliation by Purchaser of the Additional Rents billed to Tenants, and the amounts actually incurred for calendar year 1996, Seller and Purchaser shall be liable for overpayments of Additional Rents, and shall be entitled to payments from Tenants, as the case may be, on a pro rata basis based upon each party's period of ownership during calendar year 1996.

(c) Except as otherwise provided in this Agreement, the adjustments shall be made in accordance with the customs in respect to title closings in the State of New Jersey.

(d) Any errors in calculations or adjustments shall be corrected or adjusted as soon as practicable after the Closing.

7. ESTOPPEL CERTIFICATES

(a) Seller represents to Purchaser that Seller has delivered to each Tenant an estoppel certificate in the form annexed hereto as Exhibit "E" for Tenant's execution, completed to reflect the Tenant's particular Lease status.

(b) Seller agrees to use its best reasonable efforts to obtain from all Tenants and deliver same to Purchaser (i) the estoppel certificates referred to in subsection 7(a), or at a minimum and in satisfaction of the remainder of this Section 7, (ii) estoppel certificates in the form in which each Tenant is obligated to deliver same as provided in its Lease. All certificates referred to in (i) and (ii) above shall be collectively referred to as "Estoppel Certificates".

(c) As a condition to Closing, Seller shall deliver (i) an Estoppel Certificate from each Tenant which is leasing demised space in the Premises of 10,000 square feet or more and (ii) Estoppel Certificates from the remaining Tenants leasing seventy-five (75%) percent of the aggregate remaining square footage of the Premises.

(d) For an Estoppel Certificate to be deemed delivered for purposes of this Agreement, it must certify that the Tenant's most recent rental payment under its Lease was made not more than one (1) month prior to the month in which the Closing occurs.

(e) Seller shall deliver its own Estoppel Certificate on behalf of each Tenant which has failed to deliver such certificate on its own behalf.

#### 8. ITEMS TO BE DELIVERED BY SELLER ON THE CLOSING DATE

On the Closing Date, Seller, at its sole cost and expense, will deliver or cause to be delivered to Purchaser the following documents in connection with the Premises in form and substance reasonably satisfactory to Purchaser:

(a) The Deed duly executed and acknowledged. The delivery of the Deed shall also be deemed to transfer all of Seller's right, title and interest in and to the Personal Property.

(b) All original Leases and all other documents pertaining thereto, and certified copies of such Leases or other documents where Seller, using its best efforts, is unable to deliver originals of same.

(c) All other original documents or instruments initialed by or on behalf of the parties to this Agreement or referred to herein, and certified copies of same where Seller, using its best efforts, is unable to deliver originals.

(d) A letter to Tenants advising the Tenants of the sale hereunder and directing that rent and other payments thereafter be sent to Purchaser or its designee, as Purchaser shall so direct.

(e) Duly executed and acknowledged assignment of all Leases, Security Deposits and Intangible Property in the form of Exhibit "F" annexed hereto.

(f) A cashier's check to the order of Purchaser in the amount of the Security Deposits and any prepaid rents, together with interest required to be paid thereon.

(g) An affidavit, or such other documents as required by the Title Company, executed by Seller certifying (i) against any work done or supplies delivered to the Premises which might be grounds for a materialman's or mechanic's lien under or pursuant to New Jersey law, in form sufficient to enable the Title Company affirmatively to insure Purchaser against any such lien, (ii) that the signatures on the Deed are sufficient to bind Seller and convey the Premises to Purchaser, (iii) the conveyance is not prohibited or restricted in any way under the laws of the State of New Jersey and (iv) the Rent Roll. Seller shall also deliver a survey affidavit in the form and substance required by the Title Company.

(h) Any and all affidavits and other instruments (including but not limited to all organizational documents of the Seller and Seller's general partner including limited partnership agreements, certificates of partnership, by laws, articles of incorporation, and good standing certificates) and documents which the Title Company shall reasonably require in order to insure title to Purchaser, subject to no exceptions other than the Permitted Encumbrances.

(i) The Estoppel Certificates required in Section 7.

(j) Plans, Books and Records.

(k) Intentionally deleted.

(l) A Rent Roll, current as of the Closing Date, certified by Seller as being true and correct in all respects.

(m) All proper instruments as shall be reasonably required for

(i) the conveyance of title to the Appurtenances, and (ii) subject to the provisions of Section 19, the assignment of and/or collection rights to any condemnation or eminent domain claims, awards or payments, as well as the right to claim or collect damages resulting from damage to the Premises or any part thereof by reason of the changing of grade or closing of any street, road, highway or avenue.

(n) Duly executed and acknowledged assignment of those Service Contracts which Purchaser has elected to assume in the form of Exhibit "H" annexed hereto.

(o) A certificate signed by an officer of Seller to the effect that Seller is not a "foreign person" as that term is defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

(p) All such transfer and other tax declarations and returns and information returns, duly executed and sworn to by Seller as may be required of Seller by law in connection with the conveyance of the Premises to Purchaser, including but not limited to, Internal Revenue Service forms 1099-S and 1096.

(q) A statement setting forth the Purchase Price with all adjustments and prorations shown thereon.

(r) The Seller's closing certificate with respect to the representations and warranties described in Section 9 hereof.

(s) The Additional Rent list and Additional Rent Credit schedule described in Section 6 hereof.

(t) The Escrow Agreement described in Section 15 hereof.

(u) Lease extension and modification agreements executed by Kurt Salmon Associates ("Salmon") and Ronin Development Corporation ("Ronin") on terms previously approved by Purchaser and otherwise in form and substance reasonably acceptable to Purchaser (collectively, the "Lease Extensions"). If Seller shall be unable to obtain the Lease Extensions after having used reasonable efforts to obtain same, then Seller perform as described in Section 15.

(v) A certification from the Association (as defined in the Title Policy) that all charges, including monthly common charges and assessments, have been paid through the Closing Date with respect to the Premises.

(w) Evidence sufficient to Purchaser and the Title Company that Scottish & York Realty, Inc. has no rights or options now or in the future with respect to the Premises.

#### 9. SELLER'S REPRESENTATIONS AND WARRANTIES

In order to induce Purchaser to purchase the Premises, Seller hereby warrants, represents and agrees that the following are true as of the date hereof and will be true on the Closing Date:

(a) Annexed hereto as Exhibit "C" is a true, complete and correct schedule of all Leases, which Leases are valid and bona fide and are now in full force and effect. 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; the Leases constitute all of the leases, tenancies or occupancies affecting the Premises on the date hereof; all Tenants have commenced occupancy; other than as set forth in the Leases, there are no agreements which confer upon any Tenant or any other person or entity any rights with respect to the Premises, nor is any Tenant entitled now or in the future to any concession, rebate, offset, allowance or free rent for any period, nor has any such claim been asserted by any Tenant.

(b) Annexed hereto as Exhibit "G" (the "Rent Roll") is a true, complete and correct listing of all Leases, which sets forth: (i) the total number of Tenants at the Premises; (ii) the name of each Tenant; (iii) fixed rent actually being collected; (iv) expiration date or status of the Leases (including all rights or options to renew); (v) Security Deposits; (vi) arrangements under which any Tenant is occupying space on the date hereof or will in the future, occupy such space; (vii) any notices given by any Tenant of an intention to vacate space in the future; and (viii) the base year(s) and base year amounts for all items of rent or additional rent billed to each Tenant on that basis. Seller has performed all of the obligations and observed all of the covenants required of the landlord under the terms of the Leases.

(c) All work, alterations, improvements or installations required to be made for or on behalf of all Tenants under the Leases have in all respects been carried out, performed and complied with, and there is no agreement with any Tenant for the performance of any work to be done in the future. No work has been performed at the Premises which would require an amendment to the certificate of occupancy, and any and all work performed at the Premises to the date hereof and to the Closing Date has been and will be in

accordance with the rules, laws and regulations of all applicable authorities. All bills and claims for labor performed and materials furnished to or for the benefit of the Premises will be paid in full on the Closing Date.

(d) There are no service contracts, union contracts, employment agreements or other agreements affecting the Premises or the operation thereof, except the Service Contracts. True, accurate and complete copies of the Service Contracts have been initialed by the parties. All of the Service Contracts are and will on the Closing Date be unmodified and in full force and effect without any default or claim of default by any of the parties thereto. All sums presently due and payable by Seller under the Service Contracts have been fully paid and all sums which become due and payable between the date hereof and the Closing Date shall be fully paid on the Closing Date.

(e) There are no actions, suits, labor disputes, litigation or proceedings currently pending or, to the knowledge of Seller, threatened against or related to Seller or to all or any part of the Premises or the operation thereof, nor does Seller know of any basis for any such action.

(f) There are no outstanding requirements or recommendations by (i) the insurance company(s) which issued the insurance policies insuring the Premises; (ii) any board of fire underwriters or other body exercising similar functions, or (iii) the holder of any mortgage, which require or recommend any repairs or work to be done on the Premises.

(g) No Tenants are in arrears for the payment of rent for any month preceding the month of the date of this Agreement, nor has Seller received notice of an intention to vacate from any Tenant, except as noted on the Rent Roll.

(h) Subject to the terms of this Agreement, Seller has received no written notice and has no knowledge of (i) any pending or contemplated annexation or condemnation proceedings, or private purchase in lieu thereof, affecting or which may affect the Premises, or any part thereof, (ii) any proposed or pending proceeding to change or redefine the zoning classification of all or any part of the Premises, (iii) any proposed or pending special assessments affecting the Premises or any portion thereof, (iv) any penalties or interest due with respect to real estate taxes assessed against the Premises and (v) any proposed change(s) in any road or grades with respect to the roads providing a means of ingress and egress to the Premises. Seller agrees to furnish Purchaser with a copy of any such notice received within two (2) days after receipt.

(i) Seller has provided Purchaser with all reports in Seller's possession or under its control related to the physical condition of the Premises and all Books and Records necessary for Purchaser to conduct its due diligence and Tests and Studies.

(j) Seller has no knowledge of any notices, suits, or judgments relating to any violations (including environmental) of any laws, ordinances or regulations affecting the Premises, or any violations or conditions that may give rise thereto and has no reason to believe that any Governmental Authorities contemplates the issuance thereof.

(k) There are no employees working at or in connection with the Premises. There is currently no union agreement affecting the Premises and none will be in effect on the Closing Date.

(l) Annexed hereto as Exhibit "L" is a schedule of all leasing commission obligations affecting the Premises. The respective obligations of Seller and Purchaser with respect to said commissions are set forth in Section 15.

(m) Seller (A) is a duly organized and validly existing limited partnership (corporation) under the laws of the State of New Jersey, and is duly authorized to transact business in the State of New Jersey; (B) has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations hereunder and under such other documents and instruments in order to sell the Premises in accordance with the terms and conditions hereof and all necessary actions of the general and limited partners (stockholders and board of directors) of Seller to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(n) This Agreement, when duly executed and delivered, will be the legal, valid and binding obligation of Seller, enforceable in accordance with the terms of this Agreement. Seller's performance of its duties and obligations under this Agreement and the transfer documents contemplated hereby will not conflict with, or result in a breach of or default under, any provision of any of Seller's organizational documents, any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to which Seller is a party or by which its assets are or may be bound.

(o) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or State bankruptcy laws is pending or threatened against, or contemplated by Seller.

(p) No person, firm, or entity has any rights in, or rights to acquire all or any part of the Premises.

(q) The Personal Property is now owned and will on the Closing Date be owned by Seller free and clear of any conditional bills of sale, chattel mortgages, security agreements or financing statements or other security interests of any kind.

All representations and warranties provided by Seller in this Agreement shall survive the Closing Date for a period of one (1) year and shall not be merged in the delivery of the Deed. Seller agrees to indemnify and hold Purchaser harmless against all claims, liabilities, losses, deficiencies and damages as well as reasonable expenses (including attorney's fees), and interest and penalties related thereto, asserted by any third party against or incurred by Purchaser, by reason of or resulting from any breach, inaccuracy, incompleteness or nonfulfillment of the covenants, representations and warranties of Seller contained in this Agreement. Any recovery by Purchaser from Seller under this Section shall be limited to Seller's Equity in the Premises (as hereafter defined) unless Seller has made a willful misrepresentation under this Section 9 whereupon recovery by Purchaser shall not be limited in any manner whatsoever. "Seller's Equity" in the Premises shall mean the net amount of the Purchase Price actually received by Seller after deducting from the Purchase Price all charges and costs of Seller including, but not limited to, the payoff of the Mutual Benefit Life mortgage, the Tenant Improvement Fund, the Brokerage Fund, the Expenses Fund, the consulting/brokerage payment to Salvatore Frassetto and Seller's expenses in connection with this transaction.

#### 10. SELLER'S COVENANTS

Seller covenants and agrees that between the date hereof and the Closing Date it shall perform or observe the following with respect to the Premises:

(a) Seller, as landlord, will not enter into any new leases with respect to the Premises, or renew or modify any Lease, without Purchaser's prior written consent.

(b) If prior to the Closing Date Seller shall have received from (i) any insurance company which issued a policy with respect to the Premises, (ii) any board of fire underwriters or other body exercising similar functions, or (iii) the holder of any mortgage, any notice requiring or recommending any repair work to be done on the Premises, Seller will do the same expeditiously and diligently at its own cost and expense prior to the Closing Date.

(c) Seller will operate and maintain the Premises in the ordinary course of business and use reasonable efforts to reasonably preserve for Purchaser the relationships of Seller and Seller's Tenants, suppliers, managers, employees and others having on-going relationships with the Premises. Seller will complete any capital expenditure program currently in process or anticipated to be completed. Seller will not defer taking any actions or spending any of its funds, or otherwise manage the Premises differently, due to the pending sale of the Premises.

(d) Seller shall not:

(i) Enter into any agreement requiring Seller to do work for any Tenant after the Closing Date without first obtaining the written consent of Purchaser; or

(ii) Accept the surrender of any Service Contract or Lease, or grant any concession, rebate, allowance or free rent.

(e) Seller shall not, between the date hereof and the Closing Date, apply any of such Security Deposits with respect to any Tenant in occupancy on the Closing Date.

(f) Subject to the provisions of this Agreement, between the date hereof and the Closing Date, Seller will not renew, extend or modify any of the Service Contracts without the prior written consent of the Purchaser in each instance first had and obtained. At the Closing, Seller will cancel or will have previously cancelled (effective on the Closing Date) all Service Contracts except those which Purchaser has agreed in writing to assume, with all cancellations at Seller's sole cost and expense.

(g) Seller shall not remove any Personal Property, fixtures or equipment located in or on the Premises, except as may be required for repair and replacement. All replacements shall be free and clear of liens and encumbrances and shall be of quality at least equal to the replaced items and

shall be deemed included in this sale, without cost or expense to Purchaser.

(h) Seller shall, upon request of Purchaser at any time after the date hereof, assist Purchaser in its preparation of audited financial statements, statements of income and expense, and such other documentation as Purchaser may reasonably request, covering the period of Seller's ownership of the Premises.

(i) Between the date hereof and the Closing Date, Seller will make all required payments under any mortgage affecting the Premises within any applicable grace period, but without reimbursement by Purchaser therefor and Seller shall also pay all of its interest and related obligations under any such mortgage through and including the Closing Date. Seller shall also comply with all other terms covenants, and conditions of any mortgage on the Premises.

(j) Seller shall not cause or permit the Premises, or any interest therein, to be alienated, mortgaged, liened, encumbered (other than by mechanic's or materialman's liens or claims which are removed or bonded against prior to Closing) or otherwise be transferred.

(k) Up to and including the Closing Date, Seller agrees to maintain and keep such hazard, liability and casualty insurance policies in full force and effect in such amounts and covering such risks sufficiently to protect the Premises and to protect, to a reasonable and prudent extent, the owner of the Premises, in such amounts as are required so as not to be deemed a co-insurer, and for actual replacement cost, against any loss, damage, claim or liability.

(l) Seller shall permit Purchaser and its authorized representatives to inspect the Books and Records of its operations at all reasonable times for a period of one (1) year subsequent to the Closing Date. All Books and Records not conveyed to Purchaser hereunder shall be maintained for Purchaser's inspection at Seller's address as set forth above.

(m) All violations of laws, statutes, ordinances, regulations, orders or requirements affecting the Premises of which Seller has knowledge, whether or not such violations are now noted in the records of or have been issued by any Governmental Authorities, will be complied with by Seller and the Premises will be conveyed free of any such violations.

(n) Seller shall retain the books and records used in determining additional rent amounts under the Leases for a period of two (2) years after notification of said amounts are given to Tenants.

#### 11. CONDITIONS PRECEDENT TO PURCHASER'S OBLIGATIONS.

The obligations of Purchaser to purchase the Premises 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):

(i) The representations and warranties made by Seller herein 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.

(ii) Seller shall have performed all covenants and obligations undertaken by Seller in Section 10 hereof in all respects and complied with all conditions required by this Agreement to be performed or complied with by it on or before the Closing Date.

(iii) The Title Company is unconditionally prepared to issue to Purchaser a Title Policy meeting the requirements set forth in Section 17 hereof for an "insurable title".

(iv) Seller shall have delivered to Purchaser all of the documents enumerated in Section 8 hereof.

#### 12. SELLER'S CREDIT

(a) For a period of three (3) months following the Closing Date, Seller shall have the nonexclusive right to present to Purchaser leases for up to 2,500 square feet of space at the Premises vacant as of the date hereof provided the following conditions are met:

(i) the minimum rent shall be at least \$19.00 per square foot gross (including fixed and additional rent) for each year of the lease;

(ii) the lease term shall be for no less than five (5) years and no more than ten (10) years;

(iii) there are no tenant rent concessions of any kind whatsoever contained in the lease;

(iv) the lease is on the same form as the Leases;

(v) the creditworthiness of the proposed tenant and, to the extent not otherwise provided herein, the terms and conditions of the proposed lease (and any brokerage agreement executed therewith) shall be satisfactory to Purchaser, in its reasonable discretion;

(vi) the tenant is a bona fide third party;

(vii) the lease shall have been executed by the tenant thereunder and shall be a valid, binding and enforceable obligation of said party upon the execution thereof by Purchaser as a landlord thereunder; and

(viii) the procuring broker, if any, shall be any broker other than Cali Realty Corporation or an affiliate thereof.

If Seller procures any leases in accordance with conditions (i) through (viii), then within thirty (30) days following the tenant thereunder taking occupancy and commencing the payment of regular installments of rent, Purchaser shall pay to Seller an amount derived by multiplying 7.692 times the difference between (a) the gross rent to be paid over the first year of the lease and (b) the projected operating expenses during the first full year of the lease and thereafter subtracting the aggregate of the tenant improvement costs and brokerage commissions associated with the lease. Following such payment, Purchaser shall be responsible for any tenant improvement costs and brokerage commission incurred with respect to said lease; to the extent previously paid by Seller, Purchaser shall reimburse Seller against actual receipts marked "paid."

(b) Purchaser shall have no obligation to accept any lease or leases from Seller which lease in the aggregate is in excess of 2,500 square feet of said vacant space at the Premises. In the event Purchaser shall accept a lease or leases in the aggregate in excess of 2,500 square feet, Seller's credit shall only be applicable to a pro rata amount based upon 2,500 square feet.

(c) Seller's rights as set forth in this Section 12 are nonexclusive. As a result, Seller shall only have the rights so provided herein during said three (3) month period only so long as any of said vacant space is available and only for so much of said vacant space as is available. Seller shall have no right or claim to any credit if said vacant space is leased by any other party.

If any payments are made to Seller pursuant to this Section 12 and it is determined by a Governmental Authority that transfer taxes are due with respect to said payments, Purchaser shall withhold the applicable amount for transfer tax purposes and pay said amount over to the appropriate Governmental Authority.

#### 13. EXPENSES

(a) Seller shall pay the fees, costs and expenses of Seller's counsel, and any and all sales taxes, transfer taxes, documentary stamps, customary recording fees and other taxes and charges imposed in connection with the delivery and recording of the Deed, all customary prorations and appointments and one-half of all reasonable escrow fees.

(b) Purchaser shall pay the fees, costs and expenses of Purchaser's counsel, all title insurance premiums and charges, all recording fees, all survey or surveyor charges, and any fees, costs or expenses incurred by Purchaser in connection with its inspection of the Property, including, but not limited to, any architects', engineers', accountants', appraisers' or contractors' fees or costs, all customary prorations and appointments and one-half of all reasonable escrow fees.

(c) The obligations of Seller and Purchaser set forth in this Section 13 shall survive the Closing or the earlier termination of this Agreement.

#### 14. TAX REDUCTION AND APPEALS

Seller is hereby authorized to continue the proceeding or proceedings now pending for the reduction of the assessed valuation of the Premises as set forth on Exhibit "J" and to litigate or settle the same in Seller's discretion. Purchaser is hereby authorized by Seller, in Purchaser's sole discretion, to file any applicable proceeding for the 1996 fiscal year for the reduction of the assessed valuation of the Premises.

The net refund of taxes, if any, for any tax year for which Seller or Purchaser shall be entitled to share in the refund shall be divided between Seller and Purchaser in accordance with the apportionment of taxes pursuant to the provisions hereof. The provisions of this Section shall survive the Closing Date.

#### 15. LEASING COMMISSIONS AND TENANT IMPROVEMENT OBLIGATIONS

(a) All leasing commissions due on account of the original term of all Leases made before the date of this Agreement and extensions and renewals which are presently effective (but not renewals or extensions of such leases which are exercised after the Closing Date) shall be paid by Seller. All leasing commissions on account of extensions or renewals of Leases made after the Closing Date shall be paid by Purchaser with the exception of those pertaining to the Lease Extensions as further set forth in Sections 15(b) and (c). All tenant improvements obligations shall be satisfied prior to the Closing Date with the exception of those pertaining to the Lease Extensions as further set forth in Sections 15(b) and (c). The provisions of this Section shall survive the Closing.

(b) (i) In the event that the Lease Extensions are delivered at Closing, Seller shall direct that a portion of the Purchase Price in the aggregate amount of (a) 110% of the tenant improvement allowances granted to Salmon and Ronin for tenant improvements to be performed by a contractor acceptable to Purchaser (the "Tenant Improvement Fund"), (b) 100% of the amount of brokerage commissions relating to the Salmon and Ronin lease extensions (the "Brokerage Fund") and (c) 100% of certain other identifiable costs and expenses set forth in Exhibit "K" (the "Expenses Fund") be remitted directly to Escrow Agent pursuant to the terms of the escrow agreement (the "Escrow Agreement") in form and substance to be agreed upon between the parties hereto and to be disbursed to Purchaser in accordance with the terms of the Escrow Agreement. The Escrow Agent shall disburse at Closing amounts escrowed under the Brokerage Fund and the Expenses Fund upon (i) receipt of invoices received from certain brokers and/or vendors and (ii) approval of such invoices from Purchaser.

(ii) In the event that only one of the Lease Extensions is executed and delivered at Closing, then (X) the aforescribed Funds described in Section 15(b)(i) shall be funded at Closing only to the extent necessary to cover the tenant improvements and brokerage commissions for said Lease Extension plus the Expenses Fund, (Y) the Master Lease (as hereafter defined) shall be entered into for the space not leased and (Z) the Escrow shall be reduced by \$200,000.00, which amount shall be used to pay the brokerage/consulting fee to Salvatore Frassetto. If Seller does not deliver both Lease Extensions fully executed at Closing, then neither of the aforescribed Funds shall be funded and the provisions of the following paragraph (c) shall govern.

(c) If Seller does not deliver fully executed Lease Extensions by the Closing Date, Seller and Purchaser hereby agree to proceed as follows: (a) a portion of the Purchase Price up to Eight Million Five Hundred Thousand (\$8,500,000.00) Dollars shall be used to satisfy that certain mortgage made by Seller to The Mutual Benefit Life Insurance Company in the original principal amount of \$10,000,000.00 (b) to remit the remainder of the Purchase Price (the "Escrow") to the Escrow Agent pursuant to the terms of the Escrow Agreement, (c) to perform their respective obligations under this Agreement, and (d) to enter into a master lease between Seller, as tenant, and Purchaser, as landlord, (the "Master Lease") for the space which was to have been occupied by Ronin, Salmon, or both, as applicable, following the Lease Extensions had such Lease Extensions been entered into. The payments by Seller under the Master Lease are obligations secured and guaranteed by the Escrow; provided, however, that Seller's maximum obligation under the Master Lease shall be limited to the amount of the Escrow. The Master Lease shall be on Purchaser's standard form of lease under the terms and conditions previously agreed upon between the parties. The rent obligations of Seller, as tenant, under the Master Lease shall be paid directly out of the Escrow in accordance with the terms and conditions of the Escrow Agreement.

(d) When and if both Lease Extensions are signed under the terms and conditions of this Agreement, or replacement leases acceptable to Purchaser covering all of the space demised under the Master Lease are signed, then the balance of the Escrow less an amount equal to the greater of (i) the amounts to be escrowed as the Tenant Improvement Fund, the Brokerage Fund and Expenses Fund as provided in paragraph (b) above or (ii) 110% of the tenant improvement allowances granted under the replacement leases for tenant improvements to be performed by a contractor acceptable to Purchaser plus 100% of the amount of the actual brokerage commissions relating to the replacement leases plus any of the then unpaid identifiable costs and expenses described in paragraph (b) above shall be released to Seller.

16. BROKER

Purchaser and Seller represent that they have not dealt with any brokers, finders or salesmen except Keller, Dodd and Woodworth, Inc. (the "Broker"), in connection with this transaction, and agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which they may sustain, incur or be exposed to by reason of any claim for fees or commissions. The commission payable to Broker shall be paid by Seller. The provisions of this Section shall survive the Closing Date or other termination of this Agreement.

17. TITLE REPORT



(a) Purchaser agrees promptly after execution of this Agreement to order a report of title or title commitment from the Title Company and to direct the Title Company to provide Seller with a copy thereof. It shall be a condition to Closing that Seller transfer, and that the Title Company agree to insure, title to the Premises in the amount of the purchase price (at a standard rate for such insurance) in the name of Purchaser, after delivery of the Deed, by a standard 1992 ALTA Owners Policy, with ALTA endorsements Form 8.1, Form 9 and any other endorsements as required by Purchaser attached, free and clear of all liens, encumbrances and other matters, other than the Permitted Encumbrances (the "Title Policy"). The Title Company shall provide affirmative insurance that any Permitted Encumbrances have not been violated, and that any future violation thereof will not result in a forfeiture or reversion of title and the exception for taxes shall apply only to the current taxes not yet due and payable. Seller shall provide such affidavits and undertakings as the Title Company insuring title to the Premises may require and shall cure all other defects and exceptions. The words "insurable title" and "insurable" as used in this Agreement are hereby defined to mean title which is insurable at standard rates (without special premium) by the Title Company without exception other than the Permitted Encumbrances, and standard printed policy and survey exceptions. Seller shall be obligated to expend up to the Purchase Price to cause title to the Premises to be conveyed to Purchaser in the manner required under this Agreement.

(b) If, at the Closing, Seller is unable to convey to Purchaser insurable title to the Premises subject to and in accordance with the provisions of this Agreement, Seller shall be entitled, upon written notice delivered to Purchaser at or prior to the Closing, to reasonable adjournments of the Closing Date one or more times, for a period or periods not to exceed, in the aggregate, thirty (30) days, to enable Seller to convey such title or to fulfill such obligations. If Seller does not so elect to adjourn the Closing, or if at the adjourned date Seller is still unable to convey insurable title subject to, and in accordance with the provisions of, this Agreement, then Purchaser may, at its option, (a) terminate this Agreement by written notice delivered as provided in Section 23 hereof, in which event the sole liability of Seller shall be to direct Title Company to refund the Deposit with interest thereon to Purchaser, and to refund to Purchaser all charges made for (i) examining the title, (ii) any appropriate additional municipal searches made in accordance with this Agreement, and (iii) survey and survey inspection charges; or (b) accept title to the Premises subject to such defect(s), in which event such defect(s) shall become Permitted Encumbrance(s). Upon such refund being made to Purchaser in accordance with clause (a) of the immediately preceding sentence, then this Agreement shall automatically become void and of no further force or effect, and neither party shall have any obligations of any nature to the other hereunder or by reason hereof, except obligations which, pursuant to the provisions of this Agreement, are expressly stated to survive the termination of this Agreement. If Seller elects to adjourn the Closing as provided above, this Agreement shall remain in effect for the period or periods of adjournments, in accordance with its terms.

(c) Upon notice to Seller, Purchaser shall have the right to cause one or more title insurance companies, whether or not through abstract agencies, to insure Purchaser's title to the Premises on a co-insurance basis or to change title companies, so long as in each instance, said company and agency, to the extent applicable, is a duly licensed title insurance company authorized to conduct business in the State of New Jersey.

#### 18. CASUALTY LOSS

(a) If prior to the Closing Date any part of the Premises is damaged as the result of fire or other casualty and the estimated cost of repair of the damage exceeds \$100,000.00, Purchaser shall have the option to either (i) accept title to the Premises without any abatement of the purchase price whatsoever, in which event on the Closing Date all of the insurance proceeds shall be assigned by Seller to Purchaser and any moneys theretofore received by Seller in connection with such fire or other casualty shall be paid over to Purchaser, or (ii) cancel this Agreement and the Deposit together with all interest earned thereon shall be returned to Purchaser by the Escrow Agent, and upon such return neither party shall have any further liability or obligation to the other. In the event that the damages shall not exceed \$100,000.00, this Agreement shall remain in full force and effect, the insurance proceeds shall be assigned by Seller to Purchaser and all sums received by Seller in connection therewith shall be paid over to Purchaser. Seller shall maintain adequate insurance on the Premises to cover the full replacement value of the Buildings without reduction for depreciation, including adequate rental value insurance, so as not to be deemed a co-insurer and for actual replacement costs, with no more than a \$5,000.00 deductible and Seller shall give Purchaser a credit therefor on the Closing Date in case of fire or other casualty occurring before the Closing Date.

(b) Seller shall not settle any fire or casualty loss claims in connection with the Premises without obtaining Purchaser's prior written consent.

(c) Seller hereby agrees to furnish Purchaser with written notification of any such fire or casualty within twenty-four (24) hours of such event.

19. CONDEMNATION

(a) Notwithstanding anything to the contrary contained in Section 19(b) below, in the event of the institution of any proceedings, judicial, administrative or otherwise, which shall relate to the proposed material taking of any portion of the Premises by eminent domain prior to the Closing Date, or in the event of the material taking of any portion of the Premises by eminent domain prior to the Closing Date, Purchaser shall have the right and option to terminate this Agreement by giving the Seller written notice to such effect at any time after its receipt of written notification of any such occurrence. Any damage to or destruction of the Premises as a result of a taking by eminent domain shall be deemed "material" for purposes of this Section 19 if the estimate of the damage, which estimate shall be performed by an insurance adjustor and Purchaser's architect, shall exceed \$100,000.00. Should Purchaser so terminate this Agreement in accordance with this Section 19, the Deposit together with interest earned thereon shall immediately be returned to Purchaser by the Escrow Agent and upon such return, neither party shall have any further liability or obligations to the other. In the event Purchaser shall not elect to cancel this Agreement, Seller shall assign all proceeds of such taking to Purchaser, and same shall be Purchaser's sole property, and Purchaser shall have the sole right to settle any claim in connection with the Premises.

(b) The parties hereby agree that Seller shall retain the condemnation awards, payments or compensation attributable to and resulting from that certain condemnation proceeding by the New Jersey Department of Transportation (the "DOT") for the property more particularly described in Exhibit "I" annexed hereto. In the event that the outcome of such proceeding shall result in the taking by the DOT of more property than contemplated by the parties in Exhibit "I", Purchaser shall receive any awards, payments or compensation attributable to such excess taking.

20. REMEDIES

(a) In the event Purchaser fails to perform on the Closing Date, Purchaser's sole liability and Seller's sole recourse shall be limited to the amount of the Deposit. Seller agrees that retention of the Deposit constitutes fixed and liquidated damages resulting from Purchaser's default, and Seller waives any other claim, at law or in equity, either against Purchaser or against any person, known or unknown, disclosed or undisclosed.

(b) (i) If, after complying with the terms of this Agreement, Seller shall be unable to convey the Premises in accordance with the terms of this Agreement, the sole obligation and liability of Seller shall be to direct the Escrow Agent to refund to Purchaser the Deposit, and to pay Purchaser's net cost of examining title, which cost is not to exceed the charges fixed by the local board of title underwriters and actually to be paid by Purchaser, and survey charges actually to be paid by Purchaser, which charges are not to exceed \$5,000, whereupon 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.

(ii) In the event of any default on the part of Seller or Seller's failure to comply with any representation, warranty or agreement in any material respect, Purchaser shall be entitled to (a) terminate this Agreement upon notice to Seller, in which event the Deposit shall be returned by Escrow Agent to Purchaser and neither party shall thereafter have any further obligations under this Agreement (b) commence an action against Seller seeking specific performance of Seller's obligations under this Agreement or (c) in the event of a willful default by Seller, Purchaser may pursue any and all of its remedies at law or in equity or any combination thereof.

(c) The acceptance of the Deed by Purchaser shall be deemed a full performance and discharge of every agreement and obligation of Seller to be performed under this Agreement, except those, if any, which are specifically stated in this Agreement to survive the Closing.

21. ASSESSMENT

If, on the Closing Date, the Premises or any part thereof shall be or shall have been affected by an assessment or assessments which are or may become payable in annual installments, of which the first installment is either then a charge or lien or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the Closing Date, shall be deemed to be due and payable and to be liens upon the Premises and shall be paid and discharged by Seller on the Closing Date.

22. CLOSING

The closing and delivery of the Deed (the "Closing") shall take place at the offices of Pryor, Cashman, Sherman & Flynn, 410 Park Avenue, New York, New York 10022 on or about the Closing Date. Upon notice to Seller, Purchaser may elect to accelerate the Closing Date to a date not less than five (5) days after the date of Purchaser's notice.

23. 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 or by Escrow Agent, 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 Purchaser: Century Plaza Associates  
c/o Cali Realty Acquisition Corporation  
11 Commercial Drive  
Cranford, New Jersey 07016  
Attn: John J. Cali and Roger W. Thomas, Esq.  
(908) 272-8000 (tele.)  
(908) 272-6755 (fax)

with a copy to: Andrew S. Levine, Esq.  
Pryor, Cashman, Sherman & Flynn  
410 Park Avenue  
New York, New York 10022  
(212) 326-0414 (tele.)  
(212) 326-0806 (fax)

If to Seller: Mr. C. Lawrence Keller  
Keller Carnegie Associates  
103 Carnegie Ceter  
Princeton, New Jersey 08540  
(609) 452-8880 (tele.)  
(609) 520-1730 (fax)

with a copy to: George C. Witte, Jr., Esq.  
McCarter & English  
Four Gateway Center  
100 Mulberry Street  
Newark, New Jersey 07101  
(201) 622-4444 (tele.)  
(201) 624-7070 (fax)

If to Escrow Agent: First American Title Insurance Company  
228 East 45th Street  
New York, New York 10017  
(212) 922-9700  
(212) 922-0881

or to such other address as either party may from time to time designate by written notice to the other or to the Escrow Agent. 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 or communication. Notices may be given by counsel for the parties described above, and such Notices shall be deemed given by Purchaser or Seller, as the case may be, for all purposes hereunder.

24. ESCROW AGREEMENT

Upon the signing of this Agreement by the parties, Purchaser shall deliver the Deposit to Escrow Agent. The parties agree that the Deposit shall be held by the Escrow Agent in escrow and disposed of only in accordance with the provisions of this Section 24. The parties agree that if the Deposit is cash, such cash shall be invested in an assignable interest-bearing certificate of deposit, money market fund, treasury bill or other similar security approved by Seller and Purchaser, and all interest accruing thereon shall be paid to Purchaser, except as otherwise provided herein.

(a) The Escrow Agent will deliver the Deposit to Seller or to Purchaser, as the case may be, under the following conditions:

(i) To Seller on the Closing Date;

(ii) To Seller upon receipt of written demand therefor, such demand stating that Purchaser has defaulted in the performance of this Agreement and specifically setting forth the facts and circumstances underlying such default. The Escrow Agent shall not honor such demand until more than five (5) days have elapsed after the Escrow Agent has mailed a copy of such demand to Seller or Purchaser, as the case may be, nor thereafter if the Escrow Agent shall have received written notice of objection from Purchaser in accordance with the provisions of clause (b) of this Section 24; or

(iii) To Purchaser upon receipt of written demand therefor, such demand stating that this Agreement has been terminated in accordance with the provisions hereof, or Seller has defaulted in the performance of this Agreement, and specifically setting forth the facts and circumstances underlying the same. The Escrow Agent shall not honor such demand until more than five (5) days have elapsed after the Escrow Agent has mailed a copy of such demand to Seller or Purchaser, as the case may be, nor thereafter, if the Escrow Agent shall have received written notice of objection from the other party in accordance with the provisions of clause (b) of this Section 24.

(b) Upon the filing of a written demand for the Deposit by Purchaser or Seller, pursuant to subclause (ii) or (iii) of clause (a) of this Section 24, the Escrow Agent shall promptly mail a copy thereof to the other party. The other party shall have the right to object to the delivery of the Deposit by filing written notice of such objection with the Escrow Agent at any time within five (5) days after the mailing of such copy to it, but not thereafter. Such notice shall set forth the basis for objecting to the delivery of the Deposit. Upon receipt of such notice, the Escrow Agent shall promptly mail a copy thereof to the party who filed the written demand.

(c) In the event the Escrow Agent shall have received the notice of objection provided for in clause (b) above and within the time therein prescribed, the Escrow Agent shall continue to hold the Deposit until (i) the Escrow Agent receives written notice from Seller and Purchaser directing the disbursement of said Deposit, in which case, the Escrow Agent shall then disburse said Deposit in accordance with said direction, or (ii) in the event of litigation between Seller and Purchaser, the Escrow Agent shall deliver the Deposit to the Clerk of the Court in which said litigation is pending, or (iii) the Escrow Agent takes such affirmative steps as the Escrow Agent may, in the Escrow Agent's reasonable opinion, elect in order to terminate the Escrow Agent's duties including, but not limited to, depositing the Deposit with the Court and bringing an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losing party.

(d) The Escrow Agent may act upon any instrument or other writing believed by it in good faith to be genuine and to be signed and presented by the proper person and it shall not be liable in connection with the performance of any duties imposed upon the Escrow Agent by the provisions of this Agreement, except for damage caused by the Escrow Agent's own negligence or willful default. The Escrow Agent shall have no duties or responsibilities except those set forth herein. The Escrow Agent shall not be bound by any modification of this Agreement, unless the same is in writing and signed by Purchaser and Seller, and, if the Escrow Agent's duties hereunder are affected, unless Escrow Agent shall have given prior written consent thereto. In the event that the Escrow Agent shall be uncertain as to the Escrow Agent's duties or rights hereunder, or shall receive instructions from Purchaser or Seller which, in the Escrow Agent's opinion, are in conflict with any of the provisions hereof, the Escrow Agent shall be entitled to hold and apply the Deposit pursuant to clause (c) above and may decline to take any other action. The Escrow Agent shall not charge a fee for its services as escrow agent.

## 25. ASSIGNMENT.

Purchaser shall have the right, at its sole option, to assign its rights hereunder to First American Exchange Corporation or to an affiliate of Purchaser upon written notice to Seller. Seller shall, within five (5) days after receiving such notice, consent to such assignment. No such assignment shall relieve Purchaser of its obligations hereunder.

## 26. ENVIRONMENTAL REPRESENTATIONS

(a) Seller represents and warrants that (a) there are no Hazardous Materials on or at the Premises, except those in compliance with all applicable federal, state and local laws, ordinances, rules and regulations; (b) no owner or occupant nor any prior owner or occupant of the Premises has received any notice or advice from any Governmental Authority or any source whatsoever with respect to Hazardous Materials on, from or affecting the Premises; (c) no portion of the Premises has ever been used by Seller or any former owner, occupant or operator to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer, process or transport Hazardous Materials, whether or not any of those parties has received notice or advice from any Governmental Authority or other source with respect thereto; (d) no portion of the Premises is now, or has ever been used as a "Major Facility," and Seller has not used, and does not intend to use, any portion of the Premises for that purpose; and (e) Hazardous Materials have not been transported from the

Premises to another location which is not in compliance with all applicable federal, state or local environmental laws, regulations or permit requirements. Seller covenants that the Premises has been kept free of Hazardous Materials, and neither Seller nor any occupant of the Premises has used, transported, stored, disposed of or in any manner dealt with Hazardous Materials on the Premises, except in compliance with all applicable federal, state and local laws, ordinances, rules and regulations. Seller has complied with, and ensures compliance by all occupants of the Premises with, all applicable federal, state and local laws, ordinances, rules and regulations, and has kept the Premises free and clear of any liens imposed pursuant to such laws, ordinances, rules or regulations. In the event that Seller receives any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from or affecting the Premises, Seller shall immediately notify Purchaser.

(b) Seller represents and warrants that no lien has been attached to the Premises as a result of any action by the Commission of the NJDEP or its successor or its designee pursuant to the New Jersey Spill Compensation Fund as such term is defined in the Spill Act expending monies from said fund to pay for "cleanup and removal costs" or "natural resources" damages as a result of any "discharge" of any "hazardous substances" on or at the Premises, as such terms are defined in the Spill Act. Seller further represents, covenants and agrees that Seller has not in the past, and does not now own, operate or control any Major Facility or any hazardous or solid waste disposal facility.

(c) Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Purchaser to pay the Cash Payment and otherwise close title to the Premises on the Closing Date shall be subject to the condition that Seller obtain a Letter of Non-Applicability pursuant to ISRA from the Industrial Site Evaluation Element or its successor (hereinafter called the "Element") of the NJDEP, on or before the Closing Date (hereinafter called the "ISRA Compliance Date"). If this condition is not satisfied on or before the ISRA Compliance Date, Purchaser shall have the right to extend the ISRA Compliance Date or to terminate this Agreement, in which event this Agreement shall be rendered null and void and of no further force or effect, Seller shall promptly reimburse Purchaser for the costs of obtaining its title search, appraisal and any survey of the Premises obtained by Purchaser, the Deposit shall promptly be paid to Purchaser, and neither party shall have any further liability or obligation to the other under or by virtue of this Agreement.

(d) Seller shall provide Purchaser with all information, reports, studies and analysis which Seller delivered to the NJDEP for the application and issuance of the Letter of Non-Applicability.

(e) For purposes of this Agreement, the term "Environmental Documents" shall mean all environmental documentation in the possession or under the control of Seller concerning the Premises or its environs including, without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation and reports, remedial action plans and reports or the equivalent, sampling results, sampling result quality assurance/quality control documentation, correspondence to or from the Element or any other municipal, county, state or federal Governmental Authority, submissions to the Element or any other municipal, county, state or federal Governmental Authority and directives, orders, approvals and disapprovals issued by the Element or any other Governmental Authority. Within five (5) days from the date of this Agreement, and subsequently promptly upon receipt by Seller or Seller's representatives, Seller shall deliver to Purchaser: (i) all Environmental Documents concerning or generated by or on behalf of predecessors in title or former occupants of the Premises; (ii) all Environmental Documents concerning or generated by or on behalf of Seller, whether currently or hereafter existing; (iii) all Environmental Documents concerning or generated by or on behalf of current or future occupants of the Premises, whether currently or hereafter existing; and (iv) a description of all known operations, past and present, undertaken at the Premises, and existing maps, diagrams and other Environmental Documents designating the location of past and present operations at the Premises and past and present storage of hazardous or toxic substances, pollutants or wastes, or fill materials, above or below ground, in, on, under or about the Premises or its environs.

(f) Seller shall notify Purchaser in advance of all meetings scheduled between Seller or Seller's representatives and NJDEP and Purchaser, and Purchaser's representatives shall have the right, without obligation, to attend and participate in all such meetings.

(g) Seller shall indemnify, defend and hold harmless Purchaser from and against all claims, liabilities, losses, damages, penalties and costs, foreseen or unforeseen including, without limitation, counsel, engineering, attorney and other professional or expert fees, which Purchaser may incur, resulting directly or indirectly, wholly or partly, from any misrepresentation or breach of warranty by Seller or by reason of Seller's action or non-action with regard to Seller's obligation under this Section 26. Any recovery by Purchaser from Seller under this Section 26(g) shall be limited to Seller's Equity in the Premises.

(h) This Section 26 shall survive Closing for a period of one (1) year unless Seller has made a willful misrepresentation under this Section 26 whereupon the indemnification provisions of this Section 26 shall survive indefinitely and recovery by Purchaser shall not be limited in any manner whatsoever.

27. SECTION 1031 EXCHANGE.

Purchaser and First American Exchange Corporation have entered into that certain Exchange Agreement whereby First American Exchange corporation has agreed to act as a qualified intermediary for Section 1031 tax deferred exchanges. Purchaser and Purchaser's designee reserves the right to include this transaction as part of an Internal Revenue Code, Section 1031 tax deferred exchange for the benefit of Purchaser or Purchaser's designee. Seller agrees to cooperate with Purchaser, Purchaser's designee and any outside parties and use reasonable efforts to assist Purchaser and Purchaser's designee in achieving a Section 1031 exchange, including but not limited to, the assignment by Purchaser of all of its rights and obligations hereunder. Seller further agrees to execute any and all documents (subject to the reasonable approval of Seller's counsel) as are reasonably necessary in connection therewith, provided that the close of escrow for the conveyance of the Premises shall not be contingent upon or subject to the completion of such exchange. Purchaser agrees to indemnify and hold Seller harmless from any extraordinary costs, expenses or liabilities, including attorney's fees, incurred by Seller which are a direct result of Seller's participation in such exchange.

28. MISCELLANEOUS

(a) If any instrument or deposit is necessary in order to obviate a defect in or objection or exception to title, the following shall apply: (i) any such instrument shall be in such form and shall contain such terms and conditions as may be required by the Title Company to omit any defect, objection or exception to title, (ii) any such deposit shall be made with the Title Company, and (iii) Seller agrees to execute, acknowledge and deliver any such instrument and to make any such deposit.

(b) This Agreement constitutes the entire agreement between the parties and incorporates and supersedes all prior negotiations and discussions between the parties.

(c) This Agreement cannot be amended, waived or terminated orally, but only by an agreement in writing signed by the party to be charged.

(d) This Agreement shall be interpreted and governed by the laws of the State of New Jersey and shall be binding upon the parties hereto and their respective successors and assigns.

(e) Whenever in this Agreement there is a provision for the return of the Deposit, the provision shall be deemed to include all interest earned thereon and paid to Purchaser.

(f) The caption headings in this Agreement are for convenience only and are not intended to be part of this Agreement and shall not be construed to modify, explain or alter any of the terms, covenants or conditions herein contained.

(g) If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

(h) Each party shall, from time to time, execute, acknowledge and deliver such further instruments, and perform such additional acts, as the other party may reasonably request in order to effectuate the intent of this Agreement. Nothing contained in this Agreement shall be deemed to create any rights or obligations of partnership, joint venture or similar association between Seller and Purchaser. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto, and without regard to or aid of canons requiring construction against Seller, Purchaser or the party whose counsel drafted this Agreement.

(i) This Agreement shall not be effective or binding until such time as it has been executed and delivered by all parties hereto. This Agreement may be executed by the parties hereto in counterparts, all of which together shall constitute a single Agreement.

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

PURCHASER

CENTURY PLAZA ASSOCIATES

By: Cali Sub IV, Inc., its managing  
general partner

By: /s/  
Name: Roger W. Thomas  
Title: Vice President - General Counsel

SELLER

KELLER CARNEGIE ASSOCIATES, a New Jersey  
Limited Partnership

By: 103 Carnegie Associates, L.P., a New Jersey  
limited partnership

By: /s/  
Name: C. Lawrence Keller  
Title: General Partner

By: /s/  
Name: Stuart R. Alpert  
Title: General Partner

The undersigned joins in the execution of the Agreement solely for the purpose of acknowledging the receipt of the Deposit and its agreement to hold the Deposit in escrow in accordance with the terms hereof.

ESCROW AGENT

FIRST AMERICAN EXCHANGE CORPORATION

By: \_\_\_/s/\_\_\_\_\_  
Name: Diane Schappo  
Title: Assistant Vice President

Exhibit A

(Land)

Exhibit B

(List of Personal Property)

Exhibit C

(Tenant Lease Dates)

Exhibit D

(Permitted Exceptions)

Exhibit E

(Estoppel Certificates)

Exhibit F

(Assignment of Leases)

SCHEDULE A

Leases

SCHEDULE B

Security Deposits

Exhibit G

(Rent Roll)

Exhibit H

(Service Contracts)

Exhibit I

(Map Setting Forth Property Under Condemnation  
Proceeding with the New Jersey Department of Transportation)

Exhibit J

(Tax Reduction Proceeding)

None.

Exhibit K

(Certain Identifiable Costs and Expenses)

Exhibit L

(Schedule of Leasing Commissions)



AGREEMENT OF ASSIGNMENT OF REAL ESTATE SALE AGREEMENT (the "Assignment Agreement") entered into this 26th day of April, 1996, between BRYMER, L.P., a Pennsylvania limited partnership ("Contract Vendee"), having an office c/o 443 South Gulph Road, King of Prussia, Pennsylvania 19406 and CAL-TREE REALTY ASSOCIATES L.P. ("Assignee"), a Pennsylvania limited partnership having an office c/o Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016.

W I T N E S S E T H:

WHEREAS, as of the 2nd day of February, 1996, an Agreement of Sale and Purchase was entered into between Adwin Realty Company and LBA Associates, as seller (collectively, "Seller") and Contract Vendee covering the purchase and sale of premises known as 1400 Providence Road, Media, Delaware County, Pennsylvania and more particularly described in Exhibit "A" annexed hereto ("Premises"), which Agreement of Sale and Purchase was amended by a certain Amendment to Agreement of Sale and Purchase between Seller and Contract Vendee dated May 2, 1996 (collectively, the "Sales Agreement"); and

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

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

NOW, THEREFORE, in consideration of the Premises and the mutual covenants expressed herein, the parties hereto hereby agree as follows:

1. ASSIGNMENT OF SALES AGREEMENT; ASSIGNMENT PRICE.

(a) Contract Vendee agrees to assign to Assignee the Sales Agreement, which assignment shall be effective as of the Closing (as defined below), on the terms and conditions set forth below, pursuant to the Assignment of Sales Agreement (the "Assignment") annexed hereto as Exhibit "B".

(b) The assignment price payable to Contract Vendee on account of this Assignment Agreement is of Six Million (\$6,000,000.00) Dollars (the "Assignment Price"), payable as follows:

(i) Two Hundred Fifty Thousand and XX/100 Dollars (\$250,000.00) (the "Deposit") to be paid to First American Title Insurance Company (the "Escrow Agent") by wire transfer of immediately available funds received by Escrow Agent on or before April 29, 1996, which Deposit shall be held in escrow in accordance with the provisions hereinafter set forth; and

(ii) Five Million Five Hundred Seventy Thousand (\$5,750,000.00) Dollars at Closing (as defined below), by wire transfer of immediately available funds to Contract Vendee subject to adjustment as provided herein.

(iii) At Closing, Assignee shall unconditionally be entitled to a credit in the amount of \$400,000.00 (the "Credit") against the Assignment Price.

(c) At and only upon the Closing, Assignee shall also pay to Seller the amount due Seller under the Sales Agreement on account of the Purchase Price but not to exceed Twenty Two Million Three Hundred Thousand (\$22,300,000.00) Dollars and subject to adjustment as provided in the Sales Agreement, which Contract Vendee represents and warrants to Assignee is the Purchase Price.

2. INTENTIONALLY DELETED.

3. MATTERS TO WHICH THIS TRANSACTION IS SUBJECT

Title to the Real Property and to the Personal Property shall be as set forth in Section 5 of the Sales Agreement. 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 (a) it shall not issue any such notice without Assignee's prior consent, (b) will issue any such notice which Assignee so requests and (c) will exercise the options set forth in Section 5(d) of the Sales Agreement as directed by Assignee.

4. REPRESENTATIONS AND WARRANTIES.

(a) Contract Vendee for himself only, to induce Assignee to enter into this Assignment 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 Assignment 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 Assignment Agreement, and at and as of the Closing:

(i) annexed hereto as Exhibit "C" is a true, complete and correct copy of the Sales Agreement, which Sales Agreement has not been modified, changed or amended and which Sales Agreement represents the entire agreement between Contract Vendee and Seller with respect to the Premises;

(ii) to the best of Contract Vendee's actual knowledge, the Sales Agreement is in full force and effect, is a valid contract and is legally enforceable in accordance with its terms;

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

(iv) all representations contained in the Sales 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 Sales Agreement, and to the best of Contract Vendee's actual knowledge, 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 Sales Agreement other than a certain prior Agreement to Form Partnership, as amended, entered into by Contract Vendee and Berwind Property Group, Inc. ("BPG") relating to the Premises and the Sales Agreement. BPG has consented to the execution, delivery and performance of this Assignment Agreement by Contract Vendee and that no further authorization from BPG is required to so perform. BPG agrees, represents and warrants, by its execution and delivery of this Assignment Agreement for the limited purpose of joining in this and the following paragraph, that it has not entered into any assignment or other agreement which, by its terms or in the performance thereof, would conflict with or result in a breach of this Assignment Agreement. Assignee agrees that based upon the foregoing, it will look solely to Contract Vendee for the performance of Contract Vendee's obligations, representations and warranties hereunder, and that BPG will have no obligations or liabilities with respect thereto. Nothing herein contained shall be deemed to modify or alter the respective rights and obligations of BPG and Contract Vendee under the terms of the BPG Agreement;

(vii) No person, firm, corporation or other entity has any right or option to acquire the Premises or any part thereof other than Assignee and BPG as set forth in the preceding paragraph;

(viii) Contract Vendee has delivered to Assignee true, correct and complete copies any and all material documents, instruments, agreements and other items in its possession with respect to the Premises, including without limitation the Tenant Leases, the Service Agreements, the Recorded Agreements, the Tenant Estoppel Certificates, any schedules, summaries and projections of tenant improvement costs and leasing commission obligations, tenant profiles and summaries and structural, engineering and environmental assessment reports in Contract Vendee's possession with respect to the Premises;

(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 against or relating to the Premises or the transaction contemplated by the Sales Agreement other than as set forth on Exhibit "D" annexed hereto; to the extent any matter is set forth on Exhibit "D";

(x) To the best of Contract Vendee's knowledge, the only leases, tenancies, licenses and other agreements for the use and occupancy of any portion of the Premises other than the Tenant Leases are those leases, tenancies, licenses and other agreements listed on Exhibit "E" (the "Additional Leases"), which Exhibit is a true, correct and complete list of Additional Leases; the representations and warranties of Seller with respect to the Tenant Leases set forth in Sections 8(b) through (m) of the Sales Agreement are hereby deemed repeated in their entirety in this Assignment Agreement by Contract Vendee with respect to the Additional Leases and Exhibit "E", and therefore all references in said Sections to Seller, Tenant Leases and Exhibit "G" are hereby deemed references to Contract Vendee, Additional Leases and Exhibit "E" respectively;

(xi) Annexed hereto as Exhibit "H" is a true, complete and correct schedule of the economic terms of the leases currently under negotiation by Seller or Contract Vendee with Principal Mutual Life Insurance Company ("Principal"), Barnett International ("Barnett") and Anixeter ("Anixeter");

(xii) Annexed hereto as Exhibit "F" is a true, complete and correct schedule of the leasing commission agreements for the Additional Leases;

(xiii) To the best of Contract Vendee's knowledge, there has been no material adverse change in the status of the Premises or any contracts or agreements relating thereto (including without limitation additional leases, renewals or amendments thereto, or additional service contracts) except for Additional Leases; and

(xiv) The execution and delivery of this Assignment 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 Assignment Agreement and the documents to be delivered by Contract Vendee pursuant to this Assignment Agreement will each constitute the legal, valid and binding obligations of Contract Vendee, 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 Contract Vendee of this Assignment Agreement and the documents to be delivered pursuant hereto.

(b) Assignee, to induce Contract Vendee to enter into this Assignment Agreement and to complete the Closing, hereby represents and warrants to Contract Vendee that the execution and delivery of this Assignment 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 Assignment Agreement and the documents to be delivered by Assignee pursuant to this Assignment 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 Assignment Agreement and the documents to be delivered pursuant hereto. This representation and warranty is true and correct as of the date of this Assignment Agreement, and shall be true and correct at and as of the Closing in all respects as though such representation and warranty was made both at and as of the date of this Assignment Agreement, and at and as of the Closing.

#### 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 Premises and the Sales Agreement:

(a) Contract Vendee shall continue to timely perform and observe all of the duties, obligations, terms, covenants and conditions of the Sales 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 Assignment Agreement, make any agreement affecting the Sales Agreement without first obtaining Assignee's prior written consent, which consent shall not be unreasonably withheld or delayed;

(c) It shall not grant any consents or approvals with respect to the Premises and shall not enter into or caused to be entered into any agreements, leases, tenancies, licenses or contracts with respect to the Premises without first obtaining Assignee's prior written consent, which consent shall not be unreasonably withheld or delayed;

(d) It will use its reasonable efforts to cause Seller to operate and maintain the Premises in the ordinary course of business and use reasonable efforts to cause Seller to reasonably preserve for Assignee the relationships of tenants, suppliers, managers, employees and others having on-going relationships with the Premises, and use reasonable efforts to cause Seller to not defer taking actions or spending its funds, or otherwise manage the Premises differently, due to the pending sale of the Premises, except as specifically permitted in the Sales Agreement;

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

(f) In the event Seller shall not consent to this Assignment Agreement on or before the earlier of the Closing hereunder or the Closing Date under the Sales Agreement, then at Assignee's request, Contract Vendee shall exercise its right to extend the Closing Date as provided in Section 4(b) of the Sales Agreement. In connection therewith, Contract Vendee represents and warrants to Assignee that the Inspection Period expired April 22, 1996 and that the Closing Date under the Sales Agreement is June 21, 1996. If Assignee shall make said request, then it shall provide Contract Vendee with the \$50,000.00 to be deposited by Contract Vendee in order to exercise such extension, and Assignee and Contract Vendee shall enter into a mutually acceptable letter agreement evidencing Assignee's sole right, title and interest in and to said amount and that if said amount is to be refunded to Contract Vendee in accordance with the Sales Agreement or otherwise, said amount shall be paid directly to Assignee;

(g) At least ten (10) days prior to the Closing, advise Seller that Contract Vendee has assigned the Sales Agreement to Assignee effective as of the Closing and use its best efforts to cause Seller to prepare and execute all documents, items and instruments to be delivered at Closing in the name and for the benefit of Assignee;

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

(i) Contract Vendee shall cooperate in all respects with Assignee in connection with the acquisition by Assignee of the Premises; and

(j) If, as of the Closing Date, there shall occur any event giving rise to the making of an election under Section 14(b) of the Sales Agreement, then the following shall apply:

(i) so long as Assignee is nevertheless prepared to acquire the Premises if the condition can be satisfied by Seller, Contract Vendee shall not terminate its obligations under the Sales Agreement. In such event, if Seller consents to the assignment of the Sales Agreement to Assignee, Assignee shall be obligated to perform its obligations hereunder and Assignee shall have the sole right to make said election; if Seller does not so consent, the Closing hereunder shall be extended to the date Seller is obligated to close under the Sales Agreement and Contract Vendee and Assignee shall each perform their respective obligations hereunder. If Contract Vendee is prepared to waive said condition, then Assignee agrees to close hereunder or terminate this Assignment Agreement on or prior to June 2, 1996; and

(ii) if Assignee is not prepared to acquire the Premises due to such condition, then this Agreement shall terminate, the Deposit shall be returned to Assignee, and the parties shall have no further obligations to the other except as shall specifically survive such termination as provided herein.

6. INTENTIONALLY DELETED.

7. ITEMS TO BE DELIVERED OR CAUSE 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 under and pursuant to the Sales Agreement, provided, that Closing under this Assignment Agreement occurs simultaneously with the Closing under the Sales Agreement;

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

(c) The Assignment;

(d) An affidavit on account of Contract Vendee in the form of Schedule "N", FIRPTA Affidavit, to the Sales Agreement; and

(e) Any agreements contracts, reports, analysis, studies, leases, licenses, tenancies, material, documents and items with respect to the Premises which have not previously been delivered to Assignee.

8. SURVIVAL OF REPRESENTATIONS, WARRANTIES  
AND OBLIGATIONS

The representations, warranties and obligations of Contract Vendee set forth in Sections 4(a) (i), (vi) and (vii) 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 one (1) year period.

9. OBLIGATIONS WITH RESPECT TO SALES AGREEMENT.

Contract Vendee and Assignee hereby agree as to the following with respect to certain of the obligations of Contract Vendee under the Sales Agreement and this Assignment Agreement:

(a) Assignee shall pay an amount which is equal to the amount Contract Vendee is obligated to pay pursuant to Section 7(d) of the Sales Agreement less \$50,000.00, and one-half (1/2) of all realty transfer, recordation and documentary fees, stamps and taxes imposed on an amount equal to the Assignment Price less the Credit. Contract Vendee shall pay the \$50,000.00

balance of the amount it is obligated to pay pursuant to Section 7(d) of the Sales Agreement, and one-half (1/2) of all realty transfer, recordation and documentary fees, stamps and taxes imposed on an amount equal to the Assignment Price less the Credit, plus 100% of all realty transfer, recordation and documentary fees, stamps and taxes imposed on the Credit. Contract Vendee's tax obligation attributable to the Assignment Price shall be held in escrow by Pryor, Cashman, Sherman & Flynn ("PCS&F") pending a final determination by the Pennsylvania Supreme Court regarding taxes of this type. If it is finally determined that said tax is due, then such amount shall be promptly paid to the appropriate taxing authority; if it is determined that no such tax is due, then such amount shall be promptly returned to Contract Vendee;

(b) Any claims arising out of Contract Vendee's entry upon the Premises shall be the responsibility of Contract Vendee, and any claims arising out of Assignee's entry upon the Premises shall be the responsibility of Assignee;

(c) Contract Vendee shall be obligated to make the payments required of it pursuant to Section 17 of the Sales Agreement; and

(d) Contract Vendee shall be obligated to make all payments due on account of leasing commissions and costs for tenant improvements for the Additional Leases and the New Leases (as defined below), or to the extent applicable as provided in Section 12 herein, Alternative Leases (as defined below). Assignee shall be obligated to pay leasing commissions pursuant to the commissions scheduled on Exhibit "G" annexed hereto for renewals or expansions of Tenant Leases and leasing commissions for renewals or expansions pursuant to the commissions scheduled on Exhibit "F" annexed hereto with respect to Additional Leases and New Leases, or to the extent applicable, Alternative Leases.

#### 10. TITLE.

Notwithstanding anything to the contrary contained in the Sales Agreement, title to the Premises shall be insured by First American Title Insurance Company of New York or such other title company selected by Assignee which is licensed in the State of Pennsylvania (the "Title Company"). Assignee has procured a report of title from the Title Company, and instructed the Title Company to forward same to counsel for Contract Vendee. If title to the Premises is not conveyed to Assignee pursuant to the Sales Agreement and this Assignment Agreement as a result of any act of Contract Vendee, Contract Vendee shall be responsible for all title fees, survey expenses and search charges of the Title Company. In all other events, Assignee shall be responsible for the premiums, costs and expenses of the Title Company. Contract Vendee shall be responsible for the costs and expenses of Certified Abstract Co., Inc. as long as Certified Abstract Co., Inc does not provide title hereunder.

#### 11. CONDITIONS PRECEDENT TO ASSIGNEE'S OBLIGATIONS.

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

(a) The representations and warranties made by Seller in the Sales Agreement and Contract Vendee in this Assignment 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 paragraph (a), the representations and warranties of Contract Vendee shall be without regard to any knowledge standard of Contract Vendee.

(b) Seller and Contract Vendee, respectively, shall have performed all covenants and obligations undertaken by Seller in Section 10 of the Sales Agreement and Contract Vendee in Section 5 of this Assignment Agreement in all respects and complied with all conditions required by the Sales Agreement and this Assignment Agreement to be performed or complied with by it on or before the Closing.

(c) The satisfaction by Seller of its obligations as set forth in Section 14(a) of the Sales Agreement shall be subject to Assignee's approval.

(d) The Title Company is prepared to issue to Assignee a Title Policy meeting the requirements set forth in Section 5 of the Sales Agreement subject only to the payment of the premium therefore by Assignee.

(e) Seller and Contract Vendee, respectively, shall have delivered to Assignee all of the documents enumerated in Section 15 of the Sales Agreement and Section 7 of this Assignment Agreement.

#### 12. NEW LEASE OBLIGATIONS.

Contract Vendee is currently negotiating leases with Barnett, Anixeter and Principal for vacant space at the Premises. As a condition to

Closing hereunder, Contract Vendee hereby agrees as follows:

(a) (i) A portion of the Assignment Price in the aggregate amount of 110% of the tenant improvement allowances (the "Tenant Improvement Fund") granted under the New Leases set forth on Exhibit "I" (the "New Leases"), 100% of the brokerage commissions relating to the New Leases (the "Brokerage Fund") set forth on Exhibit "I" and 100% of a full year's annual fixed rent under each New Lease set forth on Exhibit "I" (the "Annual Rent Fund") be remitted directly to PCS&F and held by PCS&F who shall act jointly with Adelman Lavine Gold and Levin as escrow agent pursuant to the terms of an escrow agreement (the "Escrow Agreement") to be agreed upon between the parties hereto and reflecting the provisions of this Section 12. Interest on said account, and on account of the escrow for transfer taxes, shall be paid to Contract Vendee.

(ii) Upon the full execution and delivery of each New Lease by Contract Vendee, PCS&F shall disburse the escrowed funds as follows: (x) for tenant improvement costs, on a progress basis out of the Tenant Improvement Fund pursuant to invoices submitted by the general contractor provided (i) the work is performed in accordance with the applicable New Lease, (ii) lien waivers are delivered by the appropriate subcontractors and (iii) Contract Vendee delivers a certificate prior to each disbursement warranting that the balance of the Tenant Improvement Fund allocable to said New Lease, after such payment, will be sufficient to complete the tenant improvements under such New Lease; (y) for brokerage commissions, the amount then due pursuant to the applicable brokerage agreements against invoices submitted by the brokers thereunder, and (z) to Contract Vendee, an amount equal to 80% of the Annual Rent Fund related to such New Lease, unless (i) such New Lease permits the tenant to terminate the lease as a result of Landlord's failure to complete the tenant improvements by a date certain or (ii) such New Lease is executed and delivered less than thirty (30) days prior to the rent commencement date set forth in Exhibit "H", in which event the total Annual Rent Fund shall remain in escrow until the balance thereof is otherwise to be released to Contract Vendee as provided in (iii) below. Notwithstanding anything to the contrary contained in this subsection 12(a)(ii), if the New Lease(s) are executed and delivered to Assignee but Contract Vendee or its affiliate, acting as general contractor, has failed to commence or diligently continue working on the tenant improvements under such New Lease, Assignee shall have the right to perform the tenant improvement work required under the New Lease and utilize the Tenant Improvement Fund for such purpose.

(iii) If the tenant under a New Lease fails to commence paying rent by the date set forth on Exhibit "H" as a result of Contract Vendee failing to complete timely the tenant improvements, Assignee may draw down and retain on a monthly basis the balance of the Annual Rent Fund, to pay monthly rent until such time as tenant's obligations to pay rent commences. Thereafter, the balance of the allocable Annual Rent Fund shall be paid to Contract Vendee. If the tenant under a New Lease is obligated to commence paying rent by said date, the balance of the allocable Annual Rent Fund shall be paid to Contract Vendee.

(iv) Assignee hereby consents to Contract Vendee or its affiliated construction entity performing the tenant improvements on account of the New Leases. If Contract Vendee or its affiliated construction entity shall not perform said work, then Assignee shall have the right to select the contractor therefor.

(v) Contract Vendee shall have the right to submit requisitions every fourteen (14) days, and PCS&F shall expedite payment on account of said requisition by wire transfer to Contract Vendee as expeditiously as possible.

(b) In the event that one or more of the New Leases are not executed and delivered to Assignee at Closing, then in substitution thereof, Contract Vendee shall have the nonexclusive right to pursue an alternative lease (an "Alternative Lease") for each New Lease not so executed and delivered. Provided the following conditions are met:

(i) the economic term of the Alternative Lease shall be equal to or more favorable than those set forth in Exhibit "H" for the corresponding space, including, at Contract Vendee's election, the payment to Assignee of the monies held in the Annual Rent Fund;

(ii) the creditworthiness of the tenant under the Alternative Lease shall be equal to or more favorable than the average of the creditworthiness of the balance of the tenants at the Premises;

(iii) the Alternative Lease is on a form, and contains terms and conditions, reasonably acceptable to Assignee and Contract Vendee and shall be comparable to the leases in the marketplace for such tenants;

(iv) the tenant under the Alternative Lease is a bona fide third party and has executed the Alternative Lease; and

(v) Assignee has not entered into leases for any of

such space,

then the terms and conditions set forth in Section 12(a) applicable to New Leases shall apply to the Alternative Lease(s). In addition, Contract Vendee's obligations with respect to such Alternative Lease shall be deemed satisfied, whether or not Assignee shall enter into said Alternative Lease.

(c) In the event that one or more of the New Lease(s) are not delivered at Closing and Assignee secures alternative tenants for the unleased space, Assignee may use the Tenant Improvement Fund and the Brokerage Fund for their intended purposes but on account of the leases so procured by Assignee, and shall be entitled to monthly payments, commencing on the dates set forth in Exhibit "H", from the Annual Rent Fund in the monthly amounts set forth on Exhibit "I" until the tenant(s) so procured by Assignee commence rental payments on a regular basis. On such date, any amounts remaining in escrow for said space shall be released to Contract Vendee. Assignee agrees not to exercise the rights in this paragraph (c) for a period of four (4) months following the Closing hereunder.

#### 13. CLOSING.

The closing under this Assignment Agreement shall take place on or about May 2, 1996 (the "Closing"), at the time and location specified in the Sales Agreement, unless extended in accordance with this Assignment Agreement. This transaction shall be consummated simultaneously with the transaction covered by the Sales Agreement. The Premises shall be conveyed directly from the Seller to Assignee at the Closing so as to vest title to the Premises in the Assignee pursuant to the terms of the Sales Agreement.

#### 14. BROKER

Contract Vendee and Assignee represent that they have not dealt with any brokers, co-brokers, consultants, finders or salesmen except Jackson Cross Co. (the "Broker") in connection with this Assignment Agreement, and agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which they may sustain, incur or be exposed to by reason of any claim for fees or commissions by any party acting by, through or under the indemnitor. The commission payable to Broker shall be paid by Contract Vendee. This Section 14 shall survive the Closing or earlier termination of this Assignment Agreement.

#### 15. REMEDIES.

(a) In the event Assignee fails to perform on the Closing, Assignee's sole liability and Contract Vendee's sole recourse shall be limited to the amount of the Deposit. Contract Vendee agrees that retention of the Deposit 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) (i) If, after complying with the terms of this Assignment Agreement, Contract Vendee shall be unable to perform in accordance with the terms of this Assignment Agreement, Contract Vendee shall direct the Escrow Agent to refund to Assignee the Deposit, whereupon this Assignment Agreement shall be deemed cancelled and the parties hereto shall be released of all obligations and liabilities under this Assignment Agreement, except those that are expressly stated to survive the cancellation or termination of this Assignment Agreement.

(ii) 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 Sales Agreement or herein, respectively, which Contract Vendee has failed to cure within ten (10) days after receipt of written notice from Assignee of such default, Assignee shall be entitled to (a) terminate this Assignment Agreement upon notice to Contract Vendee, in which event the Deposit shall be returned by Escrow Agent to Assignee and neither party shall thereafter have any further obligations under this Assignment Agreement, (b) commence an action against Seller, Contract Vendee or both seeking specific performance of Seller's and Contract Vendee's obligations under the Sales Agreement and this Assignment Agreement, respectively or (c) in the event of a willful default by Seller under the Sales Agreement, Contract Vendee under the Assignment 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.

#### 16. ESCROW AGREEMENT

The parties agree that the Deposit shall be held by the Escrow Agent in escrow and disposed of only in accordance with the provisions of this Section 16. The parties agree that if the Deposit is cash, such cash shall be invested in an assignable interest-bearing certificate of deposit, money market fund, treasury bill or other similar security approved by Contract Vendee and Assignee, and all interest accruing thereon shall be paid to Assignee, except as otherwise provided herein.

(a) The Escrow Agent will deliver the Deposit to Contract Vendee or to Assignee, as the case may be, under the following conditions:

(i) To Contract Vendee at Closing;

(ii) To Contract Vendee upon receipt of written demand therefor, such demand stating that Assignee has defaulted in the performance of this Assignment Agreement and specifically setting forth the facts and circumstances underlying such default. The Escrow Agent shall not honor such demand until more than five (5) days have elapsed after receipt of such demand by Contract Vendee or Assignee after transmittal by the Escrow Agent, as the case may be, nor thereafter if the Escrow Agent shall have received written notice of objection from Assignee in accordance with the provisions of clause (b) of this Section 16; or

(iii) To Assignee upon receipt of written demand therefor, such demand stating that this agreement has been terminated in accordance with the provisions hereof, or Contract Vendee has defaulted in the performance of this Assignment Agreement, and specifically setting forth the facts and circumstances underlying the same. The Escrow Agent shall not honor such demand until more than five (5) days have elapsed after receipt of such demand to Contract Vendee or Assignee after transmittal by Escrow Agent, as the case may be, nor thereafter, if the Escrow Agent shall have received written notice of objection from the other party in accordance with the provisions of clause (b) of this Section 16.

(b) Upon the filing of a written demand for the Deposit by Assignee or Contract Vendee, pursuant to subclause (ii) or (iii) of clause (a) of this Section 16, the Escrow Agent shall promptly mail a copy thereof to the other party. The other party shall have the right to object to the delivery of the Deposit by filing written notice of such objection with the Escrow Agent at any time within five (5) days after receipt of such copy, but not thereafter. Such notice shall set forth the basis for objecting to the delivery of the Deposit. Upon receipt of such notice, the Escrow Agent shall promptly mail a copy thereof to the party who filed the written demand.

(c) In the event the Escrow Agent shall have received the notice of objection provided for in clause (b) above and within the time therein prescribed, the Escrow Agent shall continue to hold the Deposit until (i) the Escrow Agent receives written notice from Contract Vendee and Assignee directing the disbursement of said Deposit, in which case, the Escrow Agent shall then disburse said Deposit in accordance with said direction, or (ii) in the event of litigation between Contract Vendee and Assignee, the Escrow Agent shall deliver the Deposit to the Clerk of the Court in which said litigation is pending, or (iii) the Escrow Agent takes such affirmative steps as the Escrow Agent may, in the Escrow Agent's reasonable opinion, elect in order to terminate the Escrow Agent's duties including, but not limited to, depositing the Deposit with the Court and bringing an action for interpleader, the costs thereof to be borne by whichever of Contract Vendee or Assignee is the losing party.

(d) The Escrow Agent may act upon any instrument or other writing believed by it in good faith to be genuine and to be signed and presented by the proper person and it shall not be liable in connection with the performance of any duties imposed upon the Escrow Agent by the provisions of this Agreement, except for damage caused by the Escrow Agent's own negligence or willful default. The Escrow Agent shall have no duties or responsibilities except those set forth herein. The Escrow Agent shall not be bound by any modification of this agreement, unless the same is in writing and signed by Assignee and Contract Vendee, and, if the Escrow Agent's duties hereunder are affected, unless Escrow Agent shall have given prior written consent thereto. In the event that the Escrow Agent shall be uncertain as to the Escrow Agent's duties or rights hereunder, or shall receive instructions from Assignee or Contract Vendee which, in the Escrow Agent's opinion, are in conflict with any of the provisions hereof, the Escrow Agent shall be entitled to hold and apply the Deposit pursuant to clause (c) above and may decline to take any other action. The Escrow Agent shall not charge a fee for its services as escrow agent.

## 17. 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 or by Escrow Agent, 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:

Cal-Tree Realty Associates L.P.  
c/o Cali Realty Acquisition Corporation  
11 Commercial Drive  
Cranford, New Jersey 07016  
Attn: John J. Cali and Roger W. Thomas, Esq.  
(908) 272-8000 (tele.)



(908) 272-6755 (fax)

with a copy to:

Andrew S. Levine, Esq.  
Pryor, Cashman, Sherman & Flynn  
410 Park Avenue  
New York, New York 10022  
(212) 326-0414 (tele.)  
(212) 326-0806 (fax)

If to Contract Vendee:

J. Brian O'Neill  
443 South Gulph Road  
King of Prussia, Pennsylvania 19406  
(610) 962-5101 (tele.)  
(610) 962-5108 (fax)

with a copy to:

Kevin W. Walsh, Esq.  
Adelman Lavine Gold and Levin  
Suite 1900  
Two Penn Center Plaza  
Philadelphia, Pennsylvania 19102  
(215) 568-7515 (tele.)  
(215) 557-7922 (fax)

If to Escrow Agent:

First American Title Insurance Company  
228 East 45th Street  
New York, New York 10017  
Attention: Escrow Department  
(212) 922-9700 (tele.)  
(212) 922-0881 (fax)

or to such other address as either party may from time to time designate by written notice to the other or to the Escrow Agent. 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 or 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.

#### 18. MISCELLANEOUS

(a) If any instrument or deposit is reasonably necessary in order to obviate a defect in or objection or exception to title, the following shall apply: (i) any such instrument shall be in such form and shall contain such terms and conditions as may be reasonably required by the Title Company to omit any defect, objection or exception to title, (ii) any such deposit shall be made with the title company, and (iii) Contract Vendee agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any such instrument and to make any such deposit.

(b) This Assignment Agreement constitutes the entire agreement between the parties and incorporates and supersedes all prior negotiations and discussions between the parties.

(c) This Assignment Agreement cannot be amended, waived or terminated orally, but only by an agreement in writing signed by the party to be charged.

(d) This Assignment Agreement shall be interpreted and governed by the laws of the Commonwealth of Pennsylvania and shall be binding upon the parties hereto and their respective successors and assigns.

(e) Whenever in this Assignment Agreement there is a provision for the return of the Deposit, the provision shall be deemed to include all interest earned thereon and paid to Assignee.

(f) The caption headings in this Assignment Agreement are for convenience only and are not intended to be part of this agreement and shall not be construed to modify, explain or alter any of the terms, covenants or conditions herein contained.

(g) If any term, covenant or condition of this agreement is held to be invalid, illegal or unenforceable in any respect, this agreement shall be construed without such provision.

(h) Each party shall, from time to time, execute, acknowledge and deliver such further instruments, and perform such additional acts, as the other party may reasonably request in order to effectuate the intent of this agreement. Nothing contained in this Assignment Agreement shall be deemed to create any rights or obligations of partnership, joint venture or similar association between Contract Vendee and Assignee. This Assignment

Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto, and without regard to or aid of canons requiring construction against Contract Vendee, Assignee or the party whose counsel drafted this agreement.

(i) This Assignment Agreement shall not be effective or binding until such time as it has been executed and delivered by all parties hereto. This Assignment Agreement may be executed by the parties hereto in counterparts, all of which together shall constitute a single agreement.

(j) This Assignment Agreement shall not create any rights in any third parties against Assignee not otherwise heretofore in existence.

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

CONTRACT VENDEE:

BRYEMERE, L.P.

By: Bryemere Estate Planning and Construction, Inc.

By: \_\_\_\_\_/s/\_\_\_\_\_  
Name: J. Brian O'Neill  
Title:

ASSIGNEE:

CAL-TREE REALTY ASSOCIATES L.P.

By: Cali Sub VIII, Inc.

By: \_\_\_\_\_/s/\_\_\_\_\_  
Name: Roger W. Thomas  
Title: Vice President - General Counsel

ACKNOWLEDGED FOR JOINDER PURPOSES  
AS TO SECTIONS 4(a)(vi) and 4(a)(vii) ONLY:

BERWIND PROPERTY GROUP, INC.

By: \_\_\_\_\_/s/\_\_\_\_\_  
Name: Stephen M. Spaeder  
Title: Vice President

ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

LIST OF EXHIBITS

- Exhibit "A" - Property Description
- Exhibit "B" - Form of Assignment of Sale and Purchase Agreement, as amended
- Exhibit "C" - Sale and Purchase Agreement, as amended
- Exhibit "D" - Schedule of Litigation/Proceedings
- Exhibit "E" - Additional Leases
- Exhibit "F" - Schedule of Leasing Commissions for Renewals or Expansions of Additional Leases
- Exhibit "G" - Schedule of Leasing Commissions for Renewals or Expansions of Tenant Leases
- Exhibit "H" - Economic Terms of the New Leases
- Exhibit "I" - Tenant Improvements, Brokerage Commissions and Annual Rent under the New Leases

EXHIBIT "A"

(Property Description)

EXHIBIT "B"

(Form of Assignment of Sale and Purchase Agreement, as amended)

ASSIGNMENT OF CONTRACT OF SALE

THIS ASSIGNMENT OF CONTRACT OF SALE (the "Assignment") dated this \_\_\_ day of April, 1996, made by J. BRIAN O'NEILL, having an address c/o 443 South Gulph Road, King of Prussia, PA 19406 ("Assignor").

FOR AND IN CONSIDERATION of Ten (\$10.00) Dollars and other good and valuable consideration paid by CAL-TREE REALTY ASSOCIATES L.P., a Pennsylvania limited partnership having an address c/o Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 ("Assignee") to Assignor, receipt of which is acknowledged, Assignor hereby assigns, sets over and transfers unto Assignee all of its right, title and interest in and to that certain Agreement of Sale and Purchase dated as of February 28, 1996, as amended by that certain Amendment to Agreement of Sale and Purchase dated April \_\_\_, 1996 (collectively, the "Agreement") made by and between Adwin Realty Company, as seller, and Assignor, as purchaser, pursuant to which Assignor agreed to acquire certain real property located at 1400 North Providence Road, Media, Pennsylvania (as more particularly described in the Agreement).

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns forever from and after the effective date of this Assignment.

IN WITNESS WHEREOF, Assignor has executed this Assignment the day and year first above written.

-----  
J. Brian O'Neill

EXHIBIT "C"

(Agreement of Sale and Purchase, as amended)

EXHIBIT "D"

(Schedule of Litigation/Proceedings)

None

EXHIBIT "E"

(Additional Leases)

EXHIBIT "F"

(Schedule of Leasing Commissions for Renewals or

Expansions of Additional Leases)

EXHIBIT "G"

(Schedule of Leasing Commissions for Renewals or Expansions of Tenant Leases)

EXHIBIT "H"

(Economic Terms of the New Leases)

EXHIBIT "I"

(Tenant Improvements, Brokerage Commissions and Annual Rent under New Leases)

ASSIGNMENT

THIS ASSIGNMENT (the "Assignment") is made as of this 1st day of May, 1996 by and between J. BRIAN O'NEILL (the "Assignor"), and BRYEMERE, L.P., a Pennsylvania limited partnership (the "Assignee").

BACKGROUND

A. The Assignor and Adwin Realty Company, a Pennsylvania corporation, and LBA Associates, a Pennsylvania general partnership, are parties to a certain Agreement of Sale and Purchase dated as of February 28, 1996 (the "Purchase Agreement").

B. Assignor desires to assign to the Assignee, and the Assignee desires to accept from the Assignor, all of the Assignor's right, title and interest in and to the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing background and of the mutual promises of the parties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Assignor and the Assignee, intending to be legally bound, hereby agree as follows:

1. Assignment. The Assignor hereby assigns, transfers, sells and conveys all of his right, title and interest in and to the Purchase Agreement to the Assignee.

2. Acceptance of Assignment. The Assignee hereby accepts the assignment by the Assignor of all of the Assignor's right, title and interest in and to Purchase Agreement and assumes all of the Assignor's obligations under the Purchase Agreement.

3. Pennsylvania Jurisdiction and Law. This Assignment shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania. The parties hereto agree that sole and exclusive jurisdiction over and proper venue relating to any controversy or claim arising out of or relating to this Assignment or the breach thereof shall reside in the United States District Court for the Eastern District of Pennsylvania. This Assignment shall be construed without the aid of any canon, custom or rule of law requiring construction against the draftsman.

4. Successors and Assigns. This Assignment shall inure to the benefit of, and be binding upon, the heirs, executors, administrators, successors and assigns of the respective parties hereto.

5. Headings. Paragraph and Section headings herein shall have absolutely no legal significance and are used solely for convenience and reference.

6. Counterparts. This Assignment may be executed in one (1) or more counterparts and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one (1) and the same agreement.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment to be executed as of the date and year first above written.

ASSIGNOR:

/S/  
J. BRIAN O'NEILL

ASSIGNEE:

BRYEMERE, L.P., a Pennsylvania limited partnership

BY: BRYEMERE ESTATE PLANNING  
AND CONSTRUCTION, INC., a  
Delaware corporation,  
Its General Partner

BY: /S/  
J. BRIAN O'NEILL, President

CONSENTED TO AND AGREED:

ADWIN REALTY COMPANY,  
a Pennsylvania corporation

BY: /S/  
ANNAMARIE C. DONLEY,  
Vice-President

[SIGNATURES CONTINUED ON NEXT PAGE]  
[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

LBA ASSOCIATES,  
a Pennsylvania general partnership

BY: ADWIN REALTY COMPANY,  
a Pennsylvania corporation,  
a General Partner

BY: /S/  
ANNAMARIE C. DONLEY,  
Vice-President

BY: ADWIN INVESTMENT CO.,  
a Pennsylvania corporation,  
a General Partner

BY: /S/  
ANNAMARIE C. DONLEY,  
Vice-President



By:

Name:

Title:



<TABLE> <S> <C>

<ARTICLE> 5  
<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	MAR-31-1996
<CASH>	5,947
<SECURITIES>	0
<RECEIVABLES>	1,982
<ALLOWANCES>	176
<INVENTORY>	0
<CURRENT-ASSETS>	0
<PP&E>	392,352
<DEPRECIATION>	58,431
<TOTAL-ASSETS>	371,731
<CURRENT-LIABILITIES>	0
<BONDS>	137,741
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	152
<OTHER-SE>	189,779
<TOTAL-LIABILITY-AND-EQUITY>	371,731
<SALES>	0
<TOTAL-REVENUES>	19,571
<CGS>	0
<TOTAL-COSTS>	12,507
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	2,569
<INCOME-PRETAX>	6,128
<INCOME-TAX>	0
<INCOME-CONTINUING>	4,316
<DISCONTINUED>	0
<EXTRAORDINARY>	(475)
<CHANGES>	0
<NET-INCOME>	9,499
<EPS-PRIMARY>	.63
<EPS-DILUTED>	.63

</TABLE>