

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 4, 1996

Cali Realty Corporation

(Exact name of registrant as specified in its charter)

Maryland	1-13274	22-3305147
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(state or other jurisdiction or incorporation)	(Commission File Number)	(IRS Employer Identification Number)

11 Commerce Drive, Cranford , New Jersey 07016

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

N/A

(Former name or former address, if changed since last report)

Item 2. Acquisition or Disposition of Assets

On November 4, 1996, Cali Realty Corporation (the "Company") completed its acquisition (the "Acquisition") of Harborside Financial Center, a 1.9 million square foot office complex located in Jersey City, New Jersey. In connection with the Acquisition, the Company also acquired 11.3 acres of land fully zoned and permitted for an additional 4.1 million square feet of development. The total cost for the Acquisition of approximately \$287,400,000 was financed with mortgage indebtedness of \$150,000,000 and with cash of \$137,400,000 which was made available through the Company's revolving credit facilities (including its new \$80,000,000 revolving credit facility with Prudential Securities Credit Corp.)

The foregoing description of the Acquisition, as well as the description of the Acquisition contained in the Company's Current Report on Form 8-K, dated October 24, 1996, are not intended to be complete and are qualified in their entirety by the completed text of the material agreements setting forth the terms of the Acquisition, which material agreements are filed as Exhibits 10.42 through 10.50 hereto and are incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

- 10.42 - Agreement of Purchase and Sale, dated September 11, 1996 , among Plaza One Exchange Place Limited Partnership, Harborside Exchange Place Limited Partnership, Plaza II and III Urban Renewal Associates, L.P., (Seller) and Cali Realty Corporation (Purchaser).
- 10.43 - Contingent Consideration Agreement, dated November 4, 1996, between Harborside Exchange Place Limited Partnership and Cali Harborside (Fee) Associates L.P.
- 10.44 - Revolving Credit Facility Agreement, dated November 1, 1996, among Cali Realty, L.P., as Borrower, the Lenders parties thereto, and Prudential Securities Credit Corp., as Administrative Agent, in the amount of \$80,000,000
- 10.45 - Mortgage Note in the amount of \$42,087,513 between Cali Harborside Plaza I (Fee) Associates L.P. and US West Pension Trust Investment Management Company, dated November 4, 1996
- 10.46 - Assignment and Assumption Agreement, dated as of November 4, 1996, among Plaza One Exchange Place

Limited Partnership (formerly known as BT Exchange Limited Partnership), Harborside Exchange Place Limited Partnership, Harborside Urban Renewal Associates L.P., Plaza II & III Urban Renewal Associates L.P., Plaza IV Urban Renewal Associates L.P., Plaza V Urban Renewal Associates L.P., Plaza VI Urban Renewal Associates L.P., Cali Harborside (Fee) Associates L.P., Cal-Harbor II & III Urban Renewal Associates L.P., Cal-Harbor IV Urban Renewal Association L.P., Cal-Harbor V Urban Renewal Associates L.P., Cal-Harbor VI Urban Associates Renewal Associates L.P., Cal-Harbor VII Urban Renewal Associates L.P., The Northwestern Mutual Life Insurance Company and Principal Mutual Life Insurance Company

- 10.47 - Management Agreement, dated November 4, 1996, among Cali Harborside (Fee) Associates L.P., Cali Harborside Plaza I (Fee) Associates L.P., Plaza II & III Urban Renewal Associates L.P., Cal-Harbor II & III Urban Renewal Associates L.P., Plaza IV Urban Renewal Associates L.P., Cal-Harbor IV Urban Renewal Associates L.P., Plaza V Urban Renewal Associates, Cal-Harbor V Urban Renewal Associates L.P., Plaza VI Urban Renewal Associates L.P., Cal-Harbor VI Urban Renewal Associates L.P., Harborside Exchange Place Limited Partnership, Cal-Harbor VII Urban Renewal Associates L.P., North Pier Urban Renewal Associates L.P., Cal-Harbor No. Pier Urban Renewal Associates L.P., South Pier Urban Renewal Associates L.P., Cal-Harbor So. Pier Urban Renewal Associates L.P. and Institutional Realty Management, LLC, as Manager.
- 10.48 - Rental Agency Agreement, dated November 4, 1996, among Cali Harborside (Fee) Associates L.P., Cali Harborside Plaza I (Fee) Associates L.P., Plaza II and III Urban Renewal Associates L.P., Cal-Harbor II & III Urban Renewal Associates L.P., Plaza IV Urban Renewal Associates L.P., Cal-Harbor IV Urban Renewal Associates L.P., Plaza V Urban Renewal Associates L.P., Cal-Harbor V Urban Renewal Associates L.P., Plaza VI Urban Renewal Associates L.P., Cal-Harbor VI Urban Renewal Associates L.P., Harborside Exchange Place Limited Partnership, Cal-Harbor VII Urban Renewal Associates L.P., North Pier Urban Renewal Associates L.P., Cal-Harbor No. Pier Urban Renewal Associates L.P., South Pier Urban Renewal Associates L.P., Cal-Harbor So. Pier Urban Renewal Associates L.P. and Institutional Realty Management, LLC, as Rental Agent
- 10.49 - Company Pledge Agreement, dated as of November 1, 1996, between Cali Realty Corporation and Prudential Securities Credit Corp., as Administrative Agent for the Lenders
- 10.50 - Pledge Agreement, dated as of November 1, 1996, between Cali Realty, L.P. and Prudential Securities Credit Corp., as Administrative Agent for the benefit of the Lenders

SIGNATURES

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

CALI RELATY CORPORATION

November 18, 1996

By: /s/ Thomas A. Rizk

Thomas A. Rizk
President and Chief Executive Officer

November 18, 1996

By: /s/ Barry Lefkowitz

Barry Lefkowitz
Vice President - Finance and
Chief Financial Officer

EXHIBIT INDEX

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AGREEMENT OF PURCHASE AND SALE

BETWEEN

PLAZA ONE EXCHANGE PLACE LIMITED PARTNERSHIP
HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP
PLAZA II AND III URBAN RENEWAL ASSOCIATES L.P.

collectively, as Seller,

and

CALI REALTY CORPORATION,

as Purchaser

Dated: September 11, 1996

Location Of Property:

THE HARBORSIDE FINANCIAL CENTER
JERSEY CITY, NEW JERSEY

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- Exhibit R - Form of Seller's Letter to Tenants
- Exhibit S - Form of Seller's Bring-Down Certificate
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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this "Agreement") is made and entered into as of the 11th day of September, 1996, by and between PLAZA ONE EXCHANGE PLACE LIMITED PARTNERSHIP (formerly known as BT Exchange Place Limited Partnership), a New Jersey limited partnership, HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP ("HEPLP"), a New Jersey limited partnership and PLAZA II AND III URBAN RENEWAL ASSOCIATES L.P. ("Plaza II and III L.P."), a New Jersey limited Partnership (hereinafter referred to collectively as "Seller"), and CALI REALTY CORPORATION, a Maryland corporation (hereinafter referred to as "Purchaser").

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

I. ARTICLE I.

Sale of Property

I.1. Sale. Seller hereby agrees to sell, assign and convey to Purchaser and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to, the following:

I.1.1. That certain real property lying and being situated in the City of Jersey City, County of Hudson, State of New Jersey and being more particularly described (i) on Exhibit A attached hereto (the "BT Parcel") and (ii) on Exhibit A-1 attached hereto (the "HEP Parcel") (the BT Parcel and the HEP Parcel are sometimes hereinafter collectively referred to as the "Land"), together with any improvements located thereon (the "Improvements"). (The portions of the HEP Parcel described on Lots 1 - 4 on Exhibit A-1 hereto are sometimes hereinafter collectively referred to as the "Upland Parcels"; and the portions of the HEP Parcel described on Lots 7 - 15 on Exhibit A-1 hereto are sometimes hereinafter collectively referred to as the "Piers");

I.1.2. All of Seller's interest as lessor, or sublessor, as the case may be, (i) in all leases, subleases, licenses and other occupancy

agreements, together with any and all amendments, modifications or supplements thereto, as are hereafter referred to collectively as the "Leases" being more particularly described on Exhibit B attached hereto and (ii) in all ground leases (the "Ground Leases") being more particularly described on Exhibit B-1 attached hereto, and all prepaid rent attributable to the period following the Closing (as hereinafter defined), and subject to Section 4.2 below, the security deposits under such Leases (collectively, the "Leasehold Property");

I.1.3. All of Plaza II and III L.P.'s interest as lessee in that certain Ground Lease between HEPLP, as ground lessor, and Plaza II and III L.P., as ground lessee, as more particularly described on Exhibit B-1 hereto;

I.1.4. All rights, privileges, grants and easements appurtenant to Seller's interest in the Land and the Improvements, if any, including, without limitation, all of Seller's right, title and interest, if any, in and to all mineral and water rights and all easements, licenses, covenants and other rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and the Improvements together with all right, title, and interest of Seller arising from any riparian grants from the State of New Jersey with respect to the Land including without limitation the grant dated September 19, 1986 and recorded September 25, 1986 in Deed Book 3619 page 269 in the Office of the Register of Hudson County and the Fox Lance Agreements (as defined on Schedule 9 attached hereto) (the Land, the Improvements and all such easements, grants and appurtenances are sometimes collectively referred to herein as the "Real Property");

I.1.5. All personal property (including equipment), if any, owned by Seller and located on the Real Property as of the date hereof, all inventory owned by Seller and located on the Real Property on the date of Closing, and all fixtures (if any) owned by Seller and located on the Real Property as of the date hereof (the "Personal Property");

I.1.6. All trademarks and tradenames, if any, used or useful in connection with the Real Property (including, without limitation, all of Seller's interest, if any, to the use of the name "Harborside Financial Center"), but only to the extent that the same are not trademarks or tradenames of Seller or any of Seller's affiliated companies (collectively, the "Tradenames");

I.1.7. All (i) service contracts, utility, maintenance and other contracts or agreements, including the Collective Bargaining Agreements (as defined in Section 16.21 hereof) (collectively, the "Contracts"), currently in effect with respect to the Property (as hereinafter defined) to which Seller is a party, (ii) guarantees, licenses, approvals, certificates, permits and warranties relating to the Property (collectively, the "Permits and Licenses"), and (iii) telephone numbers in use at the Property allocated to Seller (other than any telephone numbers, services or plans provided by Seller's long distance telephone carriers) (the "phone numbers"), all to the extent assignable (the Contracts, the Permits and Licenses and the phone numbers are sometimes hereinafter collectively referred to as the "Intangible Property"); and

I.1.8. All other interests, whether tangible or intangible, held by Seller in connection with the operation of "Harborside Financial Center", or which benefit any of the interests described in Sections 1.1.1 through 1.1.7 hereof, except as otherwise provided in this Agreement or which are proprietary to Seller or the Managing Agent (as hereinafter defined).

(The Real Property, the Leasehold Property, the Personal Property, the Tradenames, the Intangible Property and the foregoing other property interests held by Seller in connection with the operation of "Harborside Financial Center" are sometimes collectively hereinafter referred to as the "Property").

I.2. Ground Leases. North Pier Urban Renewal Associates L.P., South Pier Urban Renewal Associates L.P., Harborside Urban Renewal Associates L.P., Plaza IV Urban Renewal Associates L.P., Plaza V Urban Renewal Associates L.P., and Plaza VI Urban Renewal Associates L.P., (each a "Ground Lessee" and, collectively the "Ground Lessees"), individually, by their execution of this Agreement, hereby agree and covenant to assign each of their respective interests in the Ground Leases to such Permitted Assignees (as hereinafter defined) designated by Purchaser in accordance with the terms of Section 16.7 hereof. As a condition of closing, at the Closing, the Ground Lessees and each of such Permitted Assignees shall enter into an "Assignment and Assumption of Ground Lease (Lessee)" in the form of Exhibit C attached hereto with respect to each of the Ground Leases.

II. ARTICLE II.

Purchase Price

II.1. Purchase Price. The purchase price for the Property shall be Two Hundred Eighty-Two Million Four Hundred Thousand Dollars (\$282,400,000) (the "Purchase Price"). The Purchase Price, net of all prorations as provided for herein, shall be paid to Seller by Purchaser at Closing, as follows:

- (i) One Hundred and Fifty Million Dollars (\$150,000,000) (the "Financed Portion"), as follows:
- (a) An amount equal to the outstanding principal balance of the Existing Financing (as hereinafter defined), by Purchaser assuming that certain Mortgage Loan currently encumbering the Property in the original principal amount of \$130,000,000, made by The Northwestern Mutual Life Insurance Company ("Northwestern") and Principal Mutual Life Insurance Company ("Principal"), as lenders (collectively, the "Existing Lenders"), to Seller (and related parties) which Mortgage Loan was made on December 5, 1995 (the "Existing Financing"). Seller covenants and agrees that, as of the Closing Date, the outstanding principal amount due under the Existing Financing shall not exceed \$110,000,000; and
- (b) The balance of the Financed Portion (the "Purchase Money Loan"), by Purchaser executing and delivering to Seller, or its assignee, (i) a fully recourse purchase money note (the "Purchase Money Note") substantially in the form of Exhibit D attached hereto, (ii) a purchase money mortgage, assignment of rents, security agreement and financing statement to secure the Purchase Money Note (the "Purchase Money Mortgage") substantially in the form of Exhibit E attached hereto, to be recorded against the BT Parcel at the Closing, (iii) an assignment of rents and leases (the "Assignment of Rents and Leases") in the form of Exhibit F attached hereto, to be recorded against the BT Parcel at the Closing, (iv) if the Purchase Money Note is executed by any entity other than the Purchaser named herein, guaranties (the "Guaranties") to be made by (a) Cali Realty Corporation and (b) Cali Realty, L.P. guaranteeing the payment and performance obligations of the maker under the Purchase Money Loan, in the form of Exhibit G attached hereto, (v) UCC-1 Financing Statements in favor of Seller, or its assignee, as creditor (the "Financing Statements"), and (vi) such other documents as reasonably required by Seller, or its assignee, which are consistent with documents normally required by prudent lenders (the Purchase Money Note, Purchase Money Mortgage, Assignment of Rents and Leases, Guaranties, Financing Statements and documents required pursuant to subsection (vi) above, collectively, the "Purchase Money Loan Documents").
- (ii) The balance of the Purchase Price (the "Cash Portion"), by wire transfer of immediately available funds to or as directed by, Seller on the Closing Date. (Seller shall provide Purchaser with wiring instructions for the payment of the Cash Portion no later than two (2) business days prior to the Closing.)

II.2. Additional and Contingent Consideration. As additional and contingent consideration (the "Contingent Consideration"), Purchaser agrees, warrants and covenants to pay Seller, for each square foot of development commenced, or land sold or ground leased on the Upland Parcels and/or the Piers by Purchaser, or any of its affiliates, during the thirty (30) year period following the Closing, on the terms and conditions more particularly set forth in that certain agreement annexed hereto as Exhibit H (the "Contingent Consideration Agreement"). At the Closing, and as a condition thereof, Purchaser and Seller shall execute an agreement substantially in the form of the Contingent Consideration Agreement, which Contingent Consideration Agreement shall, as long as same is consented to by the Existing Lenders, be recorded against the Upland Parcels and the Piers. The Contingent Consideration shall be payable with respect to the development of up to a maximum of 2,000,000 square feet on the Upland Parcels and the Piers. The provisions of this Section 2.2 shall survive the Closing.

At the Closing, and as a condition thereof, Purchaser shall deliver to Seller guaranties to be made by (a) Cali Realty Corporation and (b) Cali Realty, L.P. guaranteeing the payment and performance obligations of Purchaser's obligations under the Contingent Consideration Agreement (the "Contingent Consideration Guaranties"). The Contingent Consideration Guaranties shall be in form and substance reasonably acceptable to Seller.

Purchaser has advised Seller that Purchaser and its parent company have substantial development plans and intentions for the development of the Property and ready access to the capital necessary to effect such development.

III.

ARTICLE III.

Deposit

III.1. Deposit. Concurrently with the execution of this Agreement, and as a condition precedent to the formation of this Agreement, Purchaser shall deposit with First American Title Insurance Company of New York (the "Escrow Agent") a Two Million Dollar (\$2,000,000) deposit (the "Deposit") in the form of a sight-draft letter of credit (the "Letter of Credit") made payable to Seller, the receipt of which is hereby acknowledged by Escrow Agent's execution hereof.

III.2. Application of Deposit. If the Closing occurs as contemplated hereunder, the Deposit shall be returned to Purchaser. In the event that the Closing does not occur as contemplated hereunder because Purchaser terminates this Agreement pursuant to the terms set forth in this Agreement, the Deposit shall be refunded to Purchaser in accordance with the provisions of Section 16.15 hereof. In the event that the Closing does not occur as contemplated hereunder because of a default by Purchaser under this Agreement, the Deposit shall be paid to and retained by Seller in accordance with the provisions of Section 16.15 hereof.

Notwithstanding anything to the contrary contained in this Agreement, including, without limitation, anything to the contrary contained in Section 16.15 hereof, Escrow Agent shall, on the date which is thirty (30) days prior to any expiration date of the Letter of Credit, deliver the Letter of Credit to Seller, unless prior thereto Purchaser shall have caused the issuing bank to extend the term of the Letter of Credit. Escrow Agent shall deliver the Letter of Credit to Seller in accordance with the terms of this Paragraph, notwithstanding any instructions to the contrary from Purchaser. Upon receipt of the Letter of Credit, Seller shall be entitled to draw upon the Letter of Credit, and, thereupon, shall immediately re-deposit the proceeds from the Letter of Credit with the Escrow Agent to be held (or disbursed) by the Escrow Agent in accordance with the terms of this Agreement.

III.3. Escrow Agent. Escrow Agent is executing this Agreement to acknowledge Escrow Agent's responsibilities hereunder, which may be modified only by a written amendment signed by all of the parties. Any amendment to this Agreement that is not signed by Escrow Agent shall be effective as to the parties thereto, but shall not be binding on Escrow Agent. Escrow Agent shall accept the Deposit with the understanding of the parties that Escrow Agent is not a party to this Agreement except to the extent of its specific responsibilities hereunder, and does not assume or have any liability for the performance or non-performance of Purchaser or Seller hereunder to either of them. Additional provisions with respect to the Escrow Agent are set forth in Article XVI.

IV.

ARTICLE IV.

Closing, Prorations and Closing Costs

IV.1. Closing. The closing of the purchase and sale of the Property (the "Closing") shall be held at the offices of Skadden, Arps, Slate, Meagher & Flom, 919 Third Avenue, New York, New York, on or before 10:00 a.m. local time on the date which is thirty (30) days after the date on which the Waiver Notice (as hereinafter defined) is delivered. The date of Closing is referred to in this Agreement as the "Closing Date". Either or both parties hereto shall have a one time right to extend the Closing Date for a period of up to ten business days upon notice to the other party of such election, and thereafter, time shall be of the essence with respect to the obligations of the parties hereto. Notwithstanding anything to the contrary contained above, Purchaser shall have the right to accelerate the Closing Date to a date selected by Purchaser, provided Seller shall have received not less than ten (10) days prior written notice. Either party shall have the right to adjourn the Closing for ten (10) days from the scheduled Closing Date or the accelerated Closing Date, as the case may be, before time shall be of the essence.

IV.2. Prorations. All matters involving prorations or adjustments to be made in connection with Closing and not specifically provided for in some other provision of this Agreement shall be adjusted in accordance with this Section 4.2. Except as otherwise set forth herein, all items to be prorated pursuant to this Section 4.2 shall be prorated as of midnight of the day immediately preceding the Closing Date (except that if the Purchase Price is not disbursed to or for the benefit of Seller on or before 3:00 p.m. eastern time on the Closing Date, such adjustments shall be made as of the date of such disbursement of the Purchase Price), with Purchaser to be treated as the owner of the Property, for purposes of prorations of income and expenses, on and after the Closing Date.

Except as otherwise set forth herein, all prorations shall be done in accordance with the customs with respect to title closings recommended by The Real Estate Board of New York, Inc.

The following items shall be prorated:

IV.2.1. Real Estate and Property Taxes. Real estate and personal property taxes and special assessments, if any. Seller shall pay all real estate and personal property taxes and special assessments attributable to the Property to, but not including, the Closing Date. If the real estate and/or personal property tax rate and assessments have not been set for the year in which the Closing occurs, then the proration of such taxes shall be based upon the rate and assessments for the preceding tax year and such proration shall be adjusted in cash between Seller and Purchaser upon presentation of written evidence that the actual taxes paid for the year in which the Closing occurs differ from the amounts used in the Closing in accordance with the provisions of Article 4.2.14 hereof.

IV.2.2. Interest. Interest on the Existing Financing.

IV.2.3. Insurance Premiums. There shall be no proration of Seller's insurance premiums or assignment of Seller's insurance policies with respect to the Property and Seller shall cancel all of its existing policies as of the Closing Date. Purchaser shall be obligated to obtain replacement insurance policies with respect to the Property in accordance with the terms of the Purchase Money Mortgage.

IV.2.4. Utilities and Services. Purchaser and Seller hereby acknowledge and agree that the amounts of all telephone, electric, sewer, water and other utility bills, trash removal bills, janitorial and maintenance service bills and all other operating and administrative expenses relating to the Property and allocable to the period prior to the Closing Date shall be determined and paid by Seller before Closing, if possible, or shall be paid thereafter by Seller or adjusted between Purchaser and Seller immediately after the same have been determined. Seller shall attempt to have all base building meters read as of the Closing Date. Purchaser shall cause all utility services to be placed in Purchaser's name as of the Closing Date.

IV.2.5. Rental. Base or fixed rents and Additional Rent (as hereinafter defined), including any prepaid rent. If on the Closing Date any tenant under the Leases is in arrears in the payment of rent, rents received from such tenant after the Closing shall be applied in the following order of priority: (i) first to be apportioned between Purchaser and Seller for the month in which the Closing occurred, (ii) then to Purchaser for any month or months following the month in which the Closing occurred, and (iii) then to Seller for the period prior to the month in which the Closing occurred. If rents or any portion thereof received by Seller or Purchaser after the Closing are payable to the other party by reason of this allocation, the appropriate sum, less a proportionate share of any reasonable attorneys' fees and costs and expenses of collection thereof, shall be promptly paid to the other party. Seller shall have the right, after Closing, to proceed against tenants for delinquent rents allocable to the period of Seller's ownership of the Property; provided, however, in no event may Seller seek to evict any tenant or terminate any Lease or pursue any collateral serving as security for any Lease (including equipment, fixtures and furniture). Purchaser agrees that it shall use commercially reasonable efforts to collect any such delinquent rents. Any unapplied security deposits under the Leases shall be credited against the Cash Portion of the Purchase Price at Closing. There shall be no proration of rents (including, without limitation, base, fixed or Additional Rent) between Seller and Purchaser with respect to the Ground Leases.

IV.2.6. Additional Rent. If any tenants under a Lease are required to pay percentage rents, escalation charges for real estate taxes, parking charges, operating expense and maintenance escalation rents or charges, porter's wage increases, cost-of-living increases, "sundry charges" or other charges of a similar nature ("Additional Rents"), and any Additional Rents are collected by Purchaser after the Closing Date which are attributable in whole or in part to any period prior to the Closing, then Purchaser shall promptly pay to Seller its proportionate share thereof, less a proportionate share of any reasonable attorneys' fees and costs and expenses of collection thereof. With respect to any Additional Rents paid or payable by tenants under any Leases for any period ending prior to the Closing which are to be adjusted between the landlord and the tenant thereunder after the Closing (i) the Seller agrees, with respect to such adjustments which are in favor of any such tenant, to reimburse Purchaser, on demand, for the amount of such adjustments which the landlord under such Lease is obligated to pay or credit to such tenant and (ii) the Purchaser agrees, with respect to such adjustments which are in favor of landlord, to pay to Seller, on demand, the amount of such adjustments which the tenant under any such Lease pays to Purchaser. No adjustment which results in the compromising of any claim shall be made without Seller's prior approval. The calculation of the proration of Additional Rents hereunder shall be computed on a straight-line basis for the calendar year in which the Closing occurs.

IV.2.7. Security Deposits. Tenants' security deposits held by Seller (to the extent not applied by Seller pursuant to any Lease and this Agreement) shall be turned over by Seller to Purchaser at the Closing by, in the case of cash security deposits, crediting such amount to Purchaser pursuant to Section 4.2.5 hereof and, in the case of any letters of credit, by the delivery thereof by Seller to Purchaser in accordance with Section 11.1.9 hereof. At Closing, Purchaser shall deliver to Seller a receipt for any security deposit so

turned over by Seller to Purchaser and Purchaser shall indemnify Seller with respect thereto pursuant to, and in accordance with, the Assignment and Assumption of Leases (as hereinafter defined). In the case of any security deposits held by Seller in the form of letters of credit, such letters of credit, to the extent permitted by the terms thereof, shall be assigned to Purchaser at the Closing and Purchaser shall indemnify Seller with respect thereto pursuant to, and in accordance with, the Assignment and Assumption of Leases. At Closing, with respect to such letters of credit which by their terms are assignable, Seller shall deliver any consents required by the issuing bank(s) to the assignment of such letters of credit. Any fees imposed by such issuing banks in connection with such assignments shall be paid 50% by Seller and 50% by Purchaser at the Closing. In the case of any such letters of credit which by their terms are not assignable, Seller shall use reasonable efforts to cause the applicable tenant(s) to replace such letters of credit with ones which are assignable to Purchaser, however, as to any such letters of credit which are not replaced, then for the period from and after Closing, Seller shall hold such nonassignable letters of credit in escrow for the benefit of Purchaser and, upon written request by Purchaser, shall draw down on any such letter of credit and simultaneously therewith, shall deliver the proceeds of such draw down to Purchaser. Purchaser shall indemnify Seller with respect to any judgments, suits, claims, demands, liabilities and obligations and related costs and expenses (including reasonable attorneys' fees) arising out of Seller's draw down and delivery of the proceeds of such letters of credit as directed by Purchaser. Seller shall indemnify Purchaser (i) with respect to the failure of Seller to turn over to Purchaser any cash security deposit or assignable letter of credit security deposit of a tenant of the Real Property, or the failure to hold any nonassignable letter of credit security deposit in escrow as set forth above, but only in either case to the extent such security deposit (whether cash or letter of credit) was not properly applied by Seller pursuant to any Lease, and (ii) with respect to any judgments, suits, claims, demands, liabilities and related costs and expenses (including reasonable attorneys' fees) arising out of any act of Seller, as landlord, in connection with the security deposits and related to the period prior to the Closing. The indemnities contained in this Section 4.2.7 and in the Assignment and Assumption of Leases shall survive the Closing.

IV.2.8. Brokerage Commissions/Tenant Improvements. (i) Seller shall be responsible for all leasing and brokerage commissions (including the brokerage commission set forth on Schedule 2 hereto with respect to the Lease with Lewco Securities, if and when the same becomes due and payable), tenant improvement costs and expenses and tenant "buy-out" or lease surrender costs with respect to the Leases, other than (a) any such costs which are attributable to the exercise of a lease renewal or expansion after May 1, 1996, (b) move-in allowances in the amount of \$290,000 with respect to the Lease with American Institute of Certified Public Accountants, (c) tenant buy-out costs in the amount of \$16,750 per month through June, 1999 with respect to the Lease with Crown Sample Card Company and (d) all tenant improvement costs and related reimbursements in connection with the paving of certain parking lots and the installation of revenue control equipment pursuant to the terms of Exhibit E of the Lease between Seller and Kinney Hackensack, Inc. Any such brokerage commissions or tenant improvement costs and expenses payable by Seller pursuant to this Section 4.2.8 shall be payable by Seller only when such commissions, costs and expenses become due and payable pursuant to the terms of the respective brokerage agreements or Leases.

(ii) Purchaser shall be responsible for (y) all leasing and brokerage commissions, tenant improvement costs and expenses and tenant "buy-out" or lease surrender costs with respect to all leases executed in accordance with the terms of this Agreement after the date hereof, and with respect to any and all renewals, expansions and/or extensions of Leases exercised after May 1, 1996, and (z) the items listed in (a), (b) and (c) in subsection (i) above.

(iii) Upon the execution of any leases prior to the fifth (5th) anniversary of the Closing demising up to 62,520 square feet of space at the Property which is vacant at the Closing (which vacant space shall be deemed to include the space demised under the Jefferson Lease and the Additional Space Lease (as said terms are hereinafter defined)), Seller shall pay (a) the actual cost of tenant improvements to be made and/or credited on account of any such lease; provided, however, that in no event shall Seller's obligation hereunder be in excess of Thirty Dollars (\$30.00) a square foot for tenant improvement costs for any such lease, and (b) a full standard (and override, if applicable) New Jersey brokerage commission due and payable with respect to such lease; provided, however, that Seller shall only be responsible for paying any such brokerage commission for the period from the execution of such lease, and expiring on the ten (10) year anniversary of the Closing. In the event of Seller's failure to make any payment required pursuant to the terms of this subsection within five (5) business days of written notice thereof, Purchaser shall have the right to off-set the amount of the payment stipulated in Purchaser's notice on a dollar-for-dollar basis against the next due payment of interest or principal to be made by Purchaser under the Purchase Money Loan.

(iv) Seller's obligations with respect to this Section 4.2.8 shall be without regard to the limitation of Seller's liability set forth in Section 7.4 hereof.

IV.2.9. Employees. Salaries, wages, accrued vacation days and any other fringe benefits (including, social security, unemployment compensation, employee disability insurance, accrued sick days, "welfare" and pension fund contributions, payments and deposits, if any) of those persons employed by Seller or Institutional Realty Management, LLC (the "Managing Agent") at the Property, who are listed on Schedule 7 attached hereto (as such Schedule may be revised to reflect the addition or withdrawal of employees in connection with the normal operation of the Property).

IV.2.10. Fuel. The value of fuel stored on the Property by Seller, if any, at Seller's most recent cost, including any taxes, on the basis of a reading made within ten (10) days prior to the Closing by Seller's supplier.

IV.2.11. Contracts. Charges and payments under transferable Contracts or permitted renewals or replacements thereof.

IV.2.12. Permit Fees. Annual municipal permit and inspection fees.

IV.2.13. Taxes. Seller shall pay all real estate, personal property and "excess profit" taxes, special assessments and payroll related taxes (including any interest or penalties thereon) due and payable for the period prior to the Closing with respect to the Property. Seller hereby agrees and covenants that it shall file all tax returns and reports required to be filed prior to the Closing with respect to the Property, and shall reasonably cooperate with Purchaser in the filing of tax reports or returns which are to be filed by Purchaser with respect to the Property for the fiscal year in which the Closing occurs. Seller's obligations with respect to this Section 4.2.13 shall be without regard to the limitation of Seller's liability set forth in Section 7.4 hereof.

IV.2.14. Method of Calculation. For purposes of calculating prorations, Purchaser shall be deemed to be in title to the Property, and, therefore, entitled to the income therefrom and responsible for the expenses thereof for the entire day upon which the Closing occurs. All such prorations shall be made on the basis of the actual number of days of the month which shall have elapsed as of the day of the Closing and based upon the actual number of days in the month and a three hundred sixty five (365) day year. The amount of such prorations shall be initially performed at Closing but shall be subject to adjustment in cash after the Closing as and when complete and accurate information becomes available, if such information is not available at the Closing. Seller and Purchaser agree to cooperate and use their best efforts to make such adjustments sixty (60) days after the Closing. Except as set forth in this Section 4.2, all items of income and expense which accrue for the period prior to the Closing will be for the account of Seller and all items of income and expense which accrue for the period on and after the Closing will be for the account of Purchaser.

IV.2.15. Survival. The provisions of this Section 4.2 shall survive the Closing.

IV.3. Closing Costs. All transfer taxes and expenses on the deed and any state or county documentary stamps or transfer taxes on the deed shall be paid by Seller. Seller shall pay all customary recordation charges, clerk's fees, taxes, transfer, and recording charges and one-half (1/2) of any fees charged by the Escrow Agent. Purchaser shall pay all title insurance premiums, title examination fees, survey costs and one-half (1/2) of any fees charged by the Escrow Agent. Each party shall be responsible for its own attorney's fees.

V. ARTICLE V.

Purchaser's Right of Inspection; Feasibility Period

V.1. Right to Evaluate. For a period ending at 10:00 p.m. local time on the date which is twenty (20) days following the delivery by Seller to Purchaser of either the ROEA Waiver Notice (as hereinafter defined) or a copy of the Existing Lender's Consent (as hereinafter defined) (the "Feasibility Period"), Purchaser shall have the right, at its sole cost and expense, to review all property matters, including existing contracts, leases, engineering and environmental reports, development approval agreements, and any other information which Purchaser deems reasonably necessary in order to prudently consummate the transactions contemplated by this Agreement and to meet with the Seller, the Managing Agent and their representatives regarding the Property (the "Due Diligence Review"). It is understood that Purchaser shall have unlimited reasonable access to the Property and all records and other information pertaining thereto in the possession or within the control of Seller and its Managing Agent for the purpose of conducting its investigations. The conduct of Purchaser's Due Diligence Review shall be governed by the terms and provisions contained in that certain letter agreement dated July 24, 1996, between Jones Lang Wootton Realty Advisors and Purchaser (the "Access Agreement").

V.2. Independent Examination. Purchaser hereby acknowledges that it has

been, or will have been given, prior to the termination of the Feasibility Period, a full, complete and adequate opportunity to make such legal, factual and other determinations, analyses, inquiries and investigations as Purchaser deems necessary or appropriate in connection with the acquisition of the Property. Purchaser is relying upon its own independent examination of the Property and all matters relating thereto and not upon any statements of Seller (excluding the matters represented by Seller in this Agreement) or of any officer, director, employee, agent or attorney of Seller with respect to acquiring the Property. Seller shall not be deemed to have represented or warranted the completeness or accuracy of any studies, investigations and reports heretofore or hereafter furnished to Purchaser, except as specifically set forth in this Agreement. The provisions of this Section 5.2 shall survive the Closing and/or termination of this Agreement.

V.3. Termination Right. In the event that Purchaser determines that it does not desire to acquire the Property, Purchaser shall have the right, exercisable by written notice (the "Termination Notice") to Seller delivered at any time prior to the expiration of the Feasibility Period to terminate this Agreement. (For purposes of this Section 5.3, the delivery by Purchaser (or its counsel) of the Termination Notice solely to Seller's counsel identified in Section 16.1 hereof shall be deemed to satisfy the notice requirements set forth in said Section 16.1 with respect to the delivery of such notice to Seller.) In addition, this Agreement shall terminate, unless on or before the expiration of the Feasibility Period, Purchaser shall deliver a written notice (the "Waiver Notice") to Seller waiving Purchaser's right to terminate this Agreement pursuant to this Section 5.3. Upon the delivery of a Termination Notice, or the failure of Purchaser to deliver a Waiver Notice prior to the end of the Feasibility Period, this Agreement shall terminate, the Deposit shall be returned to Purchaser and neither party hereto shall have any further rights or obligations pursuant hereto, subject to the Surviving Termination Obligations (as defined in Section 16.11 hereof. If Purchaser delivers the Waiver Notice, the termination right described in this Section 5.3 shall be immediately null and void and of no further force or effect.

V.4. Copies of Reports. As additional consideration for the transaction contemplated herein, if Purchaser terminates this Agreement, Purchaser agrees that it will provide to Seller, within five (5) days following a written request therefore, copies of any and all third-party reports, tests or studies relating to the Property, including but not limited to those involving environmental matters; provided, however, Purchaser shall not be required to deliver any such reports, tests or studies which by their terms are privileged. The provisions of this Section 5.4 shall survive the termination of this Agreement.

VI. ARTICLE VI.

Title and Survey Matters

VI.1. Title.

VI.1.1. Commitment. Purchaser and Seller have received a title insurance search and commitment for an owner's title insurance policy (the "Title Commitment") from First American Title Insurance Company of New York (the "Title Company"), setting forth the status of title to the Property and any defects in or objections or exceptions to the title, together with true and correct copies of all instruments giving rise to such defects, objections or exceptions. Purchaser shall forward a copy of any updates of such commitment to the Seller's attorneys promptly upon receipt. Within ten (10) days after the delivery of any title updates from the Title Company, Purchaser shall notify Seller's attorney of any defects, objections or exceptions in the title to the Property appearing in such report which Purchaser is not required to accept under the terms of this Agreement.

VI.1.2. Elimination of Liens. If any defects, objections or exceptions in the title to the Property appear in such commitment (other than the Permitted Exceptions) which Purchaser is not required to accept under the terms of this Agreement, the Seller may, at its election, undertake to eliminate such unacceptable defects, objections or exceptions, it being agreed that Seller shall have no obligation to incur any expense in connection with curing such defects, objections or exceptions, other than (1) judgments against Seller, or (2) mortgages or other liens which can be satisfied by payment of a liquidated amount; provided, however, except as hereinafter set forth, Seller's obligation to cure such judgments or liens shall be limited to an amount not to exceed \$1,000,000. Seller, in its discretion, may adjourn the Closing for up to sixty (60) days in order to eliminate unacceptable defects, objections or exceptions. If Seller is unable to eliminate all unacceptable defects, objections or exceptions in accordance with the terms of this Agreement on or before such adjourned date for the Closing, Purchaser shall elect either to (i) terminate this Agreement by notice given to the Seller, in which event the provisions of Section 6.2 shall apply, or (ii) accept title subject to such unacceptable defects, objections or exceptions and receive no credit against or reduction of the Purchase Price. Except as may be required in connection with the Light Rail Line (as hereinafter defined), Seller hereby agrees and covenants that it shall not voluntarily place any defects, objections or exceptions on title to the Property from and after the date of issuance of the Title Commitment.

VI.1.3. At the Closing, Seller shall satisfy and obtain the release of (i) the Property from that certain Second Mortgage Loan currently encumbering the Property in the original principal amount of \$75,000,000 made by Boston Safe and Deposit Company, as Trustee of the U S West Pension Trust ("U S West"), to Seller (and related parties) which Second Mortgage Loan was made on December 5, 1995 (the "Second Mortgage Loan") and (ii) the BT Parcel from the lien of the Existing Financing, which release shall include the satisfaction of (x) that certain Promissory Note dated as of December 5, 1995, in the amount of \$10,000,000, from the Seller (and related parties) to Northwestern and (y) that certain Promissory Note dated as of December 5, 1995, in the amount of \$10,000,000, from Seller (and related parties) to Principal, which notes were delivered in connection with the Existing Financing. At the Closing, Seller shall (i) cause the holder of the Second Mortgage Loan to deliver a release of mortgage and related financing documents, in recordable form and on such holder's standard form of release, releasing the Property from the lien of the Second Mortgage Loan and (ii) cause the Existing Lenders to deliver a partial release of mortgage and related financing documents, in recordable form and on such holder's standard form of release, releasing the BT Parcel from the lien of the Existing Financing. Any fees, prepayment penalties or mandatory prepayment amounts (collectively, the "fees") which are set forth in the Existing Loan Documents or the Second Mortgage and which are imposed by either the Existing Lenders or U S West in connection with the delivery of the releases described above shall be payable by Seller. Seller hereby agrees to pay any such fees at or prior to the Closing. Notwithstanding anything to the contrary contained herein, Seller shall pay any and all costs, expenses, fees and/or prepayment amounts imposed by U S West with respect to the release of the Second Mortgage.

VI.1.4. Any unpaid taxes, water charges, sewer rents and assessments, together with the interest and penalties thereon to a date not less than ten (10) business days following the Closing Date (in each case subject to any applicable apportionment), and any mortgages or other liens created by Seller which can be satisfied by payment of a liquidated amount and judgments against Seller, which the Seller is obligated to pay and discharge pursuant to the terms of this Agreement, together with the cost of recording or filing any instruments necessary to discharge such liens and such judgments, may be paid out of the proceeds of the Cash Portion of the Purchase Price payable at the Closing to Seller against which such matter exists. Seller hereby agrees to deliver to Purchaser, on the Closing Date, instruments in recordable form sufficient to discharge any such mortgages or other liens which can be satisfied by payment of a liquidated amount and judgments, which Seller is obligated to pay and discharge pursuant to the terms of this Agreement. Upon request of Seller, delivered to Purchaser no later than two (2) business days prior to the Closing, Purchaser shall provide at the Closing separate certified checks, or bank checks for the foregoing payable to the order of the holder of any such lien, charge, or judgment, or a wire transfer of federal funds as Seller shall direct, in an aggregate amount not to exceed the Cash Portion of the Purchase Price payable to Seller, as adjusted for apportionments required under this Agreement, payable at the Closing.

VI.1.5. Affidavits. If the Commitment discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller, on request, shall deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against Seller, or any affiliates. Upon request by Purchaser, Seller shall deliver any affidavits and documentary evidence as are reasonably required by the Title Company to eliminate the standard or general exceptions on the ALTA form Owner's Policy.

VI.1.6. Permitted Exceptions. Seller shall convey and Purchaser shall accept fee simple title to the Real Property subject only to (a) those matters set forth on Exhibit I attached hereto and (b) all matters shown on that certain survey (the "Survey") dated as of August 21, 1996, prepared by John Zanetakos Associates, Inc. (collectively, the "Permitted Exceptions").

VI.2. Seller's Inability to Convey Title. If Seller is unable to convey title in accordance with the terms of this Agreement. Purchaser elects to terminate this Agreement, the Deposit shall be returned to Purchaser, and this Agreement shall terminate and neither party to this Agreement shall have any further rights or obligations hereunder other than the Surviving Termination Obligations.

VI.3. Survey. Purchaser and Seller have received a copy of the Survey. Purchaser shall furnish a copy of any updates of the Survey to Seller's attorneys and the Title Company promptly upon receipt of the same. Within ten (10) days after the delivery of any updates of the Survey to Purchaser, Purchaser shall notify Seller's attorney of any defects, objections or exceptions in the title to the Property appearing in such update to the Survey which Purchaser is not required to accept under the terms of this Agreement. Seller may, on or before the Closing Date, have any such unacceptable matters removed by the surveyor and cause the surveyor to recertify the Survey to Purchaser, and such other parties designated by Purchaser; provided, however, in no event will Seller be obligated to incur costs to do so. In the event Seller elects not to remove such unacceptable matter, Purchaser then shall elect, by giving written notice to Seller within five (5) days thereafter, (x) to

terminate this Agreement, in which event the provisions of Section 6.2 shall apply, or (y) to waive its disapproval of such exceptions, in which case such exceptions shall then be deemed to be Permitted Exceptions.

VII. ARTICLE VII.

Representations and Warranties of Seller

VII.1. Seller's Representations. Seller represents and warrants that the following matters are true and correct as of the date hereof with respect to the Property:

VII.1.1. Authority. Each entity constituting Seller is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of New Jersey. This Agreement has been duly authorized, executed and delivered by each entity constituting Seller, is the legal, valid and binding obligation of each Seller, and does not violate any provision of any agreement or judicial order to which each Seller is a party or to which each such Seller is subject. All documents to be executed by Seller which are to be delivered at Closing, at the time of Closing will be duly authorized, executed and delivered by Seller, at the time of Closing will be legal, valid and binding obligations of each Seller, and at the time of Closing will not violate any provision of any agreement or judicial order to which such Seller is a party or to which such Seller is subject.

VII.1.2. Bankruptcy or Debt of Seller. Seller represents and warrants to Purchaser that none of the entities constituting Seller has made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Seller's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of such Seller's assets, suffered the attachment or other judicial seizure of all, or substantially all, of such Seller's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

VII.1.3. Environmental Reports and Laws. (i) Seller has received no written notice from any governmental authority that the Property is in violation of any federal, state and local laws, ordinances, rules and regulations applicable to the Property relating to hazardous waste, chemical substances or mixtures or hazardous, toxic, dangerous or unhealthy substances or conditions (collectively, "Hazardous Substances"), whether such law is; (x) criminal or civil, (y) federal, state or local, or (z) statutory or administrative regulation (collectively, "Environmental Laws"), which violation has not been corrected.

(ii) Seller has delivered to Purchaser a true and complete copy of that certain report dated October 12, 1995 prepared by McLaren/Hart, entitled Phase I Environmental Assessment.

VII.1.4. CERCLA. No ss. 104(e) informational request has been received by Seller with respect to the Property issued pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss. 1251 et seq.

VII.1.5. Environmental Rights Act. Seller has not received a written notice of intention from any governmental authority concerning the Property to commence suit pursuant to the New Jersey Environmental Rights Act, N.J.S.A. 2A:35A-1 et seq.

VII.1.6. No Underground Storage Tanks. To the best of Seller's knowledge, except as set forth on Exhibit X attached hereto, there are no underground storage tanks at the Property.

VII.1.7. Sanitary Landfill Facility. The Property has not been used by Seller as a sanitary landfill facility as defined in the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq.

VII.1.8. Wetlands. Seller has no knowledge that any part of the Real Property has been designated as wetlands under any federal, state or local law or regulation or by any governmental agency. Except as shown on the survey of the Real Property prepared by John Zanetakos Associates, Inc. and delivered to Purchaser pursuant to Section 5.2 hereof, the Real Property is not located in a flood plain.

VII.1.9. Utilities. The Real Property is served by public water and sewage systems, gas and electricity. Seller has not received any written notice from any utility of its inability to provide the service necessary for the current uses of the Improvements or for general office purposes; all installations currently in place connecting the Improvements to the utility lines serving the Real Property are fully paid for.

VII.1.10. Foreign Person. Seller is not a foreign person within the meaning of Section 1445(f) of the Internal Revenue Code, and Seller agrees to execute any and all documents necessary or required by the Internal

Revenue Service or Purchaser in connection with such declaration(s).

VII.1.11. Leases. (i) Seller has delivered to Purchaser true and correct copies of the Leases and the Ground Leases. Exhibit B attached hereto contains a description of all Leases and tenancies and all amendments or extensions thereto, and Exhibit B-1 attached hereto contains a description of all Ground Leases and all amendments thereto, affecting the Property as of the date of this Agreement. Except as set forth on Exhibit B and Exhibit B-1, there are no leases, ground leases, licenses or other occupancy agreements affecting the Property to which Seller is a party or bound.

(ii) Seller has not received notice of a default under any of the Leases. Except as set forth on Schedule 1 attached hereto, Seller has not sent any notices of default (which remain outstanding) to any tenant under any Lease.

(iii) Except with respect to the Leases with Thomson Information Systems and Dow Jones/Telerate, all work, alterations, improvements or installations required to be made by Seller under the Leases have been completed and, except as contained in the Leases, there is no agreement with any tenant for the performance of any work to be done in the future. Seller shall be responsible for all costs and expenses associated with the completion of the work required to be performed by Seller pursuant to the terms of the Dow Jones/Telerate and Thomson Information Systems Leases. All bills and claims for labor performed and materials furnished to or for the benefit of the Improvements which are the responsibility of Seller will be paid in full on or before the Closing Date. Seller's obligations with respect to this Section 7.1.11(iii) shall survive the Closing and shall be without regard to the limitation of Seller's liability set forth in Section 7.4 hereof.

(iv) Except as set forth on Schedule 2 attached hereto, there are no brokerage commissions or tenant improvement costs and expenses affecting the Improvements currently due or payable with respect to the Leases.

VII.1.12. Contracts. Seller has delivered to Purchaser true and complete copies of the Contracts. There are no Contracts other than those listed on Schedule 3 to which the Property is subject and which would remain in effect after the Closing Date. Except as set forth on Schedule 3, all Contracts may be terminated on thirty (30) days or less notice without penalty.

VII.1.13. Condemnation. Seller has not received any written notice of any existing, pending or contemplated condemnation, eminent domain, environmental or similar proceeding with respect to the Real Property, or any portion thereof.

VII.1.14. Tax Bills/Assessments. Seller has delivered true and complete copies of all tax bills for the current tax year with respect to the Property received to date by Seller. Seller does not currently pay any special assessments with respect to the Property on an installment basis. Seller has received no written notices of (i) any tax increase (other than shown on the tax bills) or special assessment with respect to the Property, or (ii) except in connection with the Light Rail Line, any proposed change(s) in any road or grades with respect to the roads providing a means of ingress and egress to the Improvements.

VII.1.15. Tax Appeal Proceedings. Except as set forth on Schedule 4 attached hereto, Seller has not filed, and has not retained anyone to file, notices of protest against, or to commence actions to review, real property tax assessments against the Real Property. Purchaser hereby agrees and acknowledges that Seller shall have the right, after the Closing, to continue to prosecute any tax appeals or tax abatement proceedings with respect to the Property commenced by Seller prior to the Closing Date. If any such tax appeals of tax abatement proceedings result in tax refunds or rebates from the applicable taxing authorities then, after deduction for Seller's reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with such tax appeal or abatement proceedings (i) Seller shall be entitled to receive any such refund or rebate with respect to the period prior to the Closing and (ii) Purchaser shall be entitled to receive any such refund or rebate with respect to the period from and after the Closing. The party which actually receives such tax refunds or rebates from the taxing authorities shall promptly notify the other party thereof and pay to such party the amounts due to such party pursuant to the terms hereof. The terms and provisions of this Section 7.1.15 shall survive the Closing.

VII.1.16. Tax Matters. Seller has or will have paid all real estate, personal property and "excess profit" taxes, special assessments and payroll related taxes (including any interest and penalties thereon) due and payable for the period prior to the Closing and filed or will have filed all tax returns and reports required to be filed prior to the Closing with respect to the Property. There are no tax audits or other tax proceedings by any governmental body pending or, to the actual knowledge of Seller, threatened, with respect to the Property.

VII.1.17. Permits and Licenses. Seller has delivered to Purchaser true and complete copies of the Permits and Licenses (to the extent

such are in Seller's possession). Seller has received no written notice (other than written notices that have been subsequently rescinded) that any of the Permits and Licenses are not in full force and effect or that there is a violation of such Permits and Licenses. No formal application by Seller (excluding those which may relate to tenant work) for any consent, authorization, variance, waiver, approval, license or permit with respect to the Real Property has been denied or withdrawn during the twelve (12) month period preceding the date hereof nor is any application pending except as set forth on Schedule 5 attached hereto. Seller will pay all fees which are due in connection with the Permits and Licenses for the period prior to the Closing. No such fees are being paid on an installment basis.

VII.1.18. Insurance Policies. Schedule 6 annexed hereto and made a part hereof is a true, correct and complete schedule of all insurance policies maintained by Seller with respect to the Real Property and the amount of coverage afforded by each such policy. All premiums due (or in the event that such premiums are payable in installments, all installments of such premium payments due) on such insurance policies have been fully paid. To the best of Seller's knowledge, Seller has not received any written notice that it is in default under any insurance policy and to the best of Seller's knowledge, Seller has not received any written request for the performance of any work or alteration with respect to the Property from any insurance company or Board of Fire Underwriters.

VII.1.19. Legal Action Against Seller. There are no judgments, orders, or decrees of any kind against any entity constituting a Seller unpaid or unsatisfied of record, nor any legal action, suit or other legal or administrative agency action relating to the Property which would adversely affect the Property for its present use or affect Seller's ability to perform its obligations under this Agreement, nor is Seller aware of any threatened legal action, suit or other legal or administrative proceeding relating to the Property, or any state of facts which might result in any such action, suit or other proceeding.

VII.1.20. Compliance with Existing Laws. Seller has not received notice of any violations of any law, municipal or other governmental ordinances, orders, rules, regulations or requirements or of any recorded restriction, covenant, or agreement affecting the Property, which have not been corrected.

VII.1.21. No Consents or Approval. To the best of Seller's knowledge, except for (i) the holders of the Existing Financing and (ii) the City Consent (as hereinafter defined) there are no consents or approvals required of any third party or governmental entity necessary to consummate the transaction contemplated by this Agreement.

VII.1.22. Rent Roll. The rent roll attached hereto as Exhibit J (the "Rent Roll") is a complete and accurate rent roll of the Property, listing the date of commencement, term, base or fixed rent, additional rent and security deposit for each Lease.

VII.1.23. Employees. Schedule 7 attached hereto is a true and complete list of all employees and independent security guards presently employed at the Real Property and their respective union affiliations (if any), salaries, wages, accrued vacation days and other fringe benefits (including social security, unemployment compensation, employee disability insurance, accrued sick days, "welfare" and pension fund contributions, payments and deposits, if any). Except as indicated on Schedule 7 hereto there are no union contracts or collective bargaining agreements in effect with respect to any of the employees employed at the Real Property.

VII.1.24. Financial Statements. Seller has delivered to Purchaser true and complete copies of the audited financial statements of the Property for the years ended December 31, 1994 and 1995. Since December 31, 1995, there has been no material adverse change in the financial condition of the Property.

VII.1.25. Existing Estoppel Certificates. The estoppel certificates previously delivered to Purchaser by Seller are true and complete copies of the estoppel certificates received by Seller and delivered to the Existing Lenders in connection with the Existing Financing.

VII.1.26. Existing Loan Documents. Seller has delivered to Purchaser true and complete copies of the loan documents (the "Loan Documents") executed by Seller and delivered to the Existing Lenders in connection with the Existing Financing. Seller hereby covenants and agrees that it shall not modify or amend the Loan Documents.

VII.1.27. Square Harborside Parking Litigation. (i) The Square Harborside Parking Litigation (as hereinafter defined) does not affect the continued operation of the Property and (ii) Seller is the defendant under such litigation and (iii) Purchaser shall not incur any liability with respect thereto.

VII.1.28. Intentionally Deleted.

VII.1.29. Seller's Knowledge. For purposes of this Agreement and any document delivered at Closing, whenever the phrases "to the best of Seller's knowledge", "to the current, actual knowledge of Seller" or the "knowledge" of Seller or words of similar import are used, they shall be deemed to refer to the actual knowledge only, and not any implied, imputed or constructive knowledge, without any independent investigation having been made or any implied duty to investigate, of John Marazzo and Victoria W. Kahn.

VII.2. Change in Representation/Waiver. Notwithstanding anything to the contrary contained herein, Purchaser acknowledges that Purchaser shall not be entitled to rely on any representation made by Seller in this Article VII to the extent, prior to Closing, Purchaser shall have or shall obtain actual knowledge of any information that was contradictory to such representation or warranty; provided, however, if Purchaser obtains actual knowledge prior to Closing that there is a breach of any of the representations and warranties made by Seller above or learns of any pending legal proceedings or administrative actions or any violations of existing laws, ordinances, regulations and building codes affecting the Property, then Purchaser may, at its option, by sending to Seller written notice of its election either to (i) terminate this Agreement or (ii) waive such breach and/or conditions and proceed to Closing with no adjustment in the Purchase Price and Seller shall have no further liability as to such matter thereafter. In the event Purchaser terminates this Agreement for the reasons set forth above, the Deposit shall be immediately returned to Purchaser and neither Purchaser nor Seller shall thereafter have any other rights or remedies hereunder other than the Surviving Termination Obligations. In furtherance thereof, Purchaser and Seller expressly agree that Seller shall have no liability with respect to any of the foregoing representations and warranties to the extent that, prior to the Closing, Purchaser obtains actual knowledge (from whatever source, including, without limitation the property manager, the materials furnished to Purchaser and the tenant estoppel certificates delivered pursuant to Article 10.2.8 below, as a result of Purchaser's due diligence tests, investigations and inspections of the Property, or disclosure by Seller or Seller's agents and employees) that contradicts any of the foregoing representations and warranties, or renders any of the foregoing representations and warranties untrue or incorrect, and Purchaser nevertheless consummates the transaction contemplated by this Agreement.

VII.2.1. Purchaser's Knowledge. For purposes of this Agreement and any document delivered at Closing, whenever the phrases "to be best of Purchaser's knowledge", "to the current, actual knowledge of Purchaser" or the "knowledge" of Purchaser or words of similar import are used, they shall be deemed to refer to the actual knowledge only, and not any implied, imputed or constructive knowledge, without any independent investigation having been made or any implied duty to investigate, of Thomas A. Rizk, John R. Cali, Barry Lefkowitz, James Nugent, Roger W. Thomas, Philip Cali or A. Paul Bernheim.

VII.3. Survival. The express representations and warranties made in this Agreement by Seller shall not merge into any instrument of conveyance delivered at the Closing and all of the representations and warranties made in this Agreement by Seller shall survive the Closing for a period of six (6) months; provided, however, that any action, suit or proceeding with respect to the truth, accuracy or completeness of such representations and warranties shall be commenced, if at all, on or before the date which is six (6) months after the date of the Closing and, if not commenced on or before such date, thereafter shall be void and of no force or effect. The terms and provisions of this Section 7.3 shall survive the Closing.

VII.4. Limitation of Liability. Notwithstanding anything to the contrary or inconsistent in this Agreement, except as otherwise specifically provided in this Agreement, (i) the aggregate liability of Seller arising pursuant to or in connection with the representations and warranties of Seller and/or the agreements or certificates or affidavits of Seller set forth in or delivered pursuant to this Agreement shall not exceed One Million Dollars (\$1,000,000) and (ii) Seller shall have no liability to Purchaser under this Agreement, or otherwise, with respect to the representations and warranties made by Seller herein unless Seller had actual knowledge that any such representation or warranty is not true and correct as of the date of the Closing. Purchaser hereby expressly agrees and acknowledges that the liability of Seller set forth in the preceding sentence shall be Purchaser's sole and exclusive remedy after the Closing, and Purchaser expressly waives, relinquishes and releases any right of rescission it may have against Seller. The terms and provisions of this Section 7.4 shall survive Closing and/or termination of this Agreement.

VIII. ARTICLE VIII.

Representations and Warranties of Purchaser

Purchaser represents and warrants to Seller that the following matters are true and correct as of the date hereof.

VIII.1. Authority. Purchaser is a corporation duly organized and validly existing under the laws of the State of Maryland. This Agreement has

been duly authorized, executed and delivered by Purchaser, is the legal, valid and binding obligation of Purchaser, and does not violate any provision of any agreement or judicial order to which Purchaser is a party or to which Purchaser is subject. All documents to be executed by Purchaser which are to be delivered at Closing, at the time of Closing will be duly authorized, executed and delivered by Purchaser, at the time of Closing will be legal, valid and binding obligations of Purchaser, and at the time of Closing will not violate any provision of any agreement or judicial order to which Purchaser is a party or to which Purchaser is subject.

VIII.2. Bankruptcy or Debt of Purchaser. Purchaser represents and warrants to Seller that Purchaser has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Purchaser's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of Purchaser's assets, suffered the attachment or other judicial seizure of all, or substantially all, of Purchaser's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

VIII.3. No Financing Contingency. It is expressly acknowledged by Purchaser that this transaction is not subject to any financing contingency, and no financing for this transaction shall be provided by Seller, except for the Purchase Money Loan.

VIII.4. ERISA Compliance. None of the assets used by Purchaser to acquire the Property constitutes assets of any (i) "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended), (ii) "plan" (as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended) or (iii) entity whose assets are deemed to include or constitute assets of any such "employee benefit plan" or "plan."

VIII.5. Purchaser's Acknowledgment. Purchaser acknowledges and agrees that, except as expressly provided in this Agreement, Seller has not made, does not make and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all activities and uses which Purchaser may conduct thereon, (d) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, including, without limitation, the Americans with Disabilities Act and any rules and regulations promulgated thereunder or in connection therewith, (e) the habitability, merchant ability or fitness for a particular purpose of the Property, or (f) any other matter with respect to the Property, and specifically that Seller has not made, does not make and specifically disclaims any representations regarding solid waste, as defined by the U.S. Environmental Protection Agency regulations at 40 C.F.R., Part 261, or the disposal or existence, in or on the Property, of any hazardous substance, as defined by the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, and applicable state laws, and regulations promulgated thereunder. Purchaser further acknowledges and agrees that, except as expressly provided in this Agreement, having been given the opportunity to inspect the Property, Purchaser is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller. Purchaser further acknowledges and agrees that any information provided or to be provided with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information. Purchaser further acknowledges and agrees that, except as expressly provide in this Agreement, and as a material inducement to the execution and delivery of this Agreement, the sale of the Property as provided for herein is and on an "as is, where is" condition and basis. Purchaser acknowledges, represents and warrants that Purchaser is not in a significantly disparate bargaining position with respect to Seller in connection with the transaction contemplated by this Agreement; that Purchaser freely and fairly agreed to this acknowledgment as part of the negotiations for the transaction contemplated by this Agreement; and that Purchaser is represented by legal counsel in connection with this transaction and Purchaser has conferred with such legal counsel concerning this waiver. The terms and provisions of this Section 8.5 shall survive the Closing and/or termination of this Agreement.

VIII.6. Survival. The express representations and warranties made in this Agreement by Purchaser shall not merge into any instrument or conveyance delivered at the Closing and all of the representations and warranties made in this Agreement by Purchaser shall survive the Closing for a period of six (6) months; provided, however, that any action, suit or proceeding with respect to the truth, accuracy or completeness of all such representations and warranties (except for the representation and warranty set forth in Section 8.4 hereof) shall be commenced, if at all, on or before the date which is six (6) months after the date of the Closing and, if not commenced on or before such date, thereafter shall be void and of no force or effect. The terms and provisions of this Section 8.6 shall survive the Closing.

Seller's Interim Operating Covenants

IX.1. Operations. Seller agrees to continue to operate, manage and maintain the Improvements through the Closing Date in the ordinary course of Seller's business and substantially in accordance with Seller's present practice, subject to ordinary wear and tear and further subject to Article XII of this Agreement.

IX.2. Maintain Insurance. Seller agrees to maintain until the Closing Date fire and extended coverage insurance on the Property which is at least equivalent in all material respects to the insurance policies covering the Real Property and the Improvements as of the date hereof.

IX.3. Personal Property. Seller agrees not to transfer or remove any Personal Property from the Improvements after the date hereof except for repair or replacement thereof. Any items of Personal Property replaced after the date hereof shall be promptly installed prior to Closing and shall be of substantially similar quality to the item of Personal Property being replaced.

IX.4. No Sales. Except for the execution of tenant leases pursuant to the terms of this Agreement, Seller agrees that it shall not convey any interest in the Property to any third party.

IX.5. Tenant Leases.

IX.5.1. Seller shall not, from and after the date hereof through the end of the Feasibility Period, (i) enter into a new tenant lease, (ii) modify, renew, grant any consent or rent abatement or waive any material rights under the Leases (except pursuant to the exercise by a tenant of a renewal or extension option contained in such tenant's existing Lease), (iii) terminate any Lease, or (iv) accept a surrender or consent to the termination or cancellation of any Lease, unless Seller first notifies Purchaser in writing, at least three (3) business days in advance of the action intended to be taken by Seller. Seller shall be authorized to undertake any such action unless Purchaser delivers the Waiver Notice to Seller prior to the expiration of such three (3) business day period. In the event that Seller shall enter into, modify, renew, grant concessions or terminate a tenant lease, it shall promptly provide Purchaser with a copy of any such lease, amendment or agreement. Seller covenants and agrees that it shall timely provide Purchaser with drafts of any pertinent documentation in connection with the above leasing matters and shall keep Purchaser informed of all substantive negotiations and discussions with respect to such leasing matters on an on-going basis.

IX.5.2. Seller shall not, from and after the expiration of the Feasibility Period, and the delivery of the Waiver Notice, (i) modify, renew, grant any consent or waive any material rights under the Leases (except pursuant to the exercise by a tenant of a renewal or extension option contained in such tenant's existing Lease), (ii) terminate any tenant lease, (iii) enter into a new tenant lease, or (iv) accept a surrender or consent to the termination or cancellation of any Lease, in each case without the prior written approval of Purchaser which in each case shall not be unreasonably withheld or conditioned, and which shall be deemed granted if Purchaser fails to respond to a request for approval within three (3) business days after receipt of the request therefor together with a summary of lease forms and credit information of the proposed tenant, if the intended action is the execution of a new tenant lease.

IX.5.3. Seller covenants and agrees that any action taken by Seller with respect to the matters set forth in this Section 9.5 shall be made in good faith and in the ordinary course of business.

IX.6. Intentionally Deleted.

IX.7. Intentionally Deleted.

IX.8. Tenant Estoppels. Seller shall, promptly following its receipt of the Waiver Notice, deliver to each tenant under a lease, for such tenant's execution, an estoppel certificate certified to Purchaser and the applicable Permitted Assignee(s) (whose names have been provided to Seller prior to the date hereof) (each, an "Estoppel Certificate") substantially in the form of the estoppel certificate attached to each such tenant's Lease, or, with respect to any Lease that does not include a form of estoppel certificate, an estoppel certificate which substantially incorporates the estoppel provisions expressly contained in any such Lease. Seller shall use reasonable efforts to cause the Tenants to execute and return the Estoppel Certificates not later than five (5) business days prior to Closing.

IX.9. Contracts. Seller may, between the date hereof and the Closing, extend, renew, replace or modify any Contract or enter into any new Contract if the terms thereof are on commercially reasonable and competitive terms and the term thereof is cancellable upon no more than thirty (30) days prior written notice, without premium or penalty.

IX.10. Light Rail Line.

IX.10.1. Seller shall not, from and after the date hereof through the end of the Feasibility Period, (i) enter into a binding agreement with the City of Jersey City, the New Jersey Department of Transportation, or any other pertinent party, with respect to the proposed light rail line to be constructed on the Property (the "Light Rail Line") or (ii) grant any easement, right of way or similar encumbrance of title in connection with the Light Rail Line, or (iii) enter into any exchange of property or similar arrangement in connection with the Light Rail Line, unless Seller first notifies Purchaser in writing, at least five (5) business days in advance of the action intended to be taken by Seller. Seller shall be authorized to undertake any such action unless Purchaser delivers the Waiver Notice to Seller prior to the expiration of such five (5) business day period. In the event that Seller shall enter into any such agreement or grant any such easement, it shall promptly provide Purchaser with a copy of any such agreement or easement. Seller covenants and agrees that it shall timely provide Purchaser with drafts of any pertinent documentation in connection with the Light Rail Line and shall keep Purchaser informed of all substantive negotiations and discussions with respect to the Light Rail Line on an on-going basis.

IX.10.2. Seller shall not, from and after the expiration of the Feasibility Period, and the delivery of the Waiver Notice, enter into any binding agreement or grant any easement in connection with the Light Rail Line, in each case without the prior written approval of Purchaser which in each case shall not be unreasonably withheld or conditioned, and which shall be deemed granted if Purchaser fails to respond to a request for approval within three (3) business days after receipt of the request therefor together with a summary of the proposed action and copies of the underlying documentation.

IX.11. Litigation. Purchaser agrees and acknowledges that Seller shall have the right to continue to prosecute the existing litigation between HEPLP, as defendant, and Square Harborside Corp., as plaintiff (the "Square Harborside Parking Litigation") and that Seller shall be solely entitled to receive any and all recoveries obtained from the outcome of such litigation.

IX.12. Notices of Violation. Seller shall promptly notify Purchaser of, and shall promptly deliver to the Purchaser a copy of any notice Seller may receive, on or before the Closing, from any governmental authority, concerning a violation of Environmental Laws or a discharge of Hazardous Substances.

IX.13. Reciprocal Operating Agreement. Prior to the delivery of the Waiver Notice, Purchaser acknowledges and agrees that Seller shall have the right to amend the Reciprocal Operation and Easement Agreement (the "ROEA") for Harborside Financial Center to provide that for the duration of the term of the ROEA, the owner or owners of the BT Parcel, or any Person leasing the BT Parcel pursuant to a ground lease, shall be entitled to lease that number of parking spaces within the Special Common Area parking facilities (or parking garages or structures constructed on or around the Property, in the event that such garages or structures are not designated as Special Common Area parking facilities) which, when combined with the number of parking spaces within the Exclusive Parking Facilities allocated to the BT Parcel, shall equal or exceed three hundred eighty-five (385) parking spaces. (All capitalized terms used in this subsection and not otherwise defined shall have the meanings ascribed thereto in the ROEA.) From and after the expiration of the Feasibility Period and the delivery of the Waiver Notice, any such amendment shall be subject to the approval of Purchaser, which approval shall not be unreasonably conditioned or delayed, and which shall be deemed granted if Purchaser fails to respond to a request for approval within five (5) business days after receipt of the request therefor together with a draft of such amendment.

X.

ARTICLE X.

Closing Conditions

X.1. Conditions to Obligations of Seller. The obligations of Seller under this Agreement to sell the Property and consummate the other transactions contemplated hereby shall be subject to the satisfaction of the following conditions on or before the Closing Date except to the extent that any of such conditions may be waived by Seller in writing at Closing.

X.1.1. Representations, Warranties and Covenants of Purchaser. All representations and warranties of Purchaser in this Agreement shall be true and correct in all material respects as of the Closing Date, with the same force and effect as if such representations and warranties were made anew as of the Closing Date, and Purchaser shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by Purchaser prior to the Closing Date.

X.1.2. No Orders. No order, writ, injunction or decree shall have been entered and be in effect by any court of competent jurisdiction or any authority, and no statute, rule, regulation or other requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby.

X.1.3. No Suits. No suit or other proceeding shall be pending or threatened by any third party before any court or authority seeking to restrain or prohibit or declare illegal, or seeking substantial damages against Seller or any of its affiliates in connection with the transactions contemplated by this Agreement.

X.1.4. Consent of Existing Lenders. The Existing Lenders shall have consented (the "Existing Lenders' Consent") in writing to (i) the assumption of the Existing Financing by Purchaser and/or its Permitted Assignee(s) and (ii) the amendment of the ROEA pursuant to Section 9.13 hereof. It shall be a condition to the delivery of the Existing Lenders' Consent that the Existing Lenders shall not have imposed any obligations on Seller or Purchaser in connection with the assumption of the Existing Financing other than the obligations specifically provided for in that certain Mortgage dated as of December 5, 1995 (the "Mortgage"), from Seller (and related parties), to the Existing Lenders under the paragraph entitled "Due on Sale". Notwithstanding anything contained herein to the contrary, Purchaser shall have the right, at its own cost and expense, and subject to the consent of the Existing Lenders, to satisfy any additional or contingent obligations imposed by the Existing Lenders with respect to the granting by the Existing Lenders of the Existing Lenders' Consent. In connection with the Existing Lenders' Consent, Seller covenants and agrees that it shall use best efforts to obtain such consent; provided, however, Seller shall not be required (x) to satisfy any obligations or conditions imposed by the Existing Lenders with respect to such consent other than the obligations specifically set forth in the Mortgage under the paragraph entitled "Due on Sale," or (y) to incur any expense in connection with obtaining the Existing Lenders' Consent to the matter set forth in subsection (ii) above. At the request of the Existing Lenders, Seller shall enter into a subordination agreement, in form and substance reasonably acceptable to Seller and the Existing Lenders, to subordinate the Contingent Consideration Agreement to the Existing Financing.

Seller shall have the right at any time to deliver a notice to Purchaser (the "ROEA Waiver Notice"), waiving the delivery by the Existing Lenders of their consent to the amendment of the ROEA as a condition of Closing hereunder, and upon the delivery of the ROEA Waiver Notice, the provision of subsection 10.1.4(ii) above shall be deemed deleted from this Agreement.

In the event the Existing Lenders' Consent is not obtained by December 10, 1996, Seller shall have the right, exercisable by notice (the "Seller's Termination Notice") to Purchaser to terminate this Agreement, but subject to the further rights set forth in this paragraph. On the date (the "Termination Date") which is fourteen (14) days following the delivery of the Seller's Termination Notice to Purchaser, the Deposit shall be returned to Purchaser and neither party hereto shall have any further rights or obligations pursuant hereto, subject to the Surviving Termination obligations, unless prior to the Termination Date, the Existing Lenders' Consent shall have been delivered. Purchaser shall have the right, following the delivery of the Seller's Termination Notice, to contact the Existing Lenders to seek to obtain the Existing Lenders' Consent. If the Existing Lenders' Consent is so delivered, this Agreement shall remain in full force and effect.

X.1.5. Seller's ALTA Loan Policy. Seller shall have obtained an ALTA Loan Policy for the Purchase Money Mortgage insuring the lien thereof subject only to the Permitted Exceptions.

X.1.6. Intentionally Deleted.

X.1.7. Contingent Consideration Agreement. Purchaser shall have executed the Contingent Consideration Agreement.

X.1.8. Purchase Money Loan. Purchaser shall have executed the Purchase Money Loan Documents and the same (as appropriate) shall have been delivered to the Title Company for recording.

X.1.9. Intentionally Deleted.

X.1.10. Termination. In the event Seller shall elect not to close due to the failure of any one or more of the conditions precedent to Seller's obligation to sell set forth in this Section 10.1, Seller shall so notify Purchaser on the day of Closing in writing specifying the unfulfilled conditions, Seller shall direct the Escrow Agent to return the Deposit to Purchaser and this Agreement shall terminate, and neither party shall have any further obligation under this Agreement (except the Surviving Termination Obligations). Notwithstanding anything to the contrary contained herein, in the event that Seller delivers a termination notice to Purchaser pursuant to this Section 10.1.9, Purchaser shall have the right (provided that it delivers a notice to Seller within two days of its receipt of Seller's termination notice), to extend the scheduled Closing Date for a period of up to ten (10) business days in order to allow the satisfaction of the unfulfilled conditions to the obligations of Seller specified in Seller's termination notice.

X.2. Conditions to Obligations of Purchaser. The obligations of Purchaser under this Agreement to purchase the Property and consummate the other

transactions contemplated hereby shall be subject to the satisfaction of the following conditions on or before the Closing Date, except to the extent that any of such conditions may be waived by Purchaser in writing at Closing.

X.2.1. Representations, Warranties and Covenants of Seller. All representations and warranties of Seller in this Agreement shall be true and correct in all material respects as of the Closing Date, with the same force and effect as if such representations and warranties were made anew as of the Closing Date, any changes to such representations disclosed by Seller pursuant to Article 11.1.15 shall be acceptable to Purchaser, and Seller shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Seller prior to the Closing Date. The provisions of this Section 10.2.1 shall be effective whether or not Seller had actual knowledge that any of the representations or warranties made by Seller in this Agreement were not true and correct in all material respects as of the Closing Date.

X.2.2. No Orders. No order, writ, injunction or decree shall have been entered and be in effect by any court of competent jurisdiction or any authority, and no statute, rule, regulation or other requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby.

X.2.3. No Suits. No suit or other proceeding shall be pending or threatened by any third party not affiliated with or acting at the request of Purchaser before any court or authority seeking to restrain or prohibit or declare illegal, or seeking substantial damages against Purchaser in connection with the transactions contemplated by this Agreement.

X.2.4. Intentionally Deleted.

X.2.5. Title. At the time of Closing, title to the Property shall be as provided in this Agreement.

X.2.6. ISRA. The conditions set forth in Section 16.18 hereof shall have been met.

X.2.7. Status of Existing Financing. Purchaser shall have received an estoppel certificate in form and substance reasonably acceptable to Purchaser, duly executed by each of the Existing Lenders.

X.2.8. Estoppel Certificates. Purchaser shall have received Estoppel Certificates from (i) the six (6) major tenants (the "Major Tenants") listed on Schedule 8 attached hereto, and (ii) Estoppel Certificates from tenants occupying 50% of the rentable square feet of the Improvements (exclusive of the rentable square feet of the Improvements leased to the Major Tenants).

X.2.9. Fox Lance Agreements - Consents. The City of Jersey City shall have consented (the "City Consent") to the assignment of the Fox-Lance Agreements (described on Schedule 9 attached hereto) to Purchaser. In connection with the consents required pursuant to this Section 10.2.9, Seller covenants and agrees that it shall use diligent efforts to obtain the consents required under this subsection; provided, however, Seller shall have no obligation to incur any costs or expenses in connection therewith.

X.2.10. Termination. In the event Purchaser shall elect not to close due to the failure of any one or more of the conditions precedent to Purchaser's obligation to consummate this transaction set forth in this Section 10.2, Purchaser shall so notify Seller on the day of Closing in writing specifying the unfulfilled conditions, Seller shall direct the Escrow Agent to return the Deposit to Purchaser and this Agreement shall terminate, and neither party shall have any further obligation under this Agreement (except the Surviving Termination Obligations). Notwithstanding anything to the contrary contained herein, in the event that Purchaser delivers a termination notice to Seller pursuant to this Section 10.2.10, Seller shall have the right (provided that it delivers a notice to Purchaser within two days of its receipt of Purchaser's termination notice), to extend the scheduled Closing Date for a period of up to ten (10) business days in order to allow the satisfaction of the unfulfilled conditions to the obligations of Purchaser specified in Purchaser's termination notice.

XI.

ARTICLE XI.

Closing

XI.1. Seller's Closing Obligations. Seller, at its sole cost and expense, shall deliver or cause to be delivered to Purchaser at Closing the following:

XI.1.1. A bargain and sale deed with covenants against grantor's acts (the "Deed") substantially in the form attached hereto as Exhibit L, properly executed by Seller conveying to Purchaser the Land and Improvements described on Exhibit A and Exhibit A-1 in fee simple, subject only to the Permitted Exceptions.

XI.1.2. An Assignment and Assumption of Ground Lease with respect to each of the Ground Leases, duly executed by each of the respective Ground Lessees.

XI.1.3. An "Assignment and Assumption of Leases" in the form of Exhibit M attached hereto, with respect to the Leases, duly executed by Seller.

XI.1.4. An "Assignment and Assumption of Ground Leases (Lessor)" in the form of Exhibit N attached hereto, with respect to the Ground Leases, duly executed by Seller.

XI.1.5. An "Assignment and Assumption of Contracts" in the form of Exhibit O attached hereto, duly executed by Seller.

XI.1.6. An "Assignment and Assumption of Option Agreement" in the form of Exhibit P attached hereto duly executed by Seller with respect to that certain Option Agreement dated as of June 26, 1984 between Consolidated Rail Corporation, as optionor, and Seller (as successor in interest), as optionee, as more particularly described in Exhibit J.

XI.1.7. An Assignment and Assumption Agreement with respect to the Existing Loan (the "Assignment and Assumption of the Existing Loan"), in form and substance acceptable to Seller, Purchaser and the Existing Lenders, duly executed by Seller.

XI.1.8. An "Assignment and Assumption of the Fox Lance Agreements" in the form of Exhibit Q attached hereto, duly executed by Seller.

XI.1.9. A list of cash security deposits and all non-cash security deposits (including letters of credit) delivered by tenants to Seller under the Leases, together with, subject to the provisions of Section 4.2.7 hereof, other instruments of assignment, transfer, signature guaranty or consent as may be necessary to permit Purchaser to realize upon the same, each duly executed and delivered by Seller.

XI.1.10. Copies of the Contracts, the Licenses and Permits and the warranties and guarantees (originals will be provided if available).

XI.1.11. Signed copies of all Leases in effect on such date and all other documents in the possession of Seller or the Managing Agent relating to the tenants under such Leases;

XI.1.12. Copies of the current plans and specifications for the Improvements and copies of the as-built plans and specifications for the Improvements (including tenant spaces), that are in the possession of Seller;

XI.1.13. Written notices executed by Seller, addressed to each tenant, or subtenant, under a Lease or Ground Lease (i) acknowledging the sale of the Property to Purchaser and (ii) indicating that rent should thereafter be paid to Purchaser and giving instructions therefore, substantially in the form of Exhibit R attached hereto.

XI.1.14. Written notices executed by Seller, addressed to each party performing services pursuant to a Contract indicating that the Property has been sold to Purchaser and that all rights of Seller thereunder have been assigned to Purchaser.

XI.1.15. A certificate in the form of Exhibit S attached hereto, indicating that the representations and warranties set forth in Article VII are true and correct on the Closing Date, or, if there have been changes, describing such changes.

XI.1.16. A "Bill of Sale" in the form attached hereto as Exhibit T, conveying, transferring and selling to Purchaser (with no value separate from the Real Property) all right, title and interest of Seller in and to the Personal Property.

XI.1.17. A certificate substantially in the form attached hereto as Exhibit U ("Firpta Affidavit") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended.

XI.1.18. The following items to the extent in Seller's possession, or under Seller's control: (i) keys for all entrance doors in the Improvements, (ii) all original books, records, tenant files, operating reports, files, plans and specifications and other materials related to the operation of the Property; (iii) the originals (or copies where originals are not available) of the Contracts and the Licenses and Permits, and (iv) a revised Rent Roll, updated to within ten (10) business days of the Closing.

XI.1.19. Evidence reasonably satisfactory to Purchaser and the Title Company that the person executing the Closing documents on behalf of Seller has full right, power and authority to do so.

XI.1.20. Affidavits and other matters as are reasonably requested by the Title Company pursuant to Section 6.1.5 of this Agreement.

XI.1.21. Provided that Purchaser closes the transaction hereunder in accordance with the terms and provisions of this Agreement, a letter from Seller to the Escrow Agent authorizing the return of the Deposit to Purchaser.

XI.1.22. The Estoppel Certificates required to be delivered by Seller to Purchaser pursuant to Section 10.2.8 hereof.

XI.1.23. (i) A lease agreement (in form and substance reasonably acceptable to Purchaser and Seller), between Seller, as landlord, and a tenant reasonably acceptable to Purchaser, as tenant, pursuant to which such tenant shall lease approximately 38,045 square feet of vacant space at the Property previously leased to Jefferson Insurance Company (the "Jefferson Lease") for a twelve month period commencing January 1, 1997 and agrees to pay fixed rent under such lease in an aggregate amount of \$875,000 per annum.

(ii) The Jefferson Lease will be on the standard form of lease currently in use at the Property, and will provide that (x) until such time as the tenant occupies the space demised under such lease, such tenant shall have no obligations under the Jefferson Lease other than the payment of fixed rent in the amount stipulated in subsection (i) above, (y) Purchaser shall be free to recapture or sublease the premises demised under the Jefferson Lease in whole or in part if it locates a suitable tenant for such space and (z) upon any such recapture or sublet (a) the Jefferson Lease will remain in place as to the tenant's obligation to make the monthly rental payments thereunder during the balance of the term of such lease, and (b) fifty percent (50%) of the base rent payable under such sublet will be applied to reduce such tenant's aggregate payment obligations under the Jefferson Lease.

XI.1.24. A lease agreement (in form and substance reasonably acceptable to Purchaser and Seller) between Seller, as landlord, and a tenant reasonably acceptable to Purchaser, as tenant, pursuant to which such tenant shall lease vacant space at the Property in the size and location to be mutually agreed upon by Seller and Purchaser prior to the Closing, for a period of five (5) years commencing as of the Closing, and pursuant to which the tenant agrees to pay rent under such lease, in the monthly amount of thirty-three thousand three hundred thirty-three (\$33,333) dollars. The foregoing lease will be on the standard form of lease currently in use at the Property and will provide that until such time as the tenant occupies the space demised under such lease, the tenant shall have no obligations under the lease other than the payment of fixed rent in the amount stipulated above.

XI.1.25. A lease agreement (in form and substance reasonably acceptable to Purchaser and Seller) between Seller, as landlord, and a tenant reasonably acceptable to Purchaser, as tenant, with respect to approximately 62,520 square feet of space at the Property consisting of (i) the space formerly leased to Aegis Insurance Company located on the Seventh Floor of Plaza II and (ii) the space presently leased to American Presidential Lines located on the Seventh Floor of Plaza III (the "Additional Space Lease"). The Additional Space Lease shall (i) be on the standard form of lease currently in use at the property, (ii) be for a term of five (5) years, (iii) provide for the payment of fixed rent in the annual amount of \$1,250,000, (iv) provide that until such time as the tenant occupies the space demised thereunder, the tenant shall have no obligations under the Additional Space Lease other than the payment of fixed rent as provided above, and (v) be on such other terms as the Seller and Purchaser shall reasonably agree upon.

XI.1.26. The Management Agreement and the Leasing Agreement pursuant to Section 16.20 hereof.

XI.1.27. A Subordination and Non-Disturbance Agreement, with respect to the Lease between Seller and BT Harborside, Inc., duly executed by the lender under the Purchase Money Loan, or its designee, in form and substance reasonably acceptable to such lender, or as otherwise in accordance with such Lease.

XI.1.28. At Closing, Seller shall have delivered possession of the Property to Purchaser, subject to the Permitted Exceptions and the rights of tenants under the Leases.

XI.1.29. As of the Closing Date, the outstanding principal amount due under the Existing Financing does not exceed \$110,000,000.

XI.1.30. Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transactions which are the subject of this Agreement.

XI.2. Purchaser's Closing Obligations. Purchaser, at its sole cost and expense, shall deliver or cause to be delivered to Seller at Closing the following:

XI.2.1. The Cash Portion of the Purchase Price, after all adjustments are made at the Closing as herein provided, by Federal Reserve wire transfer of immediately available funds.

XI.2.2. Purchaser shall duly execute, acknowledge (as appropriate) and deliver:

- (i) an Assignment and Assumption of Ground Lease for each Ground Lease;
- (ii) the Assignment and Assumption of Leases;
- (iii) the Assignment and Assumption of Contracts;
- (iv) the Assignment and Assumption of Option Agreement;
- (v) the Assignment and Assumption of the Existing Loan;
- (vi) the Purchase Money Loan Documents;
- (vii) An opinion from Pryor Cashman Sherman & Flynn, in form and substance reasonably acceptable to Seller, or its assignee, regarding the due execution, delivery and enforceability of the Purchase Money Loan Documents;
- (viii) receipt for delivery and acceptance of the Security Deposits;
- (ix) the Contingent Consideration Agreement;
- (x) the Contingent Consideration Guaranties; and
- (xi) the Management Agreement and the Leasing Agreement.

XI.2.3. Evidence reasonably satisfactory to Seller and the Title Company that the person executing the Closing documents on behalf of Purchaser has full right, power and authority to do so.

XI.2.4. A certificate in the form of Exhibit V attached hereto, indicating that the representations and warranties set forth in Article VIII are true and correct on the Closing Date, or, if there have been changes, describing such changes.

XI.2.5. Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transactions which are the subject of this Agreement.

XII. ARTICLE XII.

Risk of Loss

XII.1. Condemnation and Casualty. If, prior to the Closing Date, all or any portion of the Property is taken by eminent domain, or is the subject of a pending taking which has not been consummated, or is destroyed or damaged by fire or other casualty, Seller shall notify Purchaser of such fact promptly after Seller obtains knowledge thereof. If such condemnation or casualty is "Material" (as hereinafter defined), Purchaser shall have the option to terminate this Agreement upon notice to Seller given not later than fifteen (15) days after receipt of Seller's notice, or the Closing Date, whichever is earlier. If this Agreement is terminated, the Deposit shall be returned to Purchaser and thereafter neither Seller nor Purchaser shall have any further rights or obligations to the other hereunder except with respect to the Surviving Termination Obligations. If this Agreement is not terminated, Seller shall not be obligated to repair any damage or destruction but (x) Seller shall assign and turn over to Purchaser all of the insurance proceeds or condemnation proceeds, as applicable, net of all costs of repairs and net of reasonable collection costs (or, if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty or condemnation, including any rent abatement insurance accruing after the Closing for such casualty or condemnation, and (y) the parties shall proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price except for a credit in the amount of the applicable insurance deductible.

XII.2. Condemnation not Material. If the condemnation is not Material, then the Closing shall occur without abatement of the Purchase Price and, after deducting all of Seller's reasonable costs and expenses incurred in collecting any award, Seller shall assign all remaining awards or any rights to collect awards to Purchaser on the Closing Date, unless the condemnation affects the Upland Parcels or the Piers, in which event the condemnation award shall be split between Purchaser and Seller.

3. Casualty not Material. If the Casualty is not Material, then the Closing shall occur without abatement of the Purchase Price except for a credit

in the amount of the applicable deductible and Seller shall not be obligated to repair such damage or destruction and Seller shall assign and turn over to Purchaser all of the insurance proceeds net of any costs of repairs and net of reasonable collection costs (or, if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or such casualty, including any rent abatement insurance accruing after the Closing for such casualty.

XIII.4. Materiality. For purposes of this Article 12, (i) with respect to a taking by eminent domain, the term "Material" shall mean a taking of any portion of (x) the office building located on the BT Parcel, or (y) the office buildings located on the property demised under the Plaza II/III Ground Lease (as defined in Exhibit B-1 hereto) excluding, however, any taking solely of subsurface rights or takings for utility easements or right of way easements, if the surface of such property, after such taking, may be used in substantially the same manner as though such rights had not been taken and (ii) with respect to a casualty, the term "Material" shall mean any casualty such that the cost of repair, as reasonably estimated by an independent engineer licensed to do business in the State of New Jersey acceptable to Seller and Purchaser, is in excess of \$5,000,000.

XIII. ARTICLE XIII.

Default

XIII.1. Default by Seller.

XIII.1.1. Except as set forth below, in the event the Closing and the transactions contemplated hereby do not occur as provided herein by reason of the default of Seller, Purchaser may elect, as the sole and exclusive remedy of Purchaser, to (i) terminate this Agreement and receive the Deposit from the Escrow Agent in accordance with the terms and provisions of Section 16.15 hereof, and in such event Seller shall not have any liability whatsoever to Purchaser hereunder other than with respect to the Surviving Termination Obligations or (ii) enforce specific performance of this Agreement. Purchaser shall be deemed to have elected to terminate this Agreement (as provided in subsection (i) above) if Purchaser fails to deliver to Seller written notice of its intent to file a cause of action for specific performance against Seller on or before six (6) months after written notice of termination from Seller or six (6) months after the originally scheduled Closing Date, whichever shall occur first, or having given Seller notice, fails to file a lawsuit asserting such cause of action within six (6) months after the originally scheduled Closing Date. Notwithstanding the foregoing, nothing contained herein shall limit Purchaser's remedies at law or in equity as to the Surviving Termination Obligations.

XIII.1.2. Notwithstanding anything to the contrary contained herein, in the event that Seller takes an affirmative action to wilfully violate any covenant of Seller contained herein, and Purchaser elects to terminate this Agreement as provided herein (i) Seller shall reimburse Purchaser for all of its actual and verified, non-affiliated third party expenses (including reasonable attorneys' fees) incurred by Purchaser solely in connection with the transaction contemplated under this Agreement, and (ii) in the event that Seller sells the Property to any third party prior to December 31, 1996, Purchaser shall have the right to sue for damages and/or pursue any remedy available to Purchaser, at law or in equity. The mere failure to occur of any condition to Closing shall not be deemed to be an affirmative action to wilfully violate any covenant contained herein. The provisions of this Section 13.1.2 shall survive the Closing and/or termination of this Agreement.

XIII.2. Default by Purchaser. In the event the Closing and the transactions contemplated hereby do not occur as provided herein by reason of any default of Purchaser, Purchaser and Seller agree it would be impractical and extremely difficult to fix the damages which Seller may suffer. Therefore, Purchaser and Seller hereby agree a reasonable estimate of the total net detriment Seller would suffer in the event Purchaser defaults and fails to complete the purchase of the Property is and shall be, as Seller's sole and exclusive remedy (whether at law or in equity), a sum equal to the Deposit. Upon such default by Purchaser, Seller shall have the right to receive the Deposit from the Escrow Agent, in accordance with the terms and provisions of Section 16.15 hereof, as its sole and exclusive remedy and thereupon this Agreement shall be terminated and neither Seller nor Purchaser shall have any further rights or obligations hereunder except with respect to the Surviving Termination Obligations. The amount of the Deposit shall be the full, agreed and liquidated damages for Purchaser's default and failure to complete the purchase of the Property, all other claims to damages or other remedies being hereby expressly waived by Seller. Notwithstanding the foregoing, nothing contained herein shall limit Seller's remedies at law or in equity as to the Surviving Termination Obligations.

XIV. ARTICLE XIV.

Brokers

XIV.1. Brokerage Indemnity. Purchaser shall indemnify Seller, its affiliates, and its and their partners, trustees, advisors, officers, and directors, against all losses, damages, costs, expenses (including reasonable fees and expenses of attorneys), causes of action, suits or judgments of any nature arising out of any claim, demand or liability to or asserted by any broker, agent or finder, licensed or otherwise, claiming to have dealt with Purchaser in connection with this transaction other than Morgan Stanley Realty Incorporated (the "Broker"). Seller shall indemnify Purchaser and its affiliates, and its and their partners, trustees, advisors, officers and directors, against all losses, damages, costs, expenses (including reasonable fees and expenses of attorneys), causes of action, suits or judgments of any nature arising out of any claim, demand or liability to or asserted by the Broker in connection with this transaction or by any broker, agent or finder, licensed or otherwise, claiming to have dealt with Seller in connection with this transaction. Seller shall pay the Broker in connection with the consummation of the transactions contemplated by this Agreement pursuant to a separate agreement between Seller and Broker. The provisions of this Article 14 shall survive the Closing and/or termination of this Agreement.

XV.

ARTICLE XV.

Confidentiality

XV.1. Confidentiality. Seller and Purchaser each expressly acknowledges and agrees that the terms and provisions of that certain Confidentiality Agreement dated as of April 1, 1996, between Seller and Purchaser (the "Confidentiality Agreement"), shall remain in full force and effect and shall not merge into this Agreement. Notwithstanding the foregoing, the Confidentiality Agreement shall terminate and be of no further force and effect from and after the Closing. Notwithstanding anything to the contrary contained in the Confidentiality Agreement, Purchaser shall have the right to discuss and commence negotiations with the City of Jersey City with respect to obtaining the City Consent, provided that such negotiations are undertaken in coordination with Seller's attorneys, and provided further that in no event shall Purchaser cause any ordinances or resolutions to be passed in connection therewith, without the prior written consent of Seller.

XV.2. Publication. Notwithstanding the foregoing, (i) from and after the date hereof, Purchaser shall have the right to make such public announcements or filings with respect to the transaction as Purchaser may deem reasonably necessary in accordance with applicable law, or required on advice of counsel, and (ii) following Closing, either party shall have the right to announce the transfer of the Property in newspapers and real estate trade publications (including "tombstones" publicizing the purchase). Seller shall not make any public announcements or filings with respect to the transaction (except as otherwise may be required by law) until the earlier of (i) the delivery of the Waiver Notice, or (ii) until such time that Purchaser has made any such announcement or filing. In no event may the name of any affiliates of the Seller be disclosed in any public announcement or filings, without the express written consent of Seller.

XVI.

ARTICLE XVI.

Miscellaneous

XVI.1. Notices. Any and all notices, requests, demands or other communications hereunder shall be deemed to have been duly given if in writing and if transmitted by hand delivery with receipt therefor, by facsimile delivery (with confirmation by hard copy), by overnight courier, or by registered or certified mail, return receipt requested, first class postage prepaid addressed as follows (or to such new address as the addressee of such a communication may have notified the sender thereof) (the date of such notice shall be the date of actual delivery to the recipient thereof):

To Purchaser: Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Attn: Roger W. Thomas, Esq.
Fax No.: (908) 272-6755

With a copy to: Pryor Cashman Sherman & Flynn
410 Park Avenue
New York, New York 10022
Attn: Andrew S. Levine, Esq.
Fax No.: (212) 326-0806

To Seller: Jones Lang Wootton Realty Advisors
335 Madison Avenue
New York, New York 10017
Attn: Stephen J. Furnary

Fax No.: (212) 883-2700

With a copy to: Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
Attn: Richard R. Kalikow, Esq.
Fax No.: (212) 735-2001

and:

Messner, Pavek & Reeves, LLC
600 17th Street
Suite 2100 South
Denver, Colorado 80202
Attn: Bryant Messner, Esq.
Fax No.: (303) 623-0552

To Escrow Agent: First American Title Insurance
Company of New York
228 East 45th Street
New York, New York 10017-3303
Attn: Judy Pagnatta
Fax No.: (212) 922-0885

Purchaser's counsel may give any notices or other communications hereunder on behalf of Purchaser and Seller's counsel may give any notices or other communications hereunder on behalf of Seller.

XVI.2. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

XVI.3. Headings. The captions and headings herein are for convenience and reference only and in no way define or limit the scope or content of this Agreement or in any way affect its provisions.

XVI.4. Business Days. If any date herein set forth for the performance of any obligations of Seller or Purchaser or for the delivery of any instrument or notice as herein provided should be on a Saturday, Sunday or legal holiday, the compliance with such obligations or delivery shall be deemed acceptable on the next business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or Federal holiday for which financial institutions or post offices are generally closed in the state where the Property is located.

XVI.5. Counterpart Copies. This Agreement may be executed in two or more counterpart copies, all of which counterparts shall have the same force and effect as if all parties hereto had executed a single copy of this Agreement.

XVI.6. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

XVI.7. Assignment. This Agreement may not be assigned by Purchaser except to a directly or indirectly wholly-owned subsidiary or subsidiaries of Purchaser, or to a partnership in which any such wholly-owned subsidiary or subsidiaries owns, either directly or indirectly, at least 75% of the profits, losses and cash flow thereof and controls the management of the affairs of such partnership (any such entity, a "Permitted Assignee") and any other assignment or attempted assignment by Purchaser shall constitute a default by Purchaser hereunder and shall be deemed null and void and of no force or effect. Notwithstanding anything to the contrary contained herein, Purchaser may assign (i) the right to purchase the Real Property and (ii) the right to purchase the Ground Lessees' interests in the Ground Leases to different entities, provided, however, that each of such entities is a Permitted Assignee. A copy of any assignment permitted hereunder, together with an agreement of the assignee assuming all of the terms and conditions of this Agreement to be performed by Purchaser, in form reasonably satisfactory to counsel for Seller, shall be delivered to the attorneys for Seller prior to the Closing, and in any event no such assignment shall relieve Purchaser from Purchaser's obligations under this Agreement nor result in a delay in the Closing.

XVI.8. Interpretation. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Seller and Purchaser have contributed substantially and materially to the preparation of this Agreement.

XVI.9. Entire Agreement. Except with respect to (i) the Confidentiality Agreement and (ii) the Access Agreement, which agreements shall remain in full force and effect, this Agreement and the Exhibits attached hereto contain the final and entire agreement between the parties hereto with respect to the sale and purchase of the Property and are intended to be an integration of all prior negotiations and understandings. Purchaser, Seller and their agents shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained herein. No change or modifications to this Agreement

shall be valid unless the same is in writing and signed by the parties hereto. Each party reserves the right to waive any of the terms or conditions of this Agreement which are for their respective benefit and to consummate the transactions contemplated by this Agreement in accordance with the terms and conditions of this Agreement which have not been so waived. Any such waiver must be in writing signed by the party for whose benefit the provision is being waived.

XVI.10. Severability. If any one or more of the provisions hereof shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

XVI.11. Survival. Except as otherwise specifically provided for in this Agreement (collectively, the "Surviving Termination Obligations"), the provisions of this Agreement and the representations and warranties herein shall not survive after the conveyance of title and payment of the Purchase Price but be merged therein.

XVI.12. Exhibits. Exhibits A through X and Schedules 1 through 9 attached hereto are incorporated herein by reference.

XVI.13. Limitation of Liability. The obligations of Seller are intended to be binding only on Seller and Seller's assets, and shall not be personally binding upon, nor shall any resort be had to, the private properties of any of the partners, officers, directors, shareholders, advisors, trustees, agents, or employees of Seller, or its affiliates.

XVI.14. Prevailing Party. Should either party employ an attorney to enforce any of the provisions hereof, (whether before or after Closing, and including any claims or actions involving amounts held in escrow), the nonprevailing party in any final judgment agrees to pay the other party's reasonable attorneys' fees and expenses in or out of litigation and, if in litigation, trial, appellate, bankruptcy or other proceedings, expended or incurred in connection therewith, as determined by a court of competent jurisdiction. The provisions of this Section 16.14 shall survive Closing and/or any termination of this Agreement.

XVI.15. Escrow Agreement.

XVI.15.1. Instructions. This Agreement, together with such further instructions, if any, as the parties shall provide to Escrow Agent by written agreement, shall constitute the escrow instructions. If any requirements relating to the duties or obligations of Escrow Agent hereunder are not acceptable to Escrow Agent, or if Escrow Agent requires additional instructions, the parties hereto agree to make such deletions, substitutions and additions hereto as counsel for Purchaser and Seller shall mutually approve, which additional instructions shall not substantially alter the terms of this Agreement unless otherwise expressly agreed to by Seller and Purchaser.

XVI.15.2. Real Estate Reporting Person. Escrow Agent is hereby designated the "real estate reporting person" for purposes of Section 6045 of Title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation. Seller and Purchaser shall promptly furnish their federal tax identification numbers to Escrow Agent and shall otherwise reasonably cooperate with Escrow Agent in connection with Escrow Agent's duties as real estate reporting person. This provision is operative only if applicable.

XVI.15.3. Liability of Escrow Agent. The parties acknowledge that the Escrow Agent shall be conclusively entitled to rely, except as hereinafter set forth, upon a certificate from Purchaser or Seller as to how the Deposit (which, for purposes of this Section shall be deemed to also include any other escrowed funds held by the Escrow Agent pursuant to this Agreement) should be disbursed. Any notice sent by Seller or Purchaser (the "Notifying Party") to the Escrow Agent shall be sent simultaneously to the other noticed parties pursuant to Section 16.1 herein (the "Notice Parties"). If the Notice Parties do not object to the Notifying Party's notice to the Escrow Agent within ten (10) days after the Notice Party's receipt of the Notifying Party's certificate to the Escrow Agent, the Escrow Agent shall be able to rely on the same. If the Notice Parties send, within such ten (10) days, written notice to the Escrow Agent disputing the Notifying Parties certificate, a dispute shall exist and the Escrow Agent shall hold the Deposit as hereinafter provided. The parties hereto hereby acknowledge that Escrow Agent shall have no liability to any party on account of Escrow Agent's failure to disburse the Deposit if a dispute shall have arisen with respect to the propriety of such disbursement and, in the event of any dispute as to who is entitled to receive the Deposit, disburse them in accordance with the final order of a court of competent jurisdiction, or to deposit or interplead such funds into a court of competent jurisdiction pending a final decision of such controversy. The parties hereto further agree that Escrow Agent shall not be liable for failure of any depository and shall not be

otherwise liable except in the event of Escrow Agent's gross negligence or willful misconduct. The Escrow Agent shall be reimbursed on an equal basis by Purchaser and Seller for any reasonable expenses (including attorneys' fees and disbursements) incurred by the Escrow Agent arising from a dispute with respect to the Deposit. Notwithstanding anything to the contrary contained in this Section 16.15.3, prior to the expiration of the Feasibility Period, or the delivery of the Waiver Notice, the Escrow Agent shall be conclusively entitled to rely on a certificate from the Purchaser requesting the return of the Deposit and the Escrow Agent, upon receipt of such certificate, shall promptly return the Deposit to Purchaser and immediately thereafter notify Seller of such action.

XVI.16. No Recording. Neither this Agreement nor any memorandum or short form hereof shall be recorded or filed in any public land or other public records of any jurisdiction, by either party and any attempt to do so may be treated by the other party as a breach of this Agreement.

XVI.17. Waiver of Trial by Jury. The respective parties hereto shall and hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Agreement, or for the enforcement of any remedy under any statute, emergency or otherwise.

XVI.18. ISRA Obligations.

XVI.18.1. Prior to the Closing, Seller shall apply for a letter (the "Non-Applicability Letter") from the New Jersey Department of Environmental Protection ("NJDEP") confirming that the New Jersey Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et. seq. ("ISRA") does not apply to the sale of the Real Property contemplated by this Agreement. If the NJDEP determines that ISRA applies to any leasehold or other portion of the Real Property, Seller shall undertake to obtain from the NJDEP either an approved Negative Declaration or a No Further Action Letter (the Non-Applicability Letter, Negative Declaration or No Further Action Letter, as the case may be, are hereinafter referred to collectively as the "ISRA Clearance") with respect to those portions of the Real Property which are subject to ISRA. If Seller is unable to obtain ISRA Clearance by the date set for Closing, then either party may extend the Closing Date for a period not to exceed sixty (60) days to obtain ISRA Clearance.

XVI.18.2. Purchaser acknowledges that certain areas of the Real Property, as identified by Seller on Exhibit W attached hereto (the "Remediation Property"), were previously the subject of investigation and cleanup either under ISRA or other environmental regulations (the "Prior Remediation Activities"). Seller represents that there are no open requirements pending with respect to the Prior Remediation Activities. Seller agrees to promptly make available to Purchaser all reports, correspondence and documents in its possession, or subject to its control, relating to the Prior Remediation Activities.

XVI.18.3. (i) If the NJDEP determines that ISRA applies to any leasehold or other portion of the Real Property, then Seller's and Purchaser's environmental consultants shall determine prior to the Closing the cost of any remediation required to obtain a Negative Declaration or a No Further Action Letter (the "Remediation Cost").

(ii) Upon determination of the Remediation Cost, Purchaser shall have the right to elect, in its sole discretion, to perform the work required by NJDEP, in which event Purchaser shall receive a credit in the amount of the Remediation Cost (provided, in all events, that such amount is equal to or less than \$250,000) against the Cash Portion of the Purchase Price at Closing. Purchaser shall provide Seller with notice of its election (the "Purchaser's ISRA Notice") under this subsection (ii) within ten days of the determination of the Remediation Cost.

(iii) In the event that the Remediation Cost is equal to or less than \$250,000 and Purchaser does not so elect to perform any such remediation work, Seller and Purchaser shall proceed to Closing, provided that Seller shall be obligated to perform any required remediation work pursuant to: (a) obtaining NJDEP approval of a Remedial Action Work Plan (including establishing a remediation funding source satisfactory to NJDEP), or (b) entering into a Remediation Agreement with NJDEP and establishing a remediation funding source satisfactory to the NJDEP allowing the transaction to close prior to Seller's obtaining ISRA Clearance. If the Closing occurs pursuant to alternatives (a) or (b) above, then Purchaser shall cooperate with Seller and allow Seller access to the Property after Closing and, subject expressly to the limitation of Seller's liability set forth in this Section 16.18.3, Seller shall promptly undertake all investigation and/or remediation necessary to obtain an approved Negative Declaration or a No Further Action Letter, which Negative Declaration or No Further Action Letter shall be delivered to Purchaser upon receipt. In no event shall Seller's remediation involve a ground water Classification Exception Area or engineering or institutional controls without the consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed. Such access to the Property shall be pursuant to the terms and provisions of an access agreement, in form and substance reasonably

acceptable to the parties hereto, to be entered into between Seller and Purchaser prior to any such investigation or remediation. In the event that Seller undertakes such remediation work, Purchaser acknowledges and agrees that Purchaser shall be responsible for all costs and expenses in excess of \$250,000 with respect to such remediation. The provisions of this Section 16.18.1(iii) shall survive the Closing.

(iv) In the event that the Remediation Cost is greater than \$250,000 and Purchaser does not elect to perform the remediation obligations, then this Agreement shall automatically terminate as of the date which is ten (10) days after Purchaser's delivery of Purchaser's ISRA Notice stipulating that Purchaser does not elect to perform such remediation work in excess of \$250,000, unless within such ten (10) day period Seller shall notify Purchaser of its election to assume all responsibility for all required remediation. If Seller shall so notify ("Seller's ISRA Notice") Purchaser of its election to perform the remediation work, Purchaser, in its sole discretion, shall notify Seller within five (5) days of its receipt of Seller's ISRA Notice of its election to close under this Agreement. In the event that Purchaser does not so elect to close, then this Agreement shall automatically terminate as of the date which is five (5) days after Seller's delivery of Seller's ISRA Notice in which event Seller's sole obligation shall be to direct the Escrow Agent to refund the Deposit to Purchaser and neither party hereto shall have any rights or obligations hereto, subject to the Surviving Termination Obligations and Escrow Agent's obligation to return the Deposit.

(v) In the event that Purchaser elects to perform such remediation obligations pursuant to sub-section (ii) or (iii) above, Purchaser shall enter into any requisite agreement required by the NJDEP to obtain ISRA Clearance and shall be responsible for the posting of any remediation funding source required in connection therewith. In the event that Purchaser so elects to perform the remediation costs and obligations pursuant to this Section, Purchaser acknowledges and agrees that as between Seller and Purchaser, Seller shall have no obligation with respect to such remediation costs (other than as specifically set forth above) or NJDEP requirements, it being the intent of the parties hereto that Purchaser shall perform all such remediation obligations and costs (other than as specifically set forth above).

XVI.19. Letter of Intent. Upon execution of this Agreement by all parties hereto, it is the express intention of the parties hereto that the Letter of Intent dated July 23, 1996, between Morgan Stanley Realty, Incorporated and the Purchaser, and acknowledged by Seller, shall be null and void and of no further force or effect.

XVI.20. Management Agreement. As a condition of Closing, Purchaser, or an affiliate, shall retain the Managing Agent as the managing agent and the exclusive leasing agent for the Property. At Closing, Purchaser and the Managing Agent shall enter into (i) a management agreement (the "Management Agreement") on terms and provisions reasonably acceptable to such parties; provided, however, that (y) the management fee payable to the Managing Agent by Purchaser shall equal three (3%) percent of the base rents collected from tenants of the Property, inclusive of parking revenue, and (z) the term of the Management Agreement shall be for an initial term of eighteen (18) months; provided, however, that the Purchaser shall have the right (the "Renewal Option") to renew the Management Agreement for a renewal term consisting of twelve (12) months on the same terms and conditions, and (ii) a leasing agreement for the entire Property (the "Leasing Agreement") on terms and provisions reasonably acceptable to such parties; provided, however, that (x) the leasing commission to be payable to the Managing Agent under the Leasing Agreement shall be the standard leasing commissions and overrides payable in New Jersey, (y) the term of the Leasing Agreement shall be for the lesser of (I) thirty (30) months, or (II) until such time as Purchaser shall have executed leases for 62,520 square feet of space at the Property which was vacant as of September 15, 1996, and (z) shall provide that in the event the Renewal Option in the Management Agreement is not exercised, an additional \$37,500 a month for the balance of the term of the Leasing Agreement shall be paid under the Leasing Agreement to the Managing Agent to provide consulting and management of the leasing process for Purchaser. The Leasing Agreement shall require the Managing Agent to retain Jones Lang Wootton USA ("JLW USA") pursuant to a separate sub-leasing agreement to provide leasing services for the Property. The Leasing Agreement shall provide that the Managing Agent shall receive the applicable leasing commissions with respect to any lease which is being negotiated (or with respect to which discussions have been commenced with a potential tenant) at the end of the term of the Leasing Agreement and which is executed within six (6) months following the end of such term. The Management Agreement and the Leasing Agreement shall specifically provide that neither the Managing Agent nor JLW USA shall be involved in, or advise the Purchaser in connection with, the sale or development of the Upland Parcels or the Piers. Purchaser acknowledges and agrees that all services to be provided by the Managing Agent (or its affiliates) and all actions to be taken in connection with the Management Agreement and the Leasing Agreement shall be in accordance with the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Purchaser acknowledges and agrees that all management fees with respect to the Property shall be the responsibility of Purchaser from and after the Closing and Seller acknowledges and agrees that all management fees

with respect to the Property due for the period prior to the Closing are the responsibility of Seller.

XVI.20.1. The provisions of this Section 16.20 shall survive the Closing.

XVI.21. Collective Bargaining Agreements. Effective as of Closing, Purchaser agrees to assume and continue in full force and effect Seller's collective bargaining agreements with International Union of Operating Engineers, Local 68-68A-68B, effective June 1, 1996 to May 31, 1999, and with Local 617, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, effective January 1, 1996 to December 31, 1998 (the "Collective Bargaining Agreements"), and Purchaser shall have sole responsibility for all obligations and liabilities arising under the Collective Bargaining Agreements on and after Closing. Seller agrees to continue in full force and effect the Collective Bargaining Agreements prior to Closing and to retain all obligations and liabilities arising under the Collective Bargaining Agreements prior to Closing.

XVI.22. Single Purpose Entities. Purchaser hereby covenants and agrees that the entity which acquires the Property, or which holds any ground lessor or ground lessee interest under the Ground Leases shall be a single purpose entity formed solely to own or hold such respective assets.

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

SELLER:

PLAZA ONE EXCHANGE PLACE LIMITED
PARTNERSHIP, a New Jersey limited partnership

By: One Harborside Corp., a Delaware
corporation, general partner

By: Name: Stephen J. Furnary
Title: President

HARBORSIDE EXCHANGE PLACE LIMITED
PARTNERSHIP, a New Jersey limited partnership

By: Two Harborside Corp., a Delaware
corporation, general partner

By: Name: Stephen J. Furnary
Title: President

PLAZA II AND III URBAN RENEWAL
ASSOCIATES L.P., a New Jersey limited
partnership

By: One Exchange Place Corporation, a New Jersey
corporation, general partner

By: Name: Stephen J. Furnary
Title: President

PURCHASER:

CALI REALTY CORPORATION,
a Maryland corporation

By: Name:
Title:

The following parties hereby execute this Agreement for the sole purpose of agreeing to be bound by the provisions of Section 1.2 hereof.

HARBORSIDE URBAN RENEWAL
ASSOCIATES L.P., a New Jersey limited partnership

By: One Exchange Place Corporation, a New Jersey corporation,
general partner

By: Name: Stephen J. Furnary
Title: President

PLAZA IV URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation, a New Jersey corporation,
general partner

By: Name: Stephen J. Furnary
Title: President

PLAZA V URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation, a New Jersey
corporation, general partner

By: Name: Stephen J. Furnary
Title: President

PLAZA VI URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation, a New Jersey corporation,
general partner

By: Name: Stephen J. Furnary
Title: President

NORTH PIER URBAN RENEWAL
ASSOCIATES L.P., a New Jersey limited partnership

By: One Exchange Place Corporation, a New Jersey corporation,
general partner

By: Name: Stephen J. Furnary
Title: President

SOUTH PIER URBAN RENEWAL
ASSOCIATES L.P., a New Jersey limited
partnership

By: One Exchange Place Corporation, a New Jersey corporation,
general partner

By: Name: Stephen J. Furnary
Title: President

The Escrow Agent hereby executes this Agreement for the sole purpose of
acknowledging receipt of the Deposit and its responsibilities hereunder and to
evidence its consent to serve as Escrow Agent in accordance with the terms of
this Agreement.

ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE
COMPANY OF NEW YORK

By:
Name:
Title:

CONTINGENT CONSIDERATION AGREEMENT

This CONTINGENT CONSIDERATION AGREEMENT (this "Agreement") is made and entered into this _____ day of November, 1996 by and between HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP, a New Jersey limited partnership, having an office c/o Jones Lang Wootton Realty Advisors, 335 Madison Avenue, New York, New York 10017 ("Seller") and CALI HARBORSIDE (FEE) ASSOCIATES L.P., having an office c/o Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 ("Purchaser").

STATEMENT OF FACTS

Pursuant to an Agreement of Purchase and Sale (the "Purchase Agreement") dated September 11, 1996, by and between, among others, Seller and Cali Realty Corporation, Seller and Purchaser agreed, among other things, to enter into this Agreement to evidence their respective ongoing liabilities and obligations to the other with respect to certain parcels of land commonly referred to as Plaza IV, Plaza V, Plaza VI, the South Pier, the North Pier, the North Parking Garage and the South Parking Garage (individually, a "Plaza" and collectively, the "Premises") at the Harborside Financial Center in Jersey City, New Jersey, which parcels are more particularly described on Schedule "A" annexed hereto. On the date hereof, Purchaser has acquired title to, among other things, the Premises.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. (a) If Purchaser or any affiliate shall commence construction at any portion of the Premises for any improvements other than for at-grade parking or a structured parking deck, then Purchaser shall pay to Seller an amount (the "Contingent Construction Consideration") determined by multiplying the Per Square Foot Development Consideration shown on Schedule "B" annexed hereto allocable to the year in which said construction shall have commenced times the number of square feet to be constructed on said portion of the Premises. For purposes of this Agreement, construction shall be deemed to have commenced upon the earlier of (i) excavation for, or the pouring or laying, as the case may be, of, the foundations or footings for said improvements or (ii) the erection of any improvements or parts thereof above grade level. Commencement of construction shall not include demolition of any existing structures, improvements or parking lots. The payment to Seller made at commencement of construction (the "Initial Contingent Construction Payment") shall be based upon the square footage permitted to be built for said improvements pursuant to the building permit issued by the governmental agency having jurisdiction thereover. A copy of the building permit shall be delivered to Seller promptly after issuance thereof. In the event that at the commencement of construction there shall not have been issued a building permit or other permit or approval setting forth the allowed square footage to be built, then the square footage permitted to be built shall, for purposes of calculating the Initial Contingent Construction Payment, be deemed to be the square footage set forth in Section 2(a) below for the applicable Plaza. Upon completion of construction (as evidenced by a temporary or permanent certificate of occupancy or similar permit allowing the use of the improvements for their intended purpose), Purchaser shall so advise Seller, and Purchaser or Seller, or both, may, at their own expense, retain a duly licensed bona fide third party architect which is a member of the American Institute of Architects to measure the square footage actually built by Purchaser and certify such amount to Purchaser and Seller (the "Architect's Certification"). Purchaser shall provide access to the building in order for Seller's architect to make such measurement. A dispute arising out of such measurement shall be resolved in accordance with Section 10 below. Upon resolution of a dispute, if there should be one, or if there is no dispute, then promptly following delivery of the Architect's Certification, if the actual square footage built shall be greater than the square footage anticipated to be built at the commencement of construction, Purchaser shall make a payment to Seller equal to the Contingent Construction Consideration then due Seller (which shall be based upon the per square foot amount due at the time of commencement of construction) less the Initial Contingent Construction Payment paid by Purchaser on account of said construction; if the actual square footage built shall be less than the square footage anticipated to be built at the commencement of construction, Seller shall refund to Purchaser an amount equal to the Initial Contingent Construction Payment less the Contingent Construction Consideration actually due on account of said construction. The Initial Contingent Construction Payment shall constitute satisfaction of Purchaser's obligations hereunder with respect to that portion of the Premises so improved if neither party commissions an Architect's Certification within thirty (30) days after the completion of construction or forwards an Architect's Certification to the other party within sixty (60) days after completion of construction. If Seller shall fail to reimburse Purchaser based upon the Architect's Certification, then Purchaser shall have the right, among its other remedies, to offset against any further Contingent Construction Consideration which may be due hereunder any amounts which were to have been refunded by Seller.

(b) In the event that an amended building or other permit shall be issued during construction, Purchaser shall be obligated to make a

payment to Seller calculated as if said amendment were part of the initial permit issued, with such payment being due and payable within thirty (30) days after the issuance thereof.

(c) Seller shall not be entitled to any payment from Purchaser with respect to construction of any at-grade parking or structured parking deck. In addition, in determining the square footage to be used in computing the Contingent Construction Consideration, the square footage shall not include mechanical or equipment rooms and basement space (unless the basement space is actually used by third parties paying rent therefor).

(d) If Purchaser shall sub-divide any Plaza, then the provisions of this Agreement shall apply on a pro-rata basis.

2. (a) If Purchaser shall sell all or any portion of any of the Premises to a third party who is not affiliated with Purchaser, then Purchaser shall pay to Seller an amount (the "Contingent Sale Consideration") which, for Plaza IV, Plaza V, Plaza VI, the North Pier or the South Pier, shall be determined by multiplying the Per Square Foot Development Consideration allocable to the year in which the closing of said sale shall occur times the amount of developable square footage allocable to the Plaza sold, which is 1,000,000 square feet for Plaza IV, 1,500,00 square feet for Plaza V, 1,500,00 square feet for Plaza VI, 250,000 square feet for the North Pier and 250,000 square feet for the South Pier; if the sale is of the North Parking Garage or South Parking Garage, then if as part of the sale the use of said parcel is restricted to parking, no Contingent Sale Consideration shall be due and if the use is not so restricted, then the Contingent Sale Consideration shall be equal to one-half (1/2) of the net sales proceeds. If as part of any sale, any portion of the purchase price is paid by purchase money financing, then the net proceeds, if any, available at the closing thereunder shall be paid to Seller on account of the Contingent Sale Consideration then due. If any portion of the Contingent Sale Consideration for such transaction remains unpaid, then the net amount of any payments made by the mortgagor shall be paid over to Seller as same are received by the mortgagee. Any portion of the Contingent Sale Consideration remaining unpaid on account of said purchase money financing transaction shall be paid on the fifth (5th) anniversary of the closing thereunder. Unpaid portions of the Contingent Sale Consideration due as a result of purchase money financing shall accrue interest at the greater of the same rate paid by the mortgagor under the purchase money financing or the then applicable minimum imputed interest rate (AFR) as determined under Internal Revenue Code regulations.

(b) If Purchaser shall enter into one or more long-term ground or net leases (each lease being referred to as a "Lease") with respect to all or any portion of the Premises with a third party who is not affiliated with Purchaser, then the provisions of Section 2(a) shall apply as if the Premises so leased was sold, except that the amount due Seller shall be paid in five (5) equal installments, with the first payment being due upon the commencement of the payment of rent under the Lease and each subsequent payment being due on the anniversary of the previous payment due date. Unpaid portions of the Contingent Sale Consideration due as a result of a Lease shall accrue interest at the same effective rate as Purchaser is then paying to US West Pension Trust, Investment Management Company under that certain purchase money \$_____ note dated on or about the date hereof; if said note has been satisfied, then interest shall accrue at the interest rate in effect immediately prior to the satisfaction of the note.

(c) Seller acknowledges that the provisions of Section 2(a) shall not apply, and no payment shall be due Seller, upon any transfer or conveyance in which Purchaser transfers or otherwise conveys all or any portion of the Premises (i) to an entity which controls or is controlled by Purchaser, or is controlled by the same entity controlling Purchaser at the time of the conveyance or (ii) in connection with a joint venture development of the Premises so conveyed in which Purchaser, or an entity which controls or is controlled by Purchaser, or which is controlled by the same entity controlling Purchaser at the time of the conveyance, has a fifty (50%) percent or more interest. Any such transfer or conveyance, however, shall not release Purchaser of any obligation it may have to make a Contingent Construction Payment to Seller in accordance with Section 1 hereof or a Contingent Sale Payment to Seller if such payment is subsequently due in accordance with Section 2 hereof. Purchaser shall not be entitled to a release of any Plaza which is so transferred pursuant to this paragraph (c). As part of said transfer or conveyance, the transferee shall assume Purchaser's liability hereunder as applicable to the transferred Plaza.

3. (a) Upon payment of each Initial Contingent Construction Payment or payment of a Contingent Sale Consideration (collectively, the "Contingent Consideration"), and provided that Purchaser shall not be in default of its obligations hereunder, Seller shall deliver a release of this Agreement and such other documents reasonable requested by Purchaser (the "Release Documents"), executed in recordable form, releasing this Agreement and any other right, title and interest of Seller from that portion of the Premises which is the subject of the Contingent Consideration. The Release Documents shall also include an acknowledgement setting forth the number of square feet for which payment is being made. If the Contingent Sale Consideration is not paid in full upon the

commencement of a Lease or on the closing of a sale in which purchase money financing is provided, all as more particularly provided for in Section 2(b) above, then Seller nevertheless agrees to perform as required in the first sentence of this Section 3 and Purchaser shall, at Seller's option, collaterally assign to Seller or its designee the Lease (pursuant to a collateral assignment of leases and rents) or the purchase money financing documents, as the case may be, until payment in full of the Contingent Sale Consideration.

(b) In order to facilitate transactions affecting the Premises or any portion thereof, Seller agrees that upon request of Purchaser given from time to time, Seller shall deliver to the New Jersey office designated by Purchaser of any nationally recognized title company, or authorized agent thereof, ("Escrowee") the Release Documents for that portion of the Premises described in Purchaser's request. Said request shall include a description of the transaction Purchaser anticipates entering into or closing accompanied by a copy of any letter of intent or contract (with financial terms redacted), the anticipated Contingent Consideration due on account thereof and the anticipated date(s) for payment. Escrowee shall hold the Release Documents in escrow, pending Escrowee's receipt of the Contingent Consideration due on account of said transaction. Escrowee shall be entitled to release the Release Documents from escrow and record same, as appropriate, upon Escrowee's delivery to Seller of the Contingent Consideration then due on account of said transaction.

(c) If Seller and Purchaser dispute the Contingent Consideration due on account of a particular transaction, Purchaser shall nevertheless be entitled to proceed with such transaction and close thereunder so long as Purchaser shall (i) certify to Escrowee the Contingent Consideration due on account of the transaction then being consummated and that said amount was calculated in good faith (such certification to be accompanied by appropriate back-up materials and a description of the transaction and premises covered) and (ii) shall pay Escrowee, or cause to be paid, the Contingent Consideration so calculated; provided, however, that if Seller has responded to Purchaser's request for Release Documents and has calculated an amount which is different than Purchaser's amount, Purchaser shall escrow the amount calculated by Seller. If Purchaser shall have paid to Escrowee the Contingent Consideration so calculated and Seller shall not have delivered the Release Documents, Escrowee, or the title insurance company or abstract agency then insuring said transaction, is hereby authorized and directed to insure said transaction free and clear of this Agreement and any and all right, title and interest of Seller in and to that portion of the Premises which is the subject of the transaction, Seller in such event hereby waiving and releasing Escrowee, the company or agency insuring said transaction and that portion of the Premises which is the subject of the transaction, from any claim Seller may have with respect thereto. The Escrowee is to invest the amount so paid, and interest is to be paid Seller so long as Seller has provided Escrowee with a tax identification number. Upon a resolution of any dispute, the Escrowee shall distribute the money, plus accrued interest.

4. This Agreement shall expire and shall be of no further force or effect on the earlier to occur of (a) the date which is thirty (30) years after the date hereof (except that the provisions of this Agreement applicable to any reconciliation of Contingent Consideration as to any development which commenced prior to the expiration of the thirty (30) years shall survive) or (b) the payment by Purchaser of Contingent Consideration allocable to two million (2,000,000) square feet. Upon the expiration of this Agreement, Seller shall execute and deliver to Purchaser, in recordable form, the Release Documents applicable to any portion of the Premises which are still encumbered by this Agreement.

5. Seller shall complete and file such returns and pay all realty transfer fees and taxes on account of the payment to it of the Contingent Consideration.

6. (a) This Agreement shall be subject and subordinate in all respects to any and all mortgages and related security instruments, and to ground or underlying leases affecting the Premises, and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any ground or underlying lessee or by any mortgagees, trustees or other lenders or representatives thereof. In confirmation of such subordination, Seller shall execute promptly, at no expense to Purchaser, any instrument or certificate which Purchaser may reasonably request. In consideration of Seller's subordination, Purchaser agrees that in the event Purchaser places, refinances, extends, consolidates or modifies any debt which is secured in whole or in part by the Premises for which the outstanding principal balance exceeds one hundred ten million (\$110,000,000) dollars, then (i) Purchaser shall cause Cali Realty Corporation or successor entity to execute a guaranty of the obligations of Purchaser hereunder, which guaranty shall be in form and substance reasonably satisfactory to Purchaser and Seller (for purposes of the guaranty, any foreclosure, deed-in-lieu of foreclosure or similar event shall be deemed a sale of the Premises) and (ii) the first ten million (\$10,000,000) dollars of net proceeds from any refinancing, extension, consolidation or modification of such debt shall be shared equally by Purchaser and Seller. Any payment made to Seller pursuant to the preceding sentence shall be deemed a payment of Contingent Consideration, with the square footage applicable to said payment being

calculated by dividing the amount so paid by the Per Square Foot Development Consideration; such payment shall also be on account of the payments described in Section 7 below.

(b) Notwithstanding the foregoing provisions of this Section 6, this Agreement shall not be subordinate to any construction financing since, pursuant to the terms hereof, Purchaser's obligations hereunder are to be satisfied upon any construction for which such financing is to be applicable and this Agreement is to be released from the applicable Plaza upon such payment. In addition, if Purchaser has defaulted on any monetary obligation hereunder and such default remains uncured after notice thereof from Seller and the passage of ten (10) days to cure same, this Agreement will not be subordinate to any financing which is consummated during the continuance of said default.

7. (a) From the date hereof through November __, 1999 (the "3 Year Prepayment Period"), Purchaser shall have the right to satisfy all of its obligations hereunder, and obtain the Release Documents, upon payment to Seller of Six Million Four Hundred Seventy Five Thousand (\$6,475,000) Dollars (the "3 Year Prepayment Amount"), which 3 Year Prepayment Amount shall be reduced dollar for dollar by any payments made to Seller hereunder prior to said date.

(b) From November __, 1999 through November __, 2002 (the "6 Year Prepayment Date"), Purchaser shall have the right to satisfy all of its obligations hereunder, and obtain the Release Documents, upon payment to Seller of Eight Million Three Hundred Eighty Six Thousand (\$8,386,000) Dollars (the "6 Year Prepayment Amount"), which 6 Year Prepayment Amount shall be reduced dollar for dollar by any payments made to Seller hereunder prior to said date. If during the 3 Year Prepayment Period Purchaser shall have made payments to Seller of at least Three Million Two Hundred Thirty Seven Thousand Five Hundred (\$3,237,500) Dollars, then the 6 Year Prepayment Amount shall be reduced to Four Million One Hundred Ninety Two Thousand (\$4,192,000) Dollars and further reduced by the excess of any payments made to Seller during the 3 Year Prepayment Period over Three Million Two Hundred Thirty Seven Thousand Five Hundred (\$3,237,500) Dollars.

(c) If Purchaser shall not have made the 3 Year Prepayment Amount or 6 Year Prepayment Amount on or before the 6 Year Prepayment Date, then for the period from the 6 Year Prepayment Date through the date which is 6 months following the date that Purchaser gives Seller notice of the 6 Year Prepayment Date, Seller shall have the right to cause Purchaser to pay to it the 6 Year Prepayment Amount, as the same may have been reduced as provided in paragraph (b) above. Simultaneous with such payment, Seller shall deliver to Purchaser the Release Documents.

8. Within ten (10) days after written request of Seller or Purchaser given from time to time, the other party shall certify, in recordable form, to such parties as are requested of it, such matters as are reasonably requested, including, without limitation, the date of this Agreement and any modifications thereof, the remaining term of this Agreement based upon the number of days elapsed, the portions of the Premises still encumbered by this Agreement, the payments made to date and the date said payments were made, and the number of square feet for which payment has been made. Any parties to whom said certifications are made shall be entitled to rely on same.

9. Any payments to be made hereunder shall be deemed proper if made by certified or bank check, drawn on an institution with an office in the State of New Jersey or New York, and payable directly to the order of Seller or its designee. Seller shall have the right to designate that funds be sent to it by wire transfer, so long as said wire transfer instructions are sent to Purchaser and Escrowee, if applicable, at least three (3) business days prior to the anticipated date of funding.

10. Purchaser shall give Seller at least seven (7) days notice of the date that Purchaser anticipates making a payment to Seller of Contingent Consideration. All payments to be made to Seller shall be sent in a manner permitted hereunder and shall be made to the Seller named in the introductory paragraph of this Agreement unless and until (i) Seller gives a notice to Purchaser in the manner required by this Agreement advising of a change of name, address or both, of Seller and (ii) a statement of such change of name, address or both is recorded against any Premises still encumbered by this Agreement at the time of such change. Any notice to Purchaser is to state the name of this Agreement and to provide that the notice is a notice changing the name, address, or both, of the party to whom payments are to be made hereunder. Until Purchaser receives notice of such changes, then so long as Purchaser forwards payment of any Contingent Consideration in the manner so required, Purchaser shall be deemed to have satisfied its obligation hereunder with respect to such delivery, notwithstanding any failure of Seller to have an office at such address.

11. If Purchaser or Seller shall dispute the Architect's Certification provided by the other, then the disputing party shall advise the other within thirty (30) days of receipt of the Architect's Certification, and shall commission an Architect's Certification to be completed within thirty (30) days after delivery of the dispute notice. During said thirty (30) day period, the party which commissioned the first Architect's Certification shall have the right to cause its Architect's Certification to be revised. At the end of the

aforescribed thirty (30) day period, Seller and Purchaser shall arrange for an in-person simultaneous exchange of each party's Architect's Certification at any of the existing buildings then comprising the Harborside Financial Center. If the calculations set forth in each party's Architect's Certification shall differ by no more than 5,000 square feet, then the square footage shall be the average of the two calculations. If the difference in square footage shall be greater than 5,000 square feet, then each party's architect shall designate a third architect within five (5) days after said exchange, failing which the architect shall be selected by the American Arbitration Association, which selection and resolution of the dispute shall be conducted in accordance with its then existing rules and procedures. Within thirty (30) days after the designation of the third architect, the architects shall adopt, by a majority decision, one of the calculations set forth in the Architect's Certification. Said determination shall be final and binding upon the parties hereto and neither party shall have the right to appeal such decision.

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

If to Purchaser: Cali Harborside (Fee) Associates L.P.
 c/o Cali Realty Corporation
 11 Commerce Drive
 Cranford, New Jersey 07016
 Attention: Roger W. Thomas, Esq.

with a copy to: Pryor, Cashman, Sherman & Flynn
 410 Park Avenue
 New York, New York 10022
 Attention: Andrew S. Levine, Esq.

If to Seller: Harborside Exchange Place Limited Partnership
 c/o Jones Lang Wootton Realty Advisors
 335 Madison Avenue
 New York, New York 10017
 Attention: Stephen J. Furnary

with a copy to: Skadden, Arps, Slate, Meagher & Flom
 919 Third Avenue
 New York, New York 10022
 Attention: Richard R. Kalikow, Esq.

or to such other address as either party may from time to time designate by written notice to the other. Notices given by (i) overnight delivery service as aforesaid shall be deemed received and effective on the first business day following such dispatch and (ii) telecopy or fax machine shall be deemed given at the time and on the date of machine transmittal provided same is sent prior to 4:00 p.m. on a business day (if sent later, then notice shall be deemed given on the next business day) and if the sending party receives a written send verification on its machines and forwards a copy thereof by regular mail accompanied by such notice or communication. Notices may be given by counsel for the parties described above, and such Notices shall be deemed given by Seller or Purchaser, as the case may be, for all purposes hereunder.

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

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

15. This Agreement shall be interpreted and governed by the laws of the State of New Jersey and shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. Seller shall have the right to assign its rights hereunder to any affiliate of US West Pension Trust so long as said affiliate assumes Seller's obligations hereunder and Purchaser is delivered a copy of said assumption; no such assignment shall relieve Seller of its obligations hereunder.

16. 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.

17. In the event that there shall be any subsequent development on a Plaza following the release of same from the provisions of this Agreement, Purchaser shall nevertheless be obligated to make a payment to Seller as a result of such subsequent development, which payment shall be calculated and paid in accordance with the terms and conditions hereof as if this Agreement were still applicable to the Plaza.

18. This Agreement shall not be deemed to create any partnership or

joint venture between Seller and Purchaser with respect to the Premises.

19. Notwithstanding any other provision in this Agreement or default of the Purchaser hereunder, the Seller hereby agrees and confirms that the execution and delivery of the deed pursuant to the Purchase Agreement is absolute and unconditional and conveys fee simple absolute title to the Purchaser and the Seller agrees that in any action to enforce any provision of this Agreement it will not challenge or in any manner whatsoever seek to impair or void such conveyance in whole or in part.

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

SELLER:

HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP L.P.

By: _____

Name:

Title:

PURCHASER:

CALI HARBORSIDE (FEE)
ASSOCIATES L.P.

By: _____

Name:

Title:

REVOLVING CREDIT FACILITY AGREEMENT

Dated as of November __, 1996

among

CALI REALTY, L.P.,

as Borrower,

THE LENDERS PARTIES HERETO,

and

PRUDENTIAL SECURITIES CREDIT CORP.,

as Administrative Agent

\$80,000,000

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THIS REVOLVING CREDIT FACILITY AGREEMENT dated as of November _____, 1996, is entered into by and among Cali Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), the several lenders from time to time parties hereto (the "Lenders"), and Prudential Securities Credit Corp. ("PSC"), a Delaware corporation, as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

WHEREAS, the Operating Partnership has requested the Lenders to make revolving loans to the Operating Partnership for working capital purposes, including the acquisition or improvement of real property, and other general purposes of the Operating Partnership, up to an aggregate principal amount at any one time outstanding equal to \$80,000,000, pursuant to and subject to the terms and conditions set forth herein, and each Lender is willing to make such

loans on and subject to the terms and conditions hereof in the maximum amount set forth opposite the name of such Lender on Schedule I; and

WHEREAS, to provide assurance for the repayment of the revolving loans and all other Obligations (as hereinafter defined) of the Operating Partnership hereunder: (1) the Operating Partnership has agreed to secure the loans by providing or causing to be provided to the Administrative Agent, for the benefit of the Lenders, a first priority pledge of: (i) a 99% limited partnership interest owned by the Operating Partnership in Holdings (as hereinafter defined) and (ii) a 99% limited partnership interest owned by the Operating Partnership in the UREs (as hereinafter defined), all pursuant to the Pledge Agreement (as hereinafter defined); and (2) the Company (as hereinafter defined) has agreed to secure the loans by providing or causing to be provided to the Administrative Agent, for the benefit of the Lenders, a first priority pledge of 100% of the issued and outstanding capital stock of the G.P. Subs (as hereinafter defined) owned by the Company pursuant to the Company Pledge Agreement (as hereinafter defined). In taking the pledge of the Pledged Partnership Interests and the Pledged Stock, Lenders intend that they have the ability, on an Event of Default by the Operating Partnership, to obtain full and absolute control over the Subject Property.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the Operating Partnership, the Lenders and the Administrative Agent hereby agree as follows:

I. ARTICLE I.

DEFINITIONS; ACCOUNTING MATTERS

I.01.Certain Defined Terms. As used herein, the following terms shall have the following meanings:

"Additional Costs" has the meaning set forth in Section 5.01(a).

"Administrative Agent" means Prudential Securities Credit Corp., a Delaware corporation (formerly known as Prudential Securities Realty Funding Corporation), as administrative agent for the Lenders, or any successor administrative agent approved in accordance with Section 10.09.

"Affiliate" means any Person that directly or indirectly controls, or is under common control with, or is controlled by, any other Person. As used in this definition, "control" (including, with its correlative meaning, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the other Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Agreement" means this Revolving Credit Facility Agreement, as amended, supplemented or otherwise modified from time to time.

"Amortized Leasing Costs" means, for any calendar quarter, the aggregate amount of all tenant improvement expenses and leasing commissions for the Subject Property allocated to such calendar quarter obtained by amortizing all tenant improvement expenses and leasing commissions incurred by the Operating Partnership or its Subsidiaries for the Subject Property during the term of this Agreement in accordance with GAAP over the initial lease term of each lease for which such expenses and commissions were incurred.

"Applicable Lending Office" means, with respect to any of the Lenders or Reference Banks, the branch or branches (or Affiliate or Affiliates) from which any loans of such Lender or Reference Bank, as the case may be, are made or maintained under this Agreement, as designated by, or by notice provided to, the Administrative Agent from time to time.

"Applicable Margin" means 125 basis points.

"Assignee" means any Lender or any Affiliate thereof, or, with the consent of the Administrative Agent and the Operating Partnership (which shall not be unreasonably withheld), any additional lender or financial institution, who receives an assignment of all or any part of a Lender's rights and obligations under the Agreement, the Notes and the other Credit Facility Documents pursuant to Section 11.06.

"Assignment and Acceptance" means an agreement in the form of Exhibit D hereto, executed by the assignor, assignee and other parties as contemplated thereby.

"Assumed Debt" means: (i) the indebtedness to be owed by one or more of the Operating Partnership, Holdings, Holdings-Parcel I or the UREs to Northwestern Mutual Life Insurance Company and Principal Mutual Life Insurance Company in the original principal amount of \$110,000,000 and having an unpaid principal balance of \$_____ or less on the Closing Date, which is secured by a first mortgage on the Subject Property (other than the undeveloped parcels comprising the Subject Property), and (ii) the indebtedness to be owed by one or more of the Company, the Operating Partnership or Holdings-Parcel I to

U S West Pension Trust, Investment Management Company in the maximum principal amount of \$_____ and having an initial unpaid principal balance of not more than \$_____ on the Closing Date, which is or will be secured by a first mortgage on fee title to the tract upon which the building known as Plaza I of the Harborside Financial Center, in Jersey City, New Jersey is located. Lenders acknowledge that the principal amount of the indebtedness owed to U S West Pension Trust, Investment Management Company is intended to increase as the principal balance of the remainder of the Assumed Debt decreases.

"Auditor" means Price Waterhouse LLP or such other "Big Six" accounting firm as may be acting as the Company's accountants at the time of any determination to be made by the Auditor, unless Price Waterhouse (or the Company's other accountants at such time) declines to act as Auditor, in which event the Auditor shall be one of the "Big Six" accounting firms selected by Administrative Agent.

"Available Revolving Credit Commitment" means, as to any Lender, at a particular time, an amount equal to (a) the amount of such Lender's Commitment at such time less (b) the sum of the aggregate unpaid principal amount at such time of all Loans made by such Lender pursuant to Section 2.01; collectively, as to all the Lenders, the "Available Revolving Credit Commitments"; provided, however, that (A) the Available Revolving Credit Commitment of any Lender shall not exceed the product of (1) such Lender's Commitment Percentage and (2) the difference between (I) the total available Commitments and (II) the sum of the aggregate unpaid principal amount at such time of all outstanding Loans made by all Lenders pursuant to this Agreement; and (B) the Available Revolving Credit Commitments shall not exceed the difference between (I) the total available Commitments and (II) the sum of the aggregate unpaid principal amount at such time of all outstanding Loans made by all Lenders pursuant to this Agreement.

"Bankruptcy Code" means the Federal Bankruptcy Code of 1978, as amended from time to time.

"Basle Accord" has the meaning set forth in Section 5.01(c).

"Benefited Lender" has the meaning set forth in Section 11.07.

"Bond Indenture" has the meaning assigned thereto in the Existing Credit Facility Documents.

"Borrowing" means a borrowing by the Operating Partnership under the Notes pursuant to the terms of this Agreement.

"Borrowing Date" means any Business Day specified in a notice pursuant to Section 2.02 as a date on which the Operating Partnership requests the Lenders to make Loans hereunder.

"Business Day" means any day on which both (a) commercial banks are not authorized or required to close in New York City, and (b) dealings in Dollar deposits are carried out in the London interbank market.

"Capitalized Lease" shall mean, with respect to any Person, any lease or other agreement with respect to the use of Property that, in accordance with GAAP, must be capitalized on the lessee's or user's balance sheet or the amount of the liability which, if so capitalized, must be disclosed in a note to such balance sheet.

"Capitalized Lease Obligation" of any Person shall mean, as of any date as of which the amount thereof is to be determined, the amount of the liability capitalized or disclosed (or which should be disclosed), in accordance with GAAP, on a balance sheet (or in a note to such balance sheet) of such Person in respect of a Capitalized Lease of such Person.

"Closing Date" means the date on which the conditions precedent to the making of the Loans as set forth in Section 6.01 shall be satisfied or waived by the Majority Lenders, on behalf of all Lenders, and the first Advance is made hereunder, which in no event shall be later than November 30, 1996.

"Collateral" means the Property described in the Pledge Agreement and the Company Pledge Agreement.

"Collateral Holder" means PSC in its capacity as Administrative Agent and as custodian of the Collateral under the Pledge Agreement and the Company Pledge Agreement, and any successor thereto appointed in accordance with Section 10.09.

"Commitment" means, as to any Lender, the obligation of such Lender to make Loans to the Operating Partnership in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule I hereto, in each case as such amount may be reduced from time to time in accordance with the provisions of this Agreement, but in no event shall the Commitments of all the Lenders collectively exceed \$80,000,000 in aggregate principal amount at any one time outstanding; provided, however, that if the DSCR for the Subject Property as reasonably determined by the Administrative Agent as of the end of any calendar quarter following receipt by

the Administrative Agent of the financial information for such quarter under Section 8.01 below is less than 1.4 to 1 (rounded to the nearest one-tenth), the Commitments will be temporarily reduced on a pro rata basis as provided in Section 4.01(a) by an amount (rounded to the nearest \$1,000,000) which is sufficient to maintain a DSCR for the Subject Property of not less than 1.4 to 1 (rounded to the nearest one-tenth) in the future. The Commitments of all the Lenders are herein sometimes referred to as the "Commitments". If the total Commitments are reduced below \$80,000,000 to satisfy the foregoing requirement relating to the DSCR for the Subject Property and the DSCR for the Subject Property subsequently increases, the Commitments shall be correspondingly increased (subject to any other limits or restrictions on the amount of the Commitments contained herein).

"Commitment Letter" refers to the Commitment Letter, dated as of September 20, 1996, between the Operating Partnership and PSC, regarding, among other matters, this Agreement.

"Commitment Percentage" means, as to any Lender at any time, the percentage which such Lender's Commitment then constitutes of the aggregate Commitments (or, at any time after the Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Loans then outstanding constitutes of the aggregate principal amount of all Lenders' Loans then outstanding).

"Commitment Period" has the meaning set forth in Section 2.01.

"Commitment Termination Date" means the earliest to occur of (i) the Maturity Date, (ii) the Refinance Loan Closing Date for any term loan which refinances the indebtedness evidenced by this Agreement under Section 2.10, (iii) such earlier date on which the Commitments shall terminate in accordance with Article IX, and (iv) the date on which the Commitments are reduced to zero pursuant to any mandatory prepayment, mandatory reduction or optional termination or reduction of the Commitment under Article II hereof.

"Company" means Cali Realty Corporation, a Maryland corporation, which is the sole general partner of the Operating Partnership.

"Company Pledge Agreement" means the pledge agreement between the Company and the Administrative Agent, substantially in the form of Exhibit C, as the same may be amended, supplemented or otherwise modified from time to time.

"Contingent Consideration Liability" means the contingent liability of Holdings which may be due and owing to Harborside Exchange Place Limited Partnership, a New Jersey limited partnership, its successors and assigns, upon the future development of certain undeveloped parcels of the Subject Property pursuant to a certain Contingent Consideration Agreement executed on or about the date hereof and which is to be reflected on the books and records of Holdings as a contingent liability in accordance with GAAP.

"Consolidated Subsidiary" means, for any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired), the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking (including, without limitation, its charter, bylaws or other organizational documents) to which such Person is a party or by which it or any of its Property is bound.

"Credit Facility Documents" means this Agreement, the Notes issued under this Agreement, the Commitment Letter, the Pledge Agreement, the Company Pledge Agreement and any other ancillary documentation which is required to be otherwise executed by the Operating Partnership or any Third Party and delivered to the Administrative Agent in connection with this Agreement, together with any rider, addendum or amendment thereto, as amended from time to time.

"Debt Service" for the REIT Group, as of a particular determination date, means the total of all principal and interest payments on Indebtedness of the REIT Group (including debt service on the Commitments under this Agreement and the Commitments under the Existing Credit Facility Documents).

"Default" means an Event of Default or any event, act or condition which merely with notice or lapse of time, or both, would become an Event of Default.

"Dollars" and "\$" means lawful money of the United States of America.

"DSCR for the Subject Property" means, as of a particular determination date, the debt service coverage ratio for the Subject Property, which shall be calculated in the following manner: (i) the aggregate net cash flow for the Subject Property (on a cash basis, after Amortized Leasing Costs and capital expenses but before debt service on the Assumed Debt or the credit facility described in this Agreement) for the calendar quarter just ending and the three (3) immediately preceding calendar quarters, divided by (ii) the actual interest

expense on the Assumed Debt and pro forma debt service on the maximum aggregate Commitments available under this Agreement (i.e., \$80,000,000) for the four (4) calendar quarters described above, assuming interest accrues on unpaid principal at the LIBOR Rate (determined on the last business day of the calendar quarter for which such debt service coverage ratio is being determined using an assumed Interest Period of one month) plus 125 basis points and interest payments only. Notwithstanding anything hereinabove to the contrary, the calculation of the DSCR for the Subject Property shall not include any calendar quarter which ended prior to the date of this Agreement and such calculation for the first three (3) quarters ending during the term of this Agreement shall be based on the net cash flow and debt service for one (1), two (2) and three (3) calendar quarters, respectively.

"EBITDA" means as to any Person, for any determination period, earnings before interest, taxes, depreciation and amortization, determined in accordance with GAAP.

"Environmental Laws" means any and all present and future federal, state, municipal and local laws, rules, regulations, statutes, ordinances or codes, common law causes of action, judicial and administrative decisions, and any orders or decrees of any Governmental Authority, in each case as now or hereafter in effect, relating to the regulation or protection of the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes into the indoor or outdoor environment, including, without limitations, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

"ERISA Affiliate" means any corporation or trade or business that is a member of any group of organizations (a) described in Section 414(b) or 414(c) of the Internal Revenue Code of which the Operating Partnership is a member, and (b) solely for purposes of potential liability under Section 302(c)(11) of ERISA and Section 412(c)(11) of the Internal Revenue Code and the Lien created under Section 302(f) of ERISA and Section 412(n) of the Internal Revenue Code, described in Section 414(m) or 414(o) of the Internal Revenue Code of which the Operating Partnership is a member.

"Event of Default" means any of the events specified in Article IX.

"Excess Qualified Asset Value" means, for purposes of determining Net Worth under this Agreement, the aggregate amount by which the stipulated values listed on Schedule III for those properties owned by one or more members of the REIT Group listed on Schedule III exceed the values for such properties determined under GAAP.

"Existing Collateral" means the Pledged Junior Bonds and the instruments evidencing the Pledged Junior Bonds, and all interest, cash, instruments and other Property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Junior Bonds, and any other proceeds of the Pledged Junior Bonds.

"Existing Credit Facility Documents" means the Revolving Credit Facility Agreement dated August 31, 1994 among the Operating Partnership, the lenders party thereto and the Administrative Agent as amended from time to time, and the other Credit Facility Documents (as that term is defined in said Revolving Credit Facility Agreement), as amended from time to time, pursuant to which the Pledged Junior Bonds were pledged by the Operating Partnership to the Administrative Agent, for the benefit of the Lenders.

"Existing Pledge Agreement" means the pledge agreement among the Operating Partnership, the Company and the Administrative Agent dated August 31, 1994, as the same may be amended, supplemented or otherwise modified from time to time.

"GAAP" means generally accepted accounting principles in the United States of America as of the date of the applicable financial report or determination.

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

"G.P. Subs" means the following corporations: Cali Sub X, Inc., a Delaware corporation, and Cali Sub XI, Inc., a Delaware corporation, each of which is the sole general partner of one or more of Holdings, Holdings-Parcel I and/or the UREs.

"Guaranty Obligation" means all obligations, contingent or otherwise, of any Person guaranteeing or having the economic effect of guaranteeing in any manner, whether directly or indirectly, any Indebtedness of any other Person,

including any obligation (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (ii) to purchase or lease (or advance or supply funds for the purchase or lease of) any Property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness, or (iii) to maintain working capital, equity capital or compliance with any other financial condition of the primary obligor so as to enable the primary obligor to pay such Indebtedness or satisfy such condition.

"Hazardous Substances" means, collectively, (a) any petroleum or petroleum products or by-products, flammable materials, explosives, radioactive materials, asbestos-containing materials, urea formaldehyde foam insulation, and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyls (PCB's), (b) any infectious, carcinogenic, mutagenic, or etiologic agents, pesticides, defoliants or any other chemicals or other materials or substances which are now or hereafter become defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "contaminants", "pollutants" or words of similar import or meaning under any Environmental Law, and (c) any other chemical or other material or substance, exposure to which is now or hereafter prohibited, limited or regulated under any Environmental Law.

"Holdings" means Cali Harborside (Fee) Associates L.P., a New Jersey limited partnership, formed solely for the purpose of acquiring fee title to all of the Subject Property (which excludes fee title to the tract known as Plaza I of Harborside Financial Plaza), its successors and permitted assigns.

"Holdings-Parcel I" means Cali Harborside Plaza I (Fee) Associates L.P., a New Jersey limited partnership, formed solely for the purpose of acquiring fee title to the tract known as Plaza I of Harborside Financial Plaza in Jersey City, New Jersey, its successors and permitted assigns.

"Indebtedness" means, for any Person, as of any date as of which the amount thereof is to be determined, whether secured or unsecured, (a) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person upon which interest charges are customarily paid, (c) all obligations of such Person under conditional sale or other title retention agreements relating to Property purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of Property or services (other than accounts payable to suppliers incurred in the ordinary course of business and paid within ninety (90) days after the same are due), (e) all Indebtedness of other Persons to the extent secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (f) all Capitalized Lease Obligations of such Person, (g) all Guaranty Obligations, (h) obligations of such Person in respect of any Interest Rate Protection Agreements, and (i) obligations of such Person in respect of commercial letters of credit, acceptance facilities, drafts or similar instruments issued or accepted by banks and other financial institutions for the account of such Person and matured reimbursement obligations in respect of standby letters of credit.

"Initial Date" means (a) in the case of the Administrative Agent and each Person who is a Lender as of the date of this Agreement, the date of this Agreement, and (b) in the case of each other Lender or a Participant, the date upon which it became a Lender or Participant.

"Interest Deficit" has the meaning set forth in Section 3.03(a).

"Interest Payment Date" means (a) the last day of each Interest Period, or (b) the Maturity Date, as applicable.

"Interest Period" means, with respect to any Loan, each period commencing on the date such Loan is made or the day following the last day of the preceding Interest Period and ending on the numerically corresponding day (or, if there is no corresponding day, the last day) in the calendar month that is one, two or three months thereafter (as the Operating Partnership may select as provided in Section 4.04) except that each Interest Period that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month. Notwithstanding the foregoing: (a) any Interest Period that would otherwise end after the Maturity Date shall end on the Maturity Date; and (b) each Interest Period that would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (or, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day).

"Interest Rate Protection Agreement" means, for any Person, an interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more financial institutions providing for the transfer or mitigation

of interest risks either generally or under specific contingencies. For purposes hereof, the "credit exposure" at any time of any Person under an Interest Rate Protection Agreement to which such Person is a party shall be determined in accordance with the standard methods of calculating credit exposure under similar arrangements as prescribed from time to time by the Administrative Agent, taking into account potential interest rate movements and the termination provisions and notional principal amount and term of such Interest Rate Protection Agreement.

"Internal Revenue Code" means the Internal Revenue Code of 1986 and the rules and regulations issued thereunder, as amended from time to time, or any successor provision thereto.

"Lenders" means the several lenders from time to time parties hereto as set forth in the recitals of this Agreement.

"LIBOR Base Rate" means, for any Interest Period,

(a) either (i) the arithmetic mean of the offered rates which the Reference Banks are quoting, as of 11:00 a.m. (London time) on the relevant LIBOR Determination Date, for United States dollar deposits having a term comparable to such Interest Period and in an amount comparable to the principal amount of the Loan to be made by the Lenders for such Interest Period, at the principal London office of each of the Reference Banks or those of them (being at least two in number) at which such offered quotations are, in the reasonable opinion of the Administrative Agent, being so made, or (ii) if fewer than two such quotations are provided to the Administrative Agent, the arithmetic mean of the rates quoted by money center banks in New York, New York, selected by the Administrative Agent, as of 11:00 a.m. (New York City time), on the relevant LIBOR Determination Date, for loans in United States dollars having a term comparable to such Interest Period and in an amount comparable to the principal amount of the Loan to be made by the Lenders for such Interest Period to leading European banks for such Interest Period; or

(b) if (i) on any LIBOR Determination Date the Administrative Agent is unable to determine the LIBOR Base Rate in the manner provided in paragraph (a) above, or (ii) setting the LIBOR Rate at the rate computed based on the determination of LIBOR Base Rate as provided in paragraph (a) above would be unlawful, then the LIBOR Base Rate for such Interest Period shall be the LIBOR Base Rate as determined on the previous LIBOR Determination Date or, in the case of the first LIBOR Determination Date, the rate determined by the Administrative Agent subject to reasonable approval of the Operating Partnership.

"LIBOR Determination Date" shall mean the second Business Day preceding the first day of each Interest Period.

"LIBOR Rate" means, for each Loan and for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Administrative Agent to be equal to the LIBOR Base Rate for such Loan for such Interest Period divided by 1 minus the Reserve Requirement, if any, for such Loan for such Interest Period.

"Lien" means any mortgage, lien, pledge, charge, security interest or encumbrance of any kind. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease, other title retention agreement (other than an operating lease) or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction relating to such Property.

"Loan" means each loan by each Lender to the Operating Partnership under Section 2.01.

"Majority Lenders" means, at any time, Lenders the Commitment Percentages of which aggregate at least 51%.

"Market Maturity" means a loan term (e.g., 12 months) which is generally available in the market for interest only term loans or credit facilities to REITs comparable to the REIT Group at the time such loan is to be made. In the event of any dispute between the Operating Partnership and the Lenders with respect to whether any loan term is a Market Maturity, the Auditor shall make the final determination on such issue, which determination shall be final and binding on the Operating Partnership and Lender.

"Market Terms" means the loan terms (including, without limitation, the interest rate, repayment terms, financial and other covenants, default terms, representations and warranties) which are then available in the market for unsecured interest only term loans or credit facilities as established by the Auditor, which terms shall be determined by the Auditor by analyzing the loan terms for comparable loans made to three (3) to five (5) REITs which are publicly traded on the New York Stock Exchange and are comparable (in the Auditor's sole discretion) to the REIT Group, and adjusting said terms based

upon the relative creditworthiness of such REITs and the REIT Group. All costs and expenses of determining the Market Terms, including Auditor compensation, shall be borne by the Operating Partnership. The Auditor shall use its best efforts to determine the Market Terms within thirty (30) days after a request by Lender.

"Material Adverse Effect" means, with respect to any Person, a material adverse effect on the consolidated business or consolidated financial condition of such Person and its Subsidiaries taken as a whole or, in the case of the Operating Partnership, on the ability of the Operating Partnership to perform its obligations hereunder.

"Maturity Date" means January 15, 1998, unless the indebtedness evidenced by this Agreement is extended or refinanced by the Lenders under Section 2.10 below, in which event said term shall mean either (A) the maturity date selected by the Majority Lenders under Subsection 2.10(a)(i) if such indebtedness is extended or refinanced under such subsection or under Subsection 2.10(e)(i), (B) the last day of the Market Maturity selected under Subsection 2.10(d)(B) if such indebtedness is refinanced under such subsection, or (C) June 30, 1998, if such indebtedness is refinanced under Subsections 2.10(e)(ii), (iii) or (iv).

"Mortgage Indenture" shall have the meaning assigned thereto under the Existing Credit Facility Documents.

"Multiemployer Plan" means a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions have been made by the Operating Partnership and which is covered by Title IV of ERISA.

"Net Worth" means, as of a particular determination date, the Total Assets of the REIT Group less aggregate total liabilities of the REIT Group (determined without duplication), all determined in accordance with GAAP (with total liabilities including all obligations, contingent or otherwise, that in accordance with GAAP should be classified as liabilities).

"Note" has the meaning set forth in Section 2.04 .

"NYUCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"Obligations" means the unpaid principal of and interest on the Notes and all other obligations and liabilities of the Operating Partnership to the Administrative Agent or the Lenders, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Notes, the other Credit Facility Documents or the Existing Credit Facility Documents, or any other document made, delivered or given in connection therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, after the occurrence of a Default or Event of Default, all reasonable fees and disbursements of counsel to the Administrative Agent or any Lender) or otherwise.

"Operating Partnership" means Cali Realty, L.P., a Delaware limited partnership.

"Operating Partnership Election Period" means the period of time commencing on October 1, 1997 and continuing through and including October 31, 1997.

"Participant" has the meaning set forth in Section 11.06(b).

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

"Person" means any individual, corporation, company, division of a corporation, voluntary association, partnership, limited liability company, joint venture, trust, association, estate, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

"Plan" means an employee benefit or other plan established or maintained by the Operating Partnership that is covered by Title IV or ERISA, other than a Multiemployer Plan.

"Pledge Agreement" means the pledge agreement between the Operating Partnership and the Administrative Agent, substantially in the form of Exhibit B, as the same may be amended, supplemented or otherwise modified from time to time.

"Pledged Junior Bonds" means all of the Class A-3, Class B, Class C and Class D Bonds pledged by the Operating Partnership to the Administrative Agent, for the benefit of the Lenders, pursuant to the Existing Credit Facility Documents.

"Pledged Partnership Interests" means a 99% limited partnership interest owned by the Operating Partnership in Holdings and a 99% limited

partnership interest owned by the Operating Partnership in each of the UREs, all to be pledged to the Administrative Agent as security for the Obligations pursuant to the Pledge Agreement.

"Pledged Stock" means 100% of the issued and outstanding capital stock of the G.P. Subs owned by the Company to be pledged to the Administrative Agent as security for the Obligations pursuant to the Company Pledge Agreement.

"Post-Default Rate" means, in respect of any principal of or interest on any Loan or any other amount whatsoever payable by the Operating Partnership under this Agreement or the Notes that is not paid when due (whether at stated maturity, by acceleration, by optional or mandatory prepayment or otherwise), a rate per annum during the period from and including the due date of such amount to but excluding the date on which such amount is paid in full (after as well as before judgment) equal to (i) for the remainder of the then current Interest Period for each Loan, 300 basis points in excess of the sum of the LIBOR Rate plus the Applicable Margin, and (ii) for all periods subsequent to the then current Interest Period for each Loan, 300 basis points in excess of the sum of the LIBOR Rate plus the Applicable Margin for a one-month Interest Period.

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"PSC" means Prudential Securities Credit Corp. (formerly known as Prudential Securities Realty Funding Corporation).

"PSC Election Period" means the period of time commencing on September 1, 1997 and continuing through and including September 30, 1997.

"Reference Banks" initially shall be Bank of Tokyo Ltd., Barclay's Bank, plc, National Westminster Bank plc, and Bankers Trust Company. Each Reference Bank shall (a) be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, and (b) have an established place of business in London. If any such Reference Bank should be unwilling or unable to act as such, or if any Reference Bank in any other way fails to meet the qualifications of a Reference Bank, the Administrative Agent shall designate alternative Reference Banks meeting the criteria specified in this paragraph. The Administrative Agent shall have no liability or responsibility to any Person for: (i) the selection of any Reference Bank for purposes of determining the LIBOR Base Rate; (ii) the inability to retain at least four Reference Banks that is caused by circumstances beyond its reasonable control; (iii) the selection of any New York or European banks pursuant to clause (a)(ii) of the definition of "LIBOR Base Rate" for purposes of determining the LIBOR Base Rate; or (iv) the inability to select such New York or European banks that is caused by circumstances beyond its reasonable control.

"Refinance Loan Closing Date" means the closing date of any loan which refinances, or the effective date of any automatic refinance of, the indebtedness evidenced hereby as described in Section 2.10, which date shall not be after January 15, 1998 in accordance with the terms of said Section 2.10.

"Register" has the meaning set forth in Section 11.06(d).

"Regulations D, G, T, U and X" mean, respectively, Regulations D, G, T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

"Regulatory Change" means any change after the date of this Agreement in federal, state or foreign laws or regulations (including, without limitation, Regulation D) or the adoption or making after such date of any interpretation, directive, guideline, policy or request applying to a class of banks or other financial institutions, including the Lenders, of or under any federal, state or foreign laws or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"REIT" means a real estate investment trust as defined in the Internal Revenue Code.

"REIT Group" means the Company and all of its Affiliates.

"Release" means any material release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Substances through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata.

"Requirement of Law" means, as to any Person, all provisions of any law, statute, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority of competent jurisdiction, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"Reserve Requirement" means, for any Interest Period for any Loan, the average maximum rate at which reserves (including, without limitation, any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by the Administrative Agent (as determined by the Administrative Agent in its sole discretion) against "Eurocurrency Liabilities" (as such term is used Regulation D); provided, however, that allocation of such reserves (if any) to the Loans or the Commitments or the transactions contemplated hereby shall be in the sole discretion of the Administrative Agent. Without limiting the effect of the foregoing, the Reserve Requirement shall include any other reserves required to be maintained by the Administrative Agent (as determined by the Administrative Agent in its sole discretion) by reason of any Regulatory Change with respect to (a) any category of liabilities that includes deposits by reference to which the LIBOR Base Rate for Loans is to be determined as provided in the definition of "LIBOR Base Rate" in this Section 1.01 or (b) any category of extensions of credit or other assets that includes Loans.

"Responsible Officer" means the chief executive officer, executive vice president or the president of the Company or, with respect to financial matters, the chief financial officer of the Company.

"Secured Parties" has the meaning set forth in the recitals of Exhibits B and C.

"Securities Act" means the Securities Act of 1933, as from time to time amended.

"Security Interests" has the meaning set forth in Section 3 of Exhibits B and C.

"Security Termination Date" has the meaning set forth in Section 19 of Exhibits B and C.

"Subject Property" means the real property, buildings and other improvements thereon commonly known as the Harborside Financial Center, Jersey City, New Jersey (excluding the ground leasehold interest in the building commonly known as Plaza I currently occupied by Bankers Trust Company and the fee title to the land on which such building is located which is to be acquired by Holdings-Parcel I, but including fee title to all of the remainder of Harborside Financial Center and the ground leasehold interests in Plaza II, Plaza III and all undeveloped parcels) all of which is to be acquired by Holdings and/or the UREs.

"Subsidiary" means, for any Person, any corporation, partnership or other entity (whether now existing or hereafter organized) of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

"Taxes" means all non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings, as set forth in Section 5.05(a).

"Third Party" means any Person who guarantees or pledges collateral to secure the obligations of the Operating Partnership under this Agreement.

"Total Assets" means, as of a particular determination date, the aggregate total value of all assets of the REIT Group (determined without duplication and in accordance with GAAP) plus the Excess Qualified Asset Value.

"Total Debt" means, as of a particular determination date, the aggregate of (i) all outstanding liabilities of the Company and its Subsidiaries (including Guaranty Obligations and other contingent liabilities which are recorded on the Company's consolidated financial statements which are used for public reporting purposes), including the full outstanding principal amount of the credit facilities described in this Agreement and the Existing Credit Facility Documents and (ii) the difference between the maximum amount of the Commitments which may be used for working capital purposes (i.e., \$15,000,000) and the outstanding balance of the Loans used for working capital purposes.

"Transferee" means any Participant or Assignee as set forth in Section 11.06(f).

"UREs" means the following limited partnerships: Cal-Harbor II & II Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor IV Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor V Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor VI Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor So. Pier Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor No. Pier Urban Renewal Associates L.P., a New Jersey limited partnership, and

Cal-Harbor VII Urban Renewal Associates L.P., a New Jersey limited partnership, each formed solely for the purpose of acquiring a ground leasehold interest in the Subject Property.

SECTION I.02. Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings specified herein when used in the Notes or the other Credit Facility Documents or any certificate or other document made or delivered pursuant hereto.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined in Section 1.01 and in other provisions of this Agreement shall be equally applicable to both the singular and plural forms of such terms.

SECTION I.03. Accounting Terms and Determinations.

(a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Administrative Agent and Lenders hereunder shall (unless otherwise disclosed to the Lenders in writing at the time of delivery thereof) be prepared, in accordance with GAAP consistently applied throughout the periods involved (except as otherwise noted therein). All calculations made for the purposes of determining compliance with this Agreement shall be made by application of GAAP consistently applied throughout the periods involved (except as otherwise noted therein).

(b) The Operating Partnership shall deliver to the Lenders at the same time as the delivery of any annual or quarterly financial statement under Section 8.01 (i) a description in reasonable detail of any material variation between the application of accounting principles employed in the preparation of such statement and the application of accounting principles employed in the preparation of the next preceding annual or quarterly financial statements, and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof.

ARTICLE II.

COMMITMENTS; LOANS; NOTES; PREPAYMENTS

SECTION II.01. Loans. Subject to the terms and conditions hereof, each Lender severally agrees, subject to the terms and conditions of this Agreement, to extend credit to the Operating Partnership by making revolving credit loans in Dollars ("Loans") to the Operating Partnership from time to time during the period from and including the date hereof to but not including the Commitment Termination Date (the "Commitment Period"). Notwithstanding the foregoing, in no event shall any Loan be made if the amount of such Loan, together with the outstanding principal balance of all Loans, would exceed the Available Revolving Credit Commitments. Subject to the terms and conditions of this Agreement, during the Commitment Period, the Operating Partnership may from time to time borrow, repay without penalty or premium (other than breakage funding costs) and reborrow the aggregate amount of the Commitments.

SECTION II.02. Borrowings. The Operating Partnership may borrow under the Commitments during the Commitment Period on any Business Day; provided, however, that the Operating Partnership shall give the Administrative Agent notice of each Borrowing hereunder as provided in Section 4.04. Each notice of a Borrowing shall be in substantially the form of Exhibit E. Upon receipt of any such notice from the Operating Partnership, the Administrative Agent shall promptly notify each Lender of its proportionate share of each Borrowing, the date of such Borrowing, and the Interest Period applicable thereto. Each Lender will make the amount of its pro rata share of each Borrowing available to the Administrative Agent for the account of the Operating Partnership at the office of the Administrative Agent specified in Section 11.02 prior to 1:00 P.M., New York City time, on the Borrowing Date requested by the Operating Partnership in funds immediately available to the Administrative Agent. Such Borrowing will then be made available to the Operating Partnership on the dates provided herein by the Administrative Agent crediting the account of the Operating Partnership on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

SECTION II.03. Full Recourse. The Obligations, including all Loans made hereunder, shall be with full recourse to the assets of the Operating Partnership and its general partner, the Company.

SECTION II.04. Notes

(a) The Loans made by the Lenders shall be evidenced by promissory notes of the Operating Partnership payable to each Lender in substantially the form of Exhibit A, dated the date hereof, with appropriate insertions as to payee, date and principal amount (each a "Note" and collectively the "Notes"), payable to the order of such Lender and in a principal amount equal to the amount of the initial Commitment of such Lender. The outstanding principal balance of each Loan as evidenced by a Note shall be payable on the Maturity Date, unless the same becomes due and payable on an earlier date pursuant to the terms hereof. Each of the Notes will bear interest on the outstanding principal balance thereof as set forth in Section 3.02 hereof.

(b) The date, amount, interest rate and duration of each Interest Period of each Loan, and each payment made on account of the principal thereof, and any continuation thereof, shall be recorded by each Lender on its books and, prior to any transfer of the Note, endorsed by each Lender on the schedule attached to and constituting a part of the Note; provided, however, that the failure of the Lenders to make any such recordation or endorsement shall not affect the obligations of the Operating Partnership to make any payment when due hereunder; provided further, however, that any such recordation or endorsement shall constitute prima facie evidence of the accuracy of the information so recorded absent manifest error.

SECTION II.05. Optional Prepayments. Subject to Sections 4.04 and 5.04, the Operating Partnership shall have the right to prepay any Loan, in whole or in part, at any time or from time to time without premium or penalty; provided, however, that the Operating Partnership shall give the Administrative Agent notice of each such prepayment as provided in Section 4.04 (and, upon the date specified in any such notice of prepayment, the amount to be prepaid shall become due and payable hereunder). Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. Any prepayment on other than the last day of an Interest Period therefor shall be subject to the provisions of Section 5.04. Partial repayments shall be in an aggregate principal amount of \$ 1,000,000 or a whole multiple of \$500,000 in excess thereof. All prepayments shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to the date of prepayment.

SECTION II.06. Mandatory Prepayments; Permanent Reduction of Commitments. Subject to Sections 4.04 and 5.04, all proceeds received by the Company or the Operating Partnership from the sale of unsecured debt instruments by the Company or the Operating Partnership during any period when any amounts are outstanding under any of the Notes or when any Lender has an obligation to fund any Borrowing hereunder, which debt instruments are issued as part of a public offering and are rated by one or more nationally recognized rating agencies, shall be paid to the Administrative Agent to reduce the unpaid principal balance of the Notes (without premium or penalty) on a pro rata basis as provided in Section 4.01 and shall permanently reduce the Commitments on a dollar-for-dollar basis. Any such prepayment on other than the last day of an Interest Period therefor shall be subject to the provisions of Section 5.04. All prepayments shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to the date of prepayment.

SECTION II.07. Mandatory Reductions of Commitments. The Operating Partnership shall, on demand, prepay the Loans in such amounts as shall be necessary to assure that the aggregate outstanding principal amount of the Loans shall not at any time exceed the Commitments at such time. All prepayments hereunder shall be made together with interest accrued on the amount prepaid.

SECTION II.08. Continuation. The Operating Partnership shall have the right, at any time, upon the expiration of the then current Interest Period with respect thereto, to continue any Loan or a portion thereof for a successive Interest Period, subject to the following:

(a) The Operating Partnership shall give the Administrative Agent prior notice of each continuation, in accordance with Section 4.04 and the applicable provisions of the term "Interest Period" set forth in Section 1.01, and of the length of the next Interest Period to be applicable to such Loan; such notice shall be irrevocable and to be effective must be received by the Administrative Agent on the day required not later than 10:00 a.m., New York City Time; the Administrative Agent shall, after it receives notice from the Operating Partnership, promptly give the Lenders notice of any continuation;

(b) No Event of Default or Default shall have occurred and be continuing at the time of any continuation of any Loan into a subsequent Interest Period;

(c) If less than the entire outstanding balance of all Loans at the time outstanding shall be continued, such continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans held by the Lenders immediately prior to such continuation;

(d) The aggregate principal amount of Loans continued as part of the same Borrowing shall be \$1,000,000 or such greater amount which is an integral multiple of \$100,000 or such lesser amount if such lesser amount is then outstanding;

(e) Accrued interest on the outstanding principal balance of the Loans (or portion thereof) being continued shall be paid by the Operating Partnership at the time of continuation;

(f) The Interest Period with respect to a new Loan effected by a continuation shall commence on the date of the continuation;

(g) Each request for a continuation which fails to state an applicable Interest Period shall be deemed to be a request for an Interest Period of one month; and

(h) If no request for a continuation is received by the Administrative Agent, the Loan or Loans shall be automatically continued and the next Interest Period shall be of the same length as the immediately preceding Interest Period.

No continuation of the Loans under this Section 2.08 shall extend beyond the Maturity Date.

SECTION II.09. Optional Termination or Reduction of Commitments.

(a) Upon notice by the Operating Partnership to the Administrative Agent in accordance with Section 4.04, the Operating Partnership may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Commitments. Each such reduction shall be in a minimum aggregate principal amount of \$2,000,000 or in multiples of \$1,000,000 in excess thereof. The Commitments once terminated or reduced may not be reinstated.

(b) Simultaneously with such reduction or termination of each Lender's Commitment, the Operating Partnership shall pay to the Administrative Agent for the account of each Lender the excess of the Loans outstanding under such Commitment over the reduced Commitment, all accrued and unpaid interest thereon and any payments required pursuant to Section 5.04.

(c) Any reduction of the Commitments pursuant to this Section shall be applied pro rata to reduce the applicable Commitment of each Lender as provided in Section 4.01.

SECTION 2.10. Refinancing of Loans.

(a) At any time during the PSC Election Period, and provided that the indebtedness described in this Agreement has not been paid in full and Lenders' obligations hereunder terminated, Lenders shall have the right to notify the Operating Partnership that the Majority Lenders, on behalf of all Lenders, have elected to extend or refinance the indebtedness evidenced by this Agreement in accordance with one of the options described below:

(i) The Majority Lenders, on behalf of all Lenders, may elect to either: (A) extend the maturity date of the indebtedness described in this Agreement to a date selected by the Majority Lenders, on behalf of all Lenders, which date shall not be earlier than June 30, 1998, in which case the indebtedness evidenced by this Agreement shall continue in full force and effect in accordance with its terms through such extended maturity date and the Collateral and the Existing Collateral shall continue to secure the indebtedness evidenced by this Agreement, or (B) refinance the indebtedness evidenced by this Agreement by extending to the Operating Partnership either an unsecured interest only term loan or an unsecured revolving credit facility, at the election of the Majority Lenders', at Market Terms and having a maturity date selected by the Majority Lenders, which maturity date shall not be earlier than June 30, 1998; or

(ii) The Majority Lenders, on behalf of all Lenders, may elect to have the Administrative Agent act as placement agent to locate one or more third party lenders to refinance the indebtedness evidenced by this Agreement with either an unsecured interest only term loan or an unsecured revolving credit facility, at the Majority Lenders' election, at Market Terms, in which case Administrative Agent shall use reasonable good faith efforts to locate such third party lender(s); such term loan or credit facility shall have a Market Maturity selected by the Operating Partnership.

(b) If the Majority Lenders, on behalf of all Lenders, elect

either of the options in Subsection 2.10(a)(i) above, the Operating Partnership may, within ten (10) days of receipt of notice of Lenders' election, request in writing that Lenders' attempt to refinance the indebtedness evidenced by this Agreement through one or more third party lenders under option (ii) above, in which event (A) Lenders and the Operating Partnership shall document and prepare for closing of such extension or refinancing of the indebtedness evidenced under this Agreement under Subsection 2.10(a)(i) above in accordance with Lenders' original election, and (B) Lenders shall use reasonable good faith efforts to locate such third party lender(s); provided, however, that if Lenders are unable to locate any such third party lender(s) who are willing to refinance the indebtedness evidenced by this Agreement or the Operating Partnership and such third party lender(s) are unable to close on or before January 15, 1998, Lenders and the Operating Partnership shall proceed with closing pursuant to Lenders' initial election to extend or refinance.

(c) In the event the Majority Lenders, on behalf of all Lenders, elect, and closing occurs under, either of the refinance options (but not the extension) specified in Subsections 2.10(a)(i) and (ii) above, the term loan or credit facility described in the option selected by the Majority Lenders shall commence on the Refinance Loan Closing Date; provided, however, that Lenders' (or any third party lenders) obligation to fund any such term loan or credit facility shall be subject to the Operating Partnership's execution and delivery of such documents and instruments (including any documents and instruments customarily used in transactions of a similar type) as Lenders or the third party lenders may reasonably require to document said term loan or credit facility, which documents and instruments shall contain all representations, warranties, conditions, covenants, defaults, remedies and indemnities customarily used in transactions of a similar type, and closing of such transaction on or before January 15, 1998.

(d) If Lenders do not provide notice to the Operating Partnership of the Majority Lenders' election to proceed with extension of the indebtedness evidenced by this Agreement or refinancing of the indebtedness evidenced under this Agreement on or before the end of the PSC Election Period, then the Operating Partnership shall have, at any time during the Operating Partnership Election Period, the right to notify Lenders that the Operating Partnership has elected to either (A) terminate this Agreement and fully repay the outstanding balance of Loans thereunder, or (B) request Lenders to refinance the indebtedness evidenced by this Agreement with an unsecured interest only term loan or unsecured revolving credit facility, at the Operating Partnership's option, to be provided by Lenders on Market Terms, having either a Market Term fixed or variable interest rate and having a Market Maturity selected by the Operating Partnership. If the Operating Partnership either fails to notify Lenders of its election during the Operating Partnership Election Period or elects to pay in full the indebtedness evidenced by this Agreement and terminate this Agreement, the Maturity Date shall be January 15, 1998. If the Operating Partnership elects to refinance the indebtedness evidenced by this

Agreement as described above, the term loan or credit facility described above shall commence on the Refinance Loan Closing Date; provided, however, that Lenders' obligation to fund such term loan or credit facility shall be subject to the Operating Partnership's execution and delivery of such documents and instruments (including any documents and instruments customarily used in transactions of a similar type) as Lenders may reasonably require to document said term loan or credit facility, which documents and instruments shall contain all representations, warranties, conditions, covenants, defaults, remedies and indemnities customarily used in transactions of a similar type, and closing of such transaction on or before January 15, 1998.

(e) Notwithstanding anything herein to the contrary:

(i) in the event that the Majority Lenders, on behalf of all Lenders, elect to extend the indebtedness evidenced by this Agreement under Subsection 2.10(a)(i)(A) above, but Lenders and the Operating Partnership do not execute appropriate documentation to evidence such extension, the indebtedness evidenced by this Agreement shall be automatically extended in accordance with Lenders' election and the Maturity Date shall be the maturity date (which shall not be earlier than June 30, 1998) selected by the Majority Lenders;

(ii) in the event that the Majority Lenders, on behalf of all Lenders, elect to refinance the indebtedness evidenced by this Agreement under Subsection 2.10(a)(i)(B) above, but the Operating Partnership and the Lenders do not execute the required documentation on or before January 15, 1998, then, effective January 15, 1998, the indebtedness evidenced by this Agreement shall automatically be refinanced

by either an unsecured interest only term loan or an unsecured revolving credit facility, as applicable in accordance with the applicable election, on the Market Terms established under the applicable option of Lenders except that the Maturity Date shall be June 30, 1998, and the Credit Facility Documents shall be deemed amended to incorporate the Market Terms;

(iii) in the event that the Majority Lenders, on behalf of all Lenders, elect to have the Administrative Agent act as placement agent to refinance the indebtedness evidenced by this Agreement through one or more third party lender(s) under Subsection 2.10 (a)(ii) above but the Operating Partnership and the third party lender(s) are unable to close such refinancing on or before January 15, 1998, then effective January 15, 1998, the indebtedness evidenced by this Agreement shall automatically be refinanced by either an unsecured interest only term loan or an unsecured revolving credit facility, as applicable in accordance with the applicable election, on the Market Terms established under the applicable option of Lenders except that the Maturity Date shall be June 30, 1998, and the Credit Facility Documents shall be deemed amended to incorporate the Market Terms; and

(iv) in the event that the Operating Partnership elects to request the Lenders to refinance the indebtedness evidenced by this Agreement under Section 2.10(d) above and the Lenders and the Operating Partnership are unable to close such refinancing on or before January 15, 1998 (including execution of all required loan documents and instruments), then effective as of January 15, 1998, the indebtedness evidenced by this Agreement shall automatically be refinanced by either an unsecured interest only term loan or an unsecured revolving credit facility, as applicable in accordance with the applicable election, on the Market Terms established under the applicable option of the Operating Partnership except that the Maturity Date shall be June 30, 1998, and the Credit Facility Documents shall be deemed amended to incorporate the Market Terms.

On the occurrence of any of the events described in Subsections 2.10 (e) (i), (ii), (iii) or (iv) above, Lenders and the Operating Partnership shall negotiate in good faith to promptly prepare and execute such documents and instruments (including any documents and instruments customarily used in transactions of a similar type) as Lenders may reasonably require to document said term loan or credit facility or extension (on the terms determined under such subsections), which documents and instruments shall contain all representations, warranties, conditions, covenants, defaults, remedies and indemnities customarily used in transactions of a similar type; provided, however, that failure of Lenders and the Operating Partnership to agree to or execute any such documents shall not affect the automatic refinancing or extension of the indebtedness evidenced by this Agreement as described above and, in such event, the Credit Facility Documents, as deemed amended to incorporate the Market Terms, shall govern.

(f) Unless otherwise agreed by the Operating Partnership, any loan or credit facility extended by Lenders or any third party lender(s) to refinance the indebtedness evidenced by this Agreement under any provision of this Section 2.10 will be unsecured and in connection with such refinancing the Collateral will be released by Lenders and the Collateral Agent; provided, however, that the foregoing shall not apply, and the Collateral shall not be released, if the Lenders elect to extend the maturity date of the Obligations under this Agreement rather than refinancing the same.

(g) Notwithstanding anything herein to the contrary, Lenders shall have no obligation to refinance or extend the indebtedness evidenced by this Agreement or to locate any third party lender(s) to refinance such indebtedness during any time when any Default or Event of Default exists and is continuing under this Agreement or the Credit Facility Documents.

(h) In the event that the Market Terms are to be determined under this Section 2.10 or in the event of a dispute as to whether a loan term is at a Market Maturity, Lender shall notify the Auditor and request that the Auditor make its determination or decision with respect thereto within a reasonable time after either Lender makes an election under this Section 2.10 which requires such determination or Lender is notified by the Operating Partnership of its election hereunder which requires such determination.

SECTION 2.11. Replacement Collateral. So long as no Default or Event of Default exists and is continuing under this Agreement or the Credit Facility Documents, upon the Operating Partnership's written request, the Majority Lenders will consider (but shall have no obligation to permit) releasing the

Collateral provided that the Operating Partnership (a) offers replacement collateral acceptable to the Majority Lenders, in their sole discretion, (b) provides to the Administrative Agent and the Lenders all materials requested by the Lenders to permit the Lenders to conduct a due diligence review and evaluation of the proposed replacement collateral, (c) executes all documents and agreements requested by the Majority Lenders to grant to the Administrative Agent, for the benefit of the Lenders, a first priority, perfected pledge of and security interest in such replacement collateral, and (d) pays to the Administrative Agent for the benefit of Lenders all reasonable out-of-pocket costs and expenses incurred by the Administrative Agent and Lenders (including, without limitation, reasonable legal fees and expenses) incurred in connection with effecting the replacement of the Collateral.

ARTICLE III.
PAYMENTS OF PRINCIPAL AND INTEREST

SECTION III.01. Repayment of Loans. The Operating Partnership agrees to repay on the Maturity Date the aggregate outstanding principal amount of the Loans, together with all accrued and unpaid interest thereon and all other amounts due under the Notes and the other Credit Facility Documents. Repayment may be made through refinancing of the Loans as provided in Section 2.10 above.

SECTION III.02. Interest.

(a) The Operating Partnership agrees to pay interest on the unpaid principal amount of each Loan for the period from and including the date of such Loan to but excluding the date such Loan shall be paid in full, for each Interest Period relating thereto, at a rate per annum (computed on the basis set forth in Section 4.02(a)) equal to the LIBOR Rate for such Loan for such Interest Period plus the Applicable Margin.

(b) Notwithstanding the foregoing, the Operating Partnership hereby promises to pay interest at the applicable Post-Default Rate on any principal of or interest on any Loan and on any other amount payable by the Operating Partnership hereunder or under any Note which shall not be paid in full when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), for the period from and including the due date thereof to and including the date the same is paid in full (after as well as before judgment).

(c) Accrued interest on each Loan shall be payable on each Interest Payment Date; provided, however, that interest payable at the Post-Default Rate shall be payable from time to time on demand.

SECTION III.03. Interest Adjustments.

(a) If the provisions of this Agreement or any Note would at any time require payment by the Operating Partnership to any Lender of any amount of interest in excess of the maximum amount then permitted by the law applicable to any Loan, the interest payments to that Lender shall be reduced to the extent necessary so that the Lender shall not receive interest in excess of such maximum amount. If, as a result of the foregoing, the Lender shall receive interest payments hereunder or under a Note in an amount less than the amount otherwise provided hereunder, such deficit (hereinafter called the "Interest Deficit") will, to the fullest extent permitted by Requirements of Law, cumulate and will be carried forward (without interest) until the termination of this Agreement. Interest otherwise payable to a Lender hereunder and under a Note for any subsequent period shall be increased by the maximum amount of the Interest Deficit that may be so added without causing the Lender to receive interest in excess of the maximum amount then permitted by the law applicable to the Loans.

(b) The amount of the Interest Deficit relating to the Loans shall be paid in full at the time of any optional prepayment by the Operating Partnership to the Lenders of all the Loans at that time outstanding pursuant to Sections 2.05 or 2.06. The amount of the Interest Deficit relating to the Loans at the time of any complete payment of the Loans at that time outstanding (other than an optional prepayment thereof pursuant to Section 2.05 or mandatory prepayment pursuant to Section 2.06) shall be canceled and not paid.

ARTICLE IV.
PRO RATA TREATMENT, PAYMENTS, COMPUTATIONS

SECTION IV.01. Pro Rata Treatment and Payments.

(a) Each Borrowing by the Operating Partnership from the Lenders hereunder and any reduction of the Commitments of the Lenders shall be made pro rata according to the respective Commitment Percentages of the Lenders. Each payment (including each prepayment) by the Operating Partnership on account of principal of and interest on the Loans shall be made pro rata according to the respective outstanding principal amounts of the Loans then held by the Lenders. All payments (including prepayments) to be made by the Operating

Partnership hereunder and under the Notes, whether on account of principal, interest, fees or otherwise, shall be made without deduction, set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in Section 11.02, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt (and, in any event, on the same Business Day to the extent practicable) in like funds as received. If any payment on a Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a Borrowing that such Lender will not make the amount that would constitute its Commitment Percentage of such Borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Operating Partnership a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the Prime Rate (as defined in the Bond Indenture) until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 4.01(b) shall be conclusive in the absence of manifest error. If such Lender's Commitment Percentage of such Borrowing is not made available to the Administrative Agent by such Lender within three (3) Business Days of such Borrowing Date and the Administrative Agent has made available to the Operating Partnership all or a portion of the corresponding amount as provided above, the Administrative Agent shall also be entitled to recover the amount made available by it with interest thereon at the rate per annum equal to the Prime Rate (as defined in the Bond Indenture), on demand, from the Operating Partnership, without prejudice to any rights which the Operating Partnership or the Administrative Agent may have against any Lender hereunder; provided, however, that the Administrative Agent

shall not be entitled to recover the amount made available by it with interest thereon from the Operating Partnership if the Operating Partnership gives the Administrative Agent seven (7) days advance notice of the Borrowing. Nothing contained in this Section 4.01(b) shall relieve any Lender which has failed to make available its ratable portion of any Borrowing hereunder from its obligation to do so in accordance with the terms of this Agreement or any claims arising from said failure, which obligation may be enforced by the Operating Partnership or the Administrative Agent, as appropriate.

(c) The failure of any Lender to make any Loan to be made by it on any Borrowing Date shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on such Borrowing Date.

(d) The Lenders may (but shall not be obligated to) debit the amount of any payment that is not made when due to any ordinary deposit account of the Operating Partnership with the Lenders.

SECTION IV.02. Computations.

(a) Interest shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which payable. Other amounts owing hereunder (other than as referred to in the first sentence hereof) shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which payable. The Administrative Agent shall as soon as practicable notify the Operating Partnership and the Lenders of each determination of a LIBOR Rate. Any change in the interest rate on a Loan resulting from a change in the Reserve Requirement shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Operating Partnership and the Lenders of the effective date and the amount of each such change in interest rate.

(b) The establishment of the LIBOR Base Rate on each LIBOR Determination Date by the Administrative Agent and the Administrative Agent's calculation of the rate of interest for the related Interest Period shall (in the absence of manifest error) be final and binding on the Operating Partnership and the Lenders. The Administrative Agent shall make available the then current LIBOR Base Rate to any Lender

upon request. Furthermore, the Administrative Agent shall promptly send written notice of its determination of the LIBOR Base Rate to the Operating Partnership prior to the close of business on each LIBOR Determination Date.

SECTION IV.03. Minimum Amounts. Except for mandatory prepayments made pursuant to Sections 2.06 and 2.07 and prepayments made pursuant to Section 5.03, and except for Borrowings utilizing the entire unutilized amount of the Commitments, each Borrowing and partial prepayment of principal of Loans shall be in an aggregate principal amount at least equal to \$1,000,000 or in multiples of \$500,000 in excess thereof (Borrowings or partial prepayments of Loans having different Interest Periods at the same time hereunder to be deemed separate Borrowings and prepayments for purposes of the foregoing).

SECTION IV.04. Certain Notices. Written or telephonic (promptly confirmed in writing) notices by the Operating Partnership of terminations or reductions of the Commitments and of Borrowings and optional prepayments of Loans and of the duration of Interest Periods shall be irrevocable and shall be effective only if received by the Administrative Agent not later than 10:00 a.m., New York time, three (3) Business Days prior to the date of the relevant termination, reduction, Borrowing or prepayment or the first day of such Interest Period. Each such notice of termination or reduction of the Commitments shall specify the amount of such termination or reduction. Each such notice of Borrowing or optional prepayment shall specify the amount (subject to Section 4.03) of the Loan to be borrowed or prepaid and the date (which shall be a Business Day) of such proposed Borrowing or prepayment. Each notice of the duration of an Interest Period shall specify the Loans to which such Interest Period is to relate. If no election of Interest Period is specified in a notice of Borrowing, such notice shall be deemed to be a request for an Interest Period of one month.

SECTION IV.05. Set-Off. In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Operating Partnership, any such notice being expressly waived by the Operating Partnership to the extent permitted by applicable law, upon any amount becoming due and payable by the Operating Partnership hereunder or under the Notes (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Operating Partnership. Each Lender agrees promptly to notify the Operating Partnership and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

ARTICLE V.
YIELD PROTECTION, ETC.

SECTION V.01. Additional Costs.

(a) The Operating Partnership shall pay directly to the Administrative Agent for the account of such Lender from time to time such amounts as the Lender may (in its sole judgment) determine to be necessary to compensate the Lender for any costs that the Lender determines are attributable to its making or maintaining of any Loans or its obligation to make any Loans hereunder, or any reduction in any amount receivable by the Lender hereunder in respect of any of the Loans or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change that:

(i) subjects any Lender to, or increases the net amount of, any tax, levy, impost, duty, charge, fee, deduction or withholding with respect to any Loan, or changes the basis of taxation of any amounts payable to the Lenders under this Agreement or the Notes in respect of any of such Loans (other than taxes imposed on or measured by the overall net income of the Lender or of the Applicable Lending Office for any of such Loans by the jurisdiction in which each Lender has its principal office or such Applicable Lending Office) and other than changes generally affecting the manner in which the income of each Lender or its Applicable Lending Office is subjected to taxation;

(ii) imposes, modifies or deems applicable any reserve, deposit or similar requirements (other than the Reserve Requirement utilized in the determination of the LIBOR Rate for such Loan) relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, each Lender (including, without limitation, any of such Loans or any deposits referred to in the definition of "LIBOR Base Rate" in Section 1.01), or the Commitments; or

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

If any Lender requests compensation from the Operating Partnership under this Section 5.01(a), the Operating Partnership may, by notice to the Administrative Agent (who shall forward it to the Lender), (A) suspend the obligation of the Lender thereafter to make or continue Loans, until the Regulatory Change giving rise to such request ceases to be in effect (in which case the provisions of Section 5.03 shall be applicable), provided, however, that such suspension shall not affect the right of the Lender to receive the compensation so requested, or (B) prepay the Loans in full (subject always to Section 5.04).

(b) Without limiting the effect of the provisions of Section 5.01(a), in the event that, by reason of any Regulatory Change, any Lender either (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of the Lender that includes deposits by reference to which the interest rate on Loans is determined as provided in this Agreement or a category of extensions of credit or other assets of the Lender that includes Loans, or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets that it may hold, then, if the Lender so elects by notice to the Operating Partnership (with a copy to the Administrative Agent), the obligation of the Lender to make Loans hereunder shall be suspended until such Regulatory Change ceases to be in effect (in which case the provisions of Section 5.03 shall be applicable).

(c) Without limiting the effect of the foregoing provisions of this Section 5.01 (but without duplication), the Operating Partnership shall pay from time to time on request such amounts as each Lender may determine to be necessary to compensate the Lender for any costs that it determines are attributable to maintenance by the Lender (or any Applicable Lending Office) or the Lender's holding company, pursuant to any law, rule or regulation or any interpretation, guideline, directive or request (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) of any court or governmental or monetary authority (i) following any Regulatory Change, or (ii) implementing any risk-based capital guideline or other requirement (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) heretofore or hereafter issued by any government or governmental or supervisory authority implementing at the national level the Basle Accord, of capital in respect of the Commitments or Loans (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of any Lender (or any Applicable Lending Office) or the Lender's holding company to a level below that which the Lender (or any Applicable Lending Office) or the Lender's holding company could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this Section 5.01(c), "Basle Accord" shall mean the proposals for risk-based capital framework described by the Basle Committee on Banking Regulations and Supervisory Practices in its paper entitled "International Convergence of Capital Measurement and Capital Standards", dated July 1988, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

(d) The Administrative Agent shall notify the Operating Partnership of any event occurring after the date of this Agreement entitling the Lenders to compensation under Section 5.01(a) or 5.01(c) as promptly as practicable after the Administrative Agent obtains actual knowledge thereof. Each Lender will designate a different Applicable Lending Office for the Loans affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of the Lender, be materially disadvantageous to the Lender; provided, however, that the Lender shall have no obligation to designate an Applicable Lending Office located in the United States of America. The Lender will furnish to the Operating Partnership (through the Administrative Agent) a certificate setting forth the basis and amount of each request by the Lender for compensation under Section 5.01(a) or 5.01(c).

Determinations and allocations by the Lender for purposes of this Section 5.01 of the effect of any Regulatory Change pursuant to Section 5.01(a) or Section 5.01(b), or of the effect of capital maintained pursuant to Section 5.01(c), on its costs or rate of return of maintaining Loans or its obligation to make Loans, or on amounts receivable by it in respect of Loans, and of the amounts required to compensate the Lender under this Section 5.01, shall be conclusive and binding on the Operating Partnership in the absence of manifest error; provided, however, that such determinations and allocations are made on a reasonable basis. The Operating Partnership shall pay to the Administrative Agent for the account of each such Lender the amounts shown as due on any such certificate within ten (10) Business Days

after its receipt of the same. No failure on the part of any Lender to demand compensation under paragraph (a) or (c) above on any one occasion shall constitute a waiver of its rights to demand compensation on any other occasion. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of any law, regulation or other condition which shall give rise to any demand by such Lender for compensation thereunder. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

SECTION V.02. Illegality. Notwithstanding any other provision of this Agreement, if any change after the date hereof in applicable law, guideline or order, or in the interpretation thereof by any Governmental Authority charged with the administration thereof, shall make it unlawful for any Lender to honor its obligations to make, maintain or continue Loans hereunder, then the Lender shall promptly notify the Operating Partnership and the Administrative Agent thereof and the Lender's obligation to make, maintain or continue Loans shall be suspended until such time as the Lender may again make and maintain Loans (in which case the provisions of Section 5.03 shall be applicable).

SECTION V.03. Treatment of Affected Loans. If the obligation of the Lenders to make Loans or to continue Loans shall be suspended pursuant to Section 5.01 or 5.02, the Operating Partnership may, by notice to the Lenders as provided in Section 4.04, elect to prepay the Loans in full (subject always to Section 5.04).

SECTION V.04. Compensation.

(a) The Operating Partnership shall pay to each Lender, upon the request of the Lender, such amount or amounts as shall be sufficient (in the reasonable opinion of the Lender) to compensate it for any loss, cost or expense that the Lender determines is attributable to:

(i) any payment or mandatory or optional prepayment of a Loan for any reason (including, without limitation, the acceleration of the maturity of the Loans pursuant to Article IX) on a date other than the last day of an Interest Period for such Loan; or

(ii) any failure by the Operating Partnership for any reason (including, without limitation, the failure of any of the conditions precedent specified in Article VI to be satisfied) to borrow a Loan on the date for such Borrowing specified in the relevant notice of Borrowing given pursuant to Section 2.02 or Section 2.08.

Without limiting the effect of the preceding sentence, such compensation shall include an amount as reasonably determined by the Lender equal to the excess, if any, of (A) the amount of interest, computed at a rate equal to the LIBOR Base Rate, that otherwise would have accrued on the principal amount so paid, prepaid or not borrowed or continued for the period from the date of such payment, prepayment, or failure to borrow or continue to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow or continue, the Interest Period for such Loan that would have commenced on the date specified for such Borrowing) at the applicable rate of interest for such Loan provided for herein over (B) the amount of interest that would have accrued for such period on such principal amount at a rate per annum equal to the interest component of the amount the Lender would have bid in the London interbank market for Dollar deposits of leading banks in amounts comparable to such principal amount and with maturities comparable to such period (as reasonably determined by the Lender). Each Lender shall deliver to the Operating Partnership from time to time one or more certificates setting forth the amount of such loss (and in reasonable detail the manner of computation thereof) as determined by such Lender, which certificates shall be conclusive absent manifest error.

(b) If the Operating Partnership fails to prepay any Loan on the date specified in any prepayment notice delivered pursuant to Section 2.05 or 2.06, the Operating Partnership on demand by any Lender shall pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any loss incurred by such Lender as a result of such failure to prepay, including, without limitation, any loss, cost or expenses incurred by reason of the acquisition of deposits or other funds by such Lender to fulfill deposit obligations incurred in anticipation of such prepayment. Each Lender shall deliver to the Operating Partnership and the Administrative Agent from time to time one or more certificates setting forth the amount of such loss (and in reasonable detail the manner of computation thereof) as determined by such Lender, which certificates shall be conclusive absent manifest error.

SECTION V.05. Withholding Taxes.

(a) Unless otherwise provided in this Section 5.05, all payments made by the Operating Partnership under this Agreement and the Notes shall be made free and clear of, and without deductions or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of the Administrative Agent and each Lender, net income taxes and franchise taxes and other taxes based upon net income imposed on the Administrative Agent or such Lender, as the case may be (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). Subject to clauses (b) through (e) of this Section 5.05, if any Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to ensure that (after payment of all Taxes and any other taxes including income taxes payable by the Administrative Agent or such Lender by reason of the receipt of such increased amount in any jurisdiction in which the Administrative Agent or Lender is subject to tax) the Administrative Agent or such Lender receives an amount equal to the sum it would have received had no such withholding been required. Whenever any Taxes are so required to be withheld by the Operating Partnership, as promptly as possible thereafter it shall pay such Taxes to the relevant Governmental Authority and send to the Administrative Agent, for its own account or for the account of such Lender as the case may be, a certified copy of an original official receipt received by the Operating Partnership showing payment thereof. If the Operating Partnership fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Operating Partnership shall (in addition to the foregoing) indemnify the Administrative Agent or the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(b) The Administrative Agent and each Lender shall, prior to the Closing Date or (if later) the date of the initial Loan for such Lender, deliver to the Operating Partnership and the Administrative Agent (i) two copies of a statement that it is incorporated under the laws of the United States or a state thereof, containing such information as is required by U.S. Treasury Regulation Section 1.1441-5(b), together with two duly completed copies of Internal Revenue Service Form W-9 (or successor forms), or (ii) if such Lender is not incorporated under the laws of the United States or a state thereof (A) two duly completed copies of United States Internal Revenue Service Form 1001 (and Form 8306 if required by applicable law) or 4224 or successor applicable form, as the case may be, and (B) Internal Revenue Service Form W-8 or W-9 or successor applicable form. The Administrative Agent and each such Lender also agree to deliver to the Operating Partnership and (in the case of a Lender) the Administrative Agent two further copies of the said Form 1001 (and Form 8306 if required by applicable law) or 4224 and Form W-8 or W-9, or successor applicable forms or other statement, form or manner of certification, as the case may be, on or before the date that any such statement, form or other certification expires or becomes obsolete or after the occurrence of any event requiring a change in or addition to the most recent statement, form or other certification previously delivered by it to the Operating Partnership, and such extensions or renewals thereof as may reasonably be requested by the Operating Partnership or the Administrative Agent, unless in any such case any change in treaty, law or regulation has occurred after the Initial Date with respect to such Lender and prior to the date on which any such delivery would otherwise be required which renders all such statements, forms or other certifications inapplicable or which would prevent such Lender from duly completing and delivering any such statement, form or other certification with respect to it and such Lender so advises the Operating Partnership and the Administrative Agent. The Administrative Agent and each Lender, as the case may be, shall certify (1) in the case of a Form 1001 or 4224, that it is entitled to receive payments from the Operating Partnership under this Agreement without deduction or withholding of any United States federal income taxes, (2) in the case of a Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax, and (3) in the case of a Form 8306, that is a bona fide resident of the relevant foreign country.

(c) If the Administrative Agent or a Lender receives a refund in respect of Taxes (whether directly or by way of offset) paid by the Operating Partnership (for which the Operating Partnership has made additional payments pursuant to Section 5.05(a) to the Administrative Agent or such Lender, as the case may be), it shall promptly pay such refund to the Operating Partnership; provided, however, that the

Operating Partnership agrees to promptly return such refund to the Administrative Agent or the applicable Lender, as the case may be, after it receives notice from the applicable Lender that it is required to repay such refund.

(d) The Operating Partnership shall have no obligation to pay additional amounts pursuant to clause (a) of this Section 5.05 to the Administrative Agent or any Lender with respect to Taxes to the extent that such Taxes or additional amounts result from (i) the failure of such Lender or the Administrative Agent to comply with its obligations or agreements under this Section 5.05, or (ii) any representation or warranty made in any certificate or otherwise by such Lender or the Administrative Agent pursuant to this Section 5.05 proving to have been incorrect in any material respect when made.

(e) The agreements in this Section 5.05 shall survive the termination of this Agreement and the payment of all obligations payable hereunder.

(f) Each assignee of a Lender's interest in this Agreement in conformity with Section 11.06 shall be bound by this Section 5.05, so that such assignee will have all of the obligations and provide all of the forms and statements and all indemnities, representations and warranties required to be given under this Section 5.05.

SECTION V.06. Indemnity. The Operating Partnership agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Operating Partnership in making a Borrowing of or continuation of Loans after the Operating Partnership has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Operating Partnership in making any prepayment after the Operating Partnership has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed or continued, for the period from the date of such prepayment or of such failure to borrow or continue to the last day of such Interest Period (or, in the case of a failure to borrow or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any), over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading lenders in the interbank eurodollar market. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

SECTION V.07. Duty to Mitigate.

(a) Each Lender agrees that, as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that has caused it to be affected under Section 5.01, 5.02 or 5.05, such Lender shall give notice thereof to the Operating Partnership and, to the extent so requested by the Operating Partnership and not inconsistent with such Lender's internal policies, such Lender shall use reasonable efforts (including reasonable efforts to change the office in which it is booking the relevant Loan) to materially reduce any amounts which might otherwise be payable pursuant to Section 5.01, 5.02 or 5.05; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender to be material or otherwise reasonably expected by such Lender to be materially disadvantageous to it.

(b) If such reasonable efforts pursuant to Section 5.07(a) are insufficient to eliminate the amounts which are payable pursuant to Section 5.01, 5.02 or 5.05, as the case may be, then the Operating Partnership may (but subject in any such case to the payments required by Section 5.04), provided that there shall exist no Default or Event of Default, upon at least five (5) Business Days' prior written or telephonic notice to such Lender and the Administrative Agent, identify to the Administrative Agent a lending institution (which may be a Lender) to purchase the Lender's outstanding Loans and Commitment hereunder and, subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and such alternate lending institution, such Lender shall transfer its Commitment, any Loans owing to such Lender and the Notes held by such Lender to such alternate lending institution (at a price not in excess of par) pursuant to the provisions of Section 11.06(c) and such alternate lending institution shall become a Lender hereunder. At the time of the assignment, the Operating Partnership shall pay all accrued interest and all other amounts (including, without limitation, all amounts payable under Section 5.01) owing hereunder to the assigning Lender.

ARTICLE VI.
CONDITIONS PRECEDENT

SECTION VI.01. Conditions to Initial Loan. The obligation of each Lender to make the initial Loan requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such Loan, of the following conditions precedent:

(a) Credit Facility Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered on behalf of the Operating Partnership by a Responsible Officer of the Company; (ii) for the account of each Lender, a Note conforming to the requirements hereof and executed on behalf of the Operating Partnership by a Responsible Officer of the Company; (iii) the Pledge Agreement, executed and delivered on behalf of the Operating Partnership by a Responsible Officer of the Company; (iv) the Company Pledge Agreement, executed and delivered by a Responsible Officer of the Company; and (v) the Pledged Stock and stock powers relating to the Company Pledge Agreement.

(b) Partnership Documents and Corporate Documents. The Administrative Agent shall have received, with a counterpart for each Lender:

(i) a copy of the Operating Partnership's certificate of limited partnership, certified as of a recent date by the Secretary of State of Delaware, together with copies of any agreements entered into by the Operating Partnership governing the terms or relative rights of its partnership interests;

(ii) a certificate of such Secretary of State, dated as of a recent date, as to the good standing of and payment of taxes by the Operating Partnership which lists the organizational documents on file in the office of such Secretary of State;

(iii) a certificate, dated as of a recent date, as to the good standing of the Operating Partnership issued by the Secretary of State of each jurisdiction in which the Operating Partnership is required to be qualified as a foreign partnership; and

(iv) a copy of the Company's certificate of incorporation, certified as of a recent date by the Secretary of State of Maryland;

(v) a certificate of such Secretary of State, dated as of a recent date, as to the good standing of and payment of taxes by the Company which lists the organizational documents on file in the office of such Secretary of State;

(vi) a certificate of the Secretary or Assistant Secretary of the Company, dated the date of the initial Loan, and certifying (A) that attached thereto is a true and complete copy of the partnership agreement of the Operating Partnership as in effect on the date of such certification, (B) that attached thereto is a true and complete copy of the bylaws of the Corporation as in effect on the date of such

certification, (C) that attached thereto is a true and complete copy of resolutions adopted by the board of directors of the Company authorizing the Borrowings hereunder, the execution, delivery and performance in accordance with their respective terms of this Agreement, the Notes to be executed by the Operating Partnership, the other Credit Facility Documents and any other documents required or contemplated hereunder or thereunder, (D) that the certificate of limited partnership of the Operating Partnership has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State furnished pursuant to clause (i) above, except to the extent specified in such Secretary's certificate, (E) that the certificate of incorporation of the Company has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State furnished pursuant to clause (iv) above, except to the extent specified in such Secretary's certificate and (F) as to the incumbency and specimen signature of each officer of the Company executing this Agreement, the Notes, the other Credit Facility Documents or any other document delivered by the Operating Partnership in connection herewith or therewith (such certificate to contain a certification by another officer of the Company as to the incumbency and signature of the officer signing the certificate referred to in this clause (iv)).

(c) Legal Opinions. The Administrative Agent shall have received the executed legal opinion of Pryor, Cashman, Sherman & Flynn, counsel to the Operating Partnership, which legal opinion shall cover such matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(d) Pledged Stock. The Pledged Stock and related stock powers shall have been delivered to the Collateral Holder in accordance with Section 3 of the Pledge Agreement.

(e) Pledge Notice Letters. Appropriate letters to Holdings and the UREs notifying such partnerships of the pledge of the Pledged Partnership Interests to the Administrative Agent.

(f) Federal Reserve Regulations. The Administrative Agent shall be satisfied that the provisions of Regulations G, T, U and X of the Board of Governors of the Federal Reserve System will not be violated by the transactions contemplated hereby.

(g) UCC Financing Statements and UCC Searches, etc. The Administrative Agent shall have received, in each case in form satisfactory to it, (i) UCC financing statements executed on behalf of the Operating Partnership and the Company for filing in all jurisdictions in which it shall be necessary or desirable to make a filing in order to provide the Administrative Agent (for the benefit of the Lenders) with a perfected security interest in the Pledged Stock, the Pledged Partnership Interests and the other Collateral, and (ii) UCC searches satisfactory to the Administrative Agent indicating that no other filings with regard to the Operating Partnership or the Company are of record in any of such jurisdictions relating to the Collateral.

(h) Litigation. No litigation shall be pending or threatened which would be likely to materially and adversely affect the assets, operations, business, condition, financial or otherwise, or prospects of the Operating Partnership and its Subsidiaries, taken as a whole, or which could reasonably be expected to materially adversely affect the ability of the Operating Partnership to fulfill its Obligations hereunder or otherwise materially impair the interests in respect thereof of the Administrative Agent.

(i) Officer's Certificate. The Administrative Agent shall have received a certificate of a Responsible Officer of the Company dated the date of the initial Loans, (i) to the effect set forth in clauses (a), (b) and (c) of Section 6.02, (ii) as to the solvency of the Company and the Operating Partnership, (iii) stating that all other conditions precedent to the initial Borrowings are satisfied, and (iv) such other matters as the Administrative Agent may reasonably request.

(j) Formation of Holdings, Etc./Acquisition of Subject Property. The Operating Partnership shall have formed or caused to be formed each of Holdings, Holdings-Parcel I, the UREs, and the G.P. Subs, with the entire limited partnership interest in Holdings, Holdings-Parcel I and each of the UREs to be directly owned by the Operating Partnership, the entire general partnership interest in Holdings, Holdings-Parcel I and the UREs to be owned by one of the entities comprising the G.P. Subs, and 100% of the stock of the G.P. Subs to be owned by the Company. Holdings and the UREs shall collectively acquire all of the fee and ground leasehold interests in the Subject Property, and Holdings-Parcel I shall acquire fee title to Plaza I of Harborside Financial Plaza, prior to or contemporaneously with the funding of the initial Loan or Loans under this Agreement.

(k) Other Documents. The Administrative Agent shall have received such other documents as the Administrative Agent may reasonably request.

(l) Other Matters. All legal matters incident to this Agreement and the transactions contemplated hereby shall be satisfactory to Morrison & Hecker L.L.P., counsel to the Administrative Agent.

Promptly following the Closing Date, the Administrative Agent shall deliver to each Lender a copy of each document, instrument, agreement and certificate received by it pursuant to this Section 6.01.

SECTION VI.02. Conditions to Each Loan. The obligation of each Lender to make any Loan requested to be made by it on any date (including, without limitation, its initial Loan) is subject to the further conditions precedent that both immediately prior to the making of such Loan and also after giving effect thereto and to the intended use thereof:

(a) Material Changes. There shall not have been any material and adverse change with respect to the business, operations, condition

or prospective condition (financial or otherwise), or liabilities of the Operating Partnership or its Subsidiaries.

(b) Events of Default. There shall not have occurred and be continuing any Default or Event of Default under this Agreement on the date of making the Loan or after making the Loan.

(c) Representations and Warranties. Each of the representations and warranties made by the Operating Partnership in Article VII or in or pursuant to any Credit Facility Document qualified as to materiality shall be true and correct in all respects and those not so qualified shall be true and correct in all material respects, in each case on and as of the date of the making of such Loan with the same force and effect as if made on and as of such date.

(d) Security. All Obligations, including all Borrowings under this Agreement, shall be secured at all times by a perfected first priority pledge by (i) the Operating Partnership, pursuant to the Pledge Agreement, in the Pledged Partnership Interests described therein, (ii) the Company, pursuant to the Company Pledge Agreement, in the Pledged Stock described therein, and (iii) the Operating Partnership, pursuant to the Existing Pledge Agreement, in and to the Existing Collateral.

(e) Notice. The Administrative Agent shall have received a notice with respect to such Borrowing as required by Section 4.04.

(f) Other. All partnership and corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Credit Facility Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as it shall reasonably request.

Each notice of Borrowing by the Operating Partnership hereunder shall constitute a representation and warranty by the Operating Partnership that the conditions contained in this Section 6.02 have been satisfied (both as of the date of such notice and, unless the Operating Partnership otherwise notifies the Lender prior to the date of such Borrowing, as of the date of such Borrowing).

ARTICLE VII. REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make the Loans provided for herein, the Operating Partnership hereby represents and warrants to the Administrative Agent and each Lender that:

SECTION VII.01. Partnership Existence. The Operating Partnership: (a) is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware; (b) has all requisite partnership power and authority, and has all material governmental licenses, authorizations, consents and approvals, necessary to own its Property and assets and carry on its business as now being or as proposed to be conducted; (c) is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would, in the reasonable judgment of the Operating Partnership, have a Material Adverse Effect on the Operating Partnership; and (d) is in compliance with all Requirements of Law except to the extent that all failures to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect on the Operating Partnership.

SECTION VII.02. Financial Condition.

(a) The combined financial statements and schedules of the REIT Group dated June 30, 1996 fairly present the combined financial position of the REIT Group and the results of operations and changes in financial condition as of the dates and periods therein specified. Such combined financial statements and schedules have been prepared in accordance with GAAP consistently applied throughout the periods involved (except as otherwise noted therein). The balance sheet of the Company fairly presents the financial position of the Company as of its date and has been prepared in accordance with GAAP. Neither the Operating Partnership nor the Company has any material contingent liability, liability for taxes or other liability not reflected in the financial statements, except for liabilities incurred in the ordinary course of business. During the period from July 1, 1996 to and including the date hereof there has been no sale, transfer or other disposition by the Operating Partnership or any of its Subsidiaries of any material part of its business or Property and no purchase or other acquisition of any business or Property (including any capital stock of any other Person) material in relation to the consolidated financial condition of the Operating Partnership and its Subsidiaries at June 30,

1996, except as would have been permitted by this Agreement if it were then effective. Since July 1, 1996, there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect on the Company, the Operating Partnership or its Subsidiaries.

(b) The Operating Partnership is not entering into the arrangements contemplated hereby and by the other Credit Facility Documents, and does not intend to make any transfer or incur any obligations hereunder or thereunder, with actual intent to hinder, delay or defraud either present or future creditors. On and as of the Closing Date, on a pro forma basis after giving effect to all Indebtedness (including the Loans incurred and Liens created, or to be

created, in connection therewith) and on the date of each Loan (w) the Operating Partnership expects that the cash available to the Operating Partnership and its Subsidiaries on a consolidated basis, after taking into account all other anticipated uses of the cash of such Person (including the payments on or in respect of debt referred to in clause (y) of this Section 7.02(b)), will be sufficient to satisfy all obligations and liabilities of the Operating Partnership and its Subsidiaries as they become due; (x) the sum of the present fair saleable value of the assets of the Operating Partnership and its Subsidiaries on a consolidated basis will exceed the probable liability of the Operating Partnership and its Subsidiaries on their debts (including their Guaranty Obligations); (y) the Operating Partnership and its Subsidiaries on a consolidated basis will not have incurred and do not intend to, or believe that they will, incur debts beyond their ability to pay such debts as such debts mature (taking into account the timing and amounts of cash to be received by such Person from any source, and of amounts to be payable on or in respect of debts of such Person and the amounts referred to in clause (w)); and (z) the Operating Partnership and its Subsidiaries on a consolidated basis will have sufficient capital with which to conduct their present and proposed business and the Property of the Operating Partnership and its Subsidiaries does not constitute unreasonably small capital with which to conduct their present or proposed business. For purposes of this Section 7.02(b), "debt" means any liability on a claim, and "claim" means (i) right to payment whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed (other than those being disputed in good faith), undisputed, legal, equitable, secured or unsecured, or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

SECTION VII.03. Litigation; There are no legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, now pending or (to the knowledge of the Operating Partnership) threatened against or affecting the Operating Partnership, any Subsidiary or any of their Property which, if adversely determined, would have a Material Adverse Effect on the Operating Partnership or any Subsidiary or which involve this Agreement or any of the transactions contemplated thereby.

SECTION VII.04. No Breach; The execution and delivery of this Agreement and the other Credit Facility Documents, the consummation of the transactions herein contemplated and compliance with the terms and provisions hereof do not and will not conflict with or result in a breach of, or require any consent or constitute a default under, the certificate of limited partnership or partnership agreement of the Operating Partnership, any Requirement of Law, any decree of any court or governmental authority or agency, or any agreement or instrument to which the Operating Partnership is a party or by which it or any of its Property is bound except any such consent that may have been obtained prior to the date hereof, and will not result in, or require, the creation or imposition of any Lien (other than those created pursuant to the Pledge Agreement) on any of its Property or assets.

SECTION VII.05. Partnership Power; Authorization; Enforceable Obligations. The Operating Partnership has all necessary partnership power, authority and legal right to make, execute, deliver and perform its obligations under this Agreement and the other Credit Facility Documents; the making and performance by the Operating Partnership of this Agreement and the other Credit Facility Documents have been duly authorized by all necessary partnership action on its part (including, without limitation, any required shareholder approvals); and this Agreement, the Pledge Agreement and the other Credit Facility Documents have been duly and validly executed and delivered by the Operating Partnership and constitute, and each Note when executed and delivered by the Operating Partnership for value will constitute, its legal, valid and binding obligation, enforceable against the Operating Partnership in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights, and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION VII.06. Approvals; No authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency or any securities exchange are necessary for the making and performance by the Operating Partnership of this Agreement and the other Credit Facility Documents or for the legality, validity or enforceability thereof that have not been made or obtained (other than any filings required for the perfection of the security interests under the Pledge Agreement and which the Operating Partnership will cause to be made in accordance with the Pledge Agreement). There does not exist any judgment, order, injunction or other restraint issued or filed or hearing seeking injunctive relief or other restraint pending or noticed with respect to the making of Loans by the Lenders, the performance by the Operating Partnership under any of the related documents to which they are or will be a party or any of the transactions contemplated thereby.

SECTION VII.07. No Default; Neither the Operating Partnership nor any of its Subsidiaries is in default under or with respect to any of their Contractual Obligations in any respect, or with respect to any order, writ, injunction, decree, rule or regulation of any Governmental Authority, which default could reasonably be expected to have a Material Adverse Effect on the Operating Partnership or its Subsidiaries. As of the Closing Date, and as of the date of each Loan, no Default or Event of Default has occurred and is continuing.

SECTION VII.08. Ownership of Property; Each of the Operating Partnership and its Subsidiaries has good record and marketable title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other Property, except to the extent that all failures to have such good title and valid leasehold interests could not, in the aggregate, reasonably be expected to have a Material Adverse Effect on the Operating Partnership or its Subsidiaries.

SECTION VII.09. Taxes; Each of the Operating Partnership and its Subsidiaries has filed or caused to be filed all material tax returns which, to the knowledge of the Operating Partnership, are required to be filed by them (or extensions of time to file such returns have been obtained) and have paid all taxes shown to be due and payable on said returns or on any assessments made against them or any of their Property and all other taxes, fees or other charges imposed on them or any of their Property by any Governmental Authority (other than any the amount or validity of which are being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Operating Partnership or its Subsidiaries, as the case may be); no tax Lien has been filed, and, to the knowledge of the Operating Partnership, no claim is being asserted in writing with respect to any such tax, fee or other charge which, if foreclosed upon or adversely determined, as the case may be, would have a Material Adverse Effect on the Operating Partnership or its Subsidiaries.

SECTION VII.10. Use of Credit; The Operating Partnership is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing any "margin stock" as such term is defined in Regulation U. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose which violates the provisions of Regulations G, T, U or X or other regulations of the Board of Governors of the Federal Reserve System. If requested by any Lender or the Administrative Agent, the Operating Partnership will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

SECTION VII.11. ERISA; Each of the Operating Partnership and its Subsidiaries is in compliance in all material respects with the provisions of ERISA and the Internal Revenue Code applicable to Plans. Each Plan, and, to the knowledge of the Operating Partnership, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Internal Revenue Code and any other federal or state law. No event or condition has occurred and is continuing as to which the Operating Partnership or any Subsidiary would be under an obligation to furnish a report to the Lenders under Section 8.08 hereof. No liability to the PBGC that is material to the Operating Partnership and its Subsidiaries taken as a whole has been, or to the Operating Partnership's best knowledge is reasonably expected to be, incurred with respect to any Plan.

SECTION VII.12. Investment Company Act; The Operating Partnership is not, and will not during the term of this Agreement be, an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended. The Operating Partnership is not subject to regulation under any foreign, federal, state or local statute or regulation which limits its ability to incur Indebtedness.

SECTION VII.13. Public Utility Holding Company Act; The Operating Partnership is not, and will not during the term of this Agreement be, a

"holding company," or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION VII.14. Environmental Matters; Each of the Operating Partnership and its Subsidiaries has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on their business as now being or as proposed to be conducted, except to the extent failure to have any such permit, license or authorization would not in the reasonable judgment of the Operating Partnership have a Material Adverse Effect on the Operating Partnership or its Subsidiaries. Each of such permits, licenses and authorizations is in full force and effect and each of the Operating Partnership and its Subsidiaries is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any plan, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply therewith would not in the reasonable judgment of the Operating Partnership have a Material Adverse Effect on the Operating Partnership or its Subsidiaries.

In addition, except as previously disclosed in writing to the Administrative Agent and the Lenders or as disclosed in writing to the Lenders from time to time, (i) no notice, notification, demand, request for information, citation, summons or order has been issued, (ii) no complaint has been filed, (iii) no penalty has been assessed, and (iv) no investigation or review is pending or threatened by any governmental or other entity, with respect to any alleged failure by the Operating Partnership or any Subsidiary to have any environmental permit, license or other authorization required under any Environmental Law in connection with the conduct of the business of the Operating Partnership or any Subsidiary or with respect to any generation, use, treatment, storage, recycling, transportation, discharge or disposal, or any Release or threatened Release of any Hazardous Substances generated by the Operating Partnership or any Subsidiary.

SECTION VII.15. True and Complete Disclosure; The information, reports, financial statements, exhibits and schedules furnished by or on behalf of the Operating Partnership to the Lenders in connection with the negotiation, preparation or delivery of this Agreement or included herein or delivered pursuant hereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written financial information furnished after the date hereof by the Operating Partnership to the Lenders in connection with this Agreement and the transactions contemplated hereby will be true, complete and accurate in every material respect, or (in the case of projections) based on estimates believed by the Operating Partnership in good faith to be reasonable, on the date as of which such information is stated or certified. There is no fact known to the Operating Partnership that would, in the reasonable opinion of the Operating Partnership, have a Material Adverse Effect on the Operating Partnership or its Subsidiaries that has not been disclosed herein or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Lenders for use in connection with the transactions contemplated hereby.

SECTION VII.16. Labor Matters; Neither the Operating Partnership nor any of its Subsidiaries has experienced any strike, labor dispute, slowdown or work stoppage due to labor disagreements which has had a Material Adverse Effect on the respective businesses of the Operating Partnership and its Subsidiaries taken as a whole, and to the best knowledge of the Operating Partnership, there is no such strike, dispute, slowdown or work stoppage threatened against the Operating Partnership or any of its Subsidiaries.

SECTION VII.17. Pledged Partnership Interests

(a) The Operating Partnership (i) is the legal and beneficial owner of, and has sole right, title and interest to, the Pledged Partnership Interests, (ii) will on the Closing Date own all the Pledged Partnership Interests free of all Liens, and (iii) has sole right and power to pledge, and grant the Lien upon such Pledged Partnership Interests pursuant to the Pledge Agreement.

(b) The Pledged Partnership Interests have been duly authorized and validly issued and are fully paid and nonassessable.

(c) Upon delivery to the Administrative Agent of the certificates, if any, evidencing the Pledged Partnership Interests in existence on the Closing Date and the filing of financing statements in the appropriate filing offices, the pledge hereunder will create in favor of the Administrative Agent for the benefit of the Lenders a valid, binding and enforceable (subject, as to enforcement, to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and to general principles of equity) security interest in and lien upon such Pledged Partnership Interests and constitute a fully perfected first and prior security interest in and lien upon all right, title and interest of

the Operating Partnership in such Pledged Partnership Interests.

ARTICLE VIII.
COVENANTS OF THE OPERATING PARTNERSHIP

The Operating Partnership hereby covenants and agrees that, so long as the Commitments remain in effect and any Note or Loan remains outstanding, and until payment in full of all amounts payable by the Operating Partnership to any Lender or the Administrative Agent hereunder:

SECTION VIII.01. Financial Statements The Operating Partnership shall deliver to the Administrative Agent and to each Lender:

(a) as soon as available, but in any event within forty-five (45) days after the end of each of the first three quarterly fiscal periods of each fiscal year of the Operating Partnership, (i) separate financial statements for the Subject Property, including a balance sheet, an income and expense statement, a reconciliation of surplus, occupancy percentages and such other statements as may be required by the Administrative Agent, prepared in accordance with GAAP, and (ii) consolidated financial statements of the Company, the Operating Partnership and their Consolidated Subsidiaries as filed with the Securities and Exchange Commission, including supplemental schedules of separate consolidating balance sheets and income and expense statements for each of the Company, the Operating Partnership and their Consolidated Subsidiaries, a schedule showing the depreciated basis (determined under GAAP) for each of the assets listed on Schedule III, and such other statements as may be required by the Administrative Agent, accompanied by a certificate of a Responsible Officer of the Company, which certificate shall state that said financial statements fairly present the consolidated financial condition and results of operations of the Company, the Operating Partnership and their Consolidated Subsidiaries, in accordance with GAAP, consistently applied (without prejudice to any change made in accordance with the provisions of Section 1.03), as at the end of, and for, such period (subject to normal year-end audit adjustments);

(b) as soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Operating Partnership, (i) separate financial statements for the Subject Property, including a balance sheet, an income and expense statement, a reconciliation of surplus, occupancy percentages and such other statements as may be required by the Administrative Agent, prepared in accordance with GAAP, and (ii) consolidated financial statements of the Company, the Operating Partnership and their Consolidated Subsidiaries as filed with the Securities and Exchange Commission, including supplemental schedules of separate consolidating balance sheets and income and expense statements for each of the Company, the Operating Partnership and their Consolidated Subsidiaries, a schedule showing the depreciated basis (determined under GAAP) for each of the assets listed on Schedule III, and such other statements as may be required by the Administrative Agent, accompanied by a report and opinion thereon by Price Waterhouse or another independent certified public accountant of recognized national standing acceptable to the Administrative Agent which report shall (A) be unqualified as to going concern and scope of audit, (B) state that said financial statements fairly present the consolidated financial condition and results of operations of the Company, the Operating Partnership and their Consolidated Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP, and (C) contain no material exceptions or qualifications except for qualifications relating to accounting changes (with which such independent public accountants concur) in response to FASB releases or other authoritative pronouncements.

(c) as soon as available, but in any event within forty-five (45) days after the end of each calendar month, a true, complete and correct cash flow statement with respect to the Subject Property in the form of Exhibit B to the Mortgage Indenture showing (x) all cash receipts of any kind whatsoever and all cash payments and disbursements, and (y) year-to-date summaries of such cash receipts, payments and disbursements, together with a certification of the Operating Partnership stating that (i) such cash flow statement is true, complete and correct in all material respects and (ii) all operating expenses with respect to the Subject Property which have accrued and have been billed to the Operating Partnership or any of its Subsidiaries as of the last day of the month preceding the month for which foregoing information is applicable have been fully paid or otherwise provided for by the Operating Partnership or its Subsidiaries.

(d) on a quarterly basis, a true, complete and correct rent roll for the Subject Property, identifying each tenant, the expiration date of such tenant's lease, the space covered by such lease, all extension, renewal, termination or expansion rights, if any, of such tenant and any portion of the Subject Property demised to such tenant, if any, which is not occupied for the conduct of business by such tenant or any subtenant of such tenant, together with a certificate of the Operating Partnership, dated as of the date of delivery of such rent roll, certifying that such rent roll is true, correct and complete in all material respects as of its date.

All such financial statements under (a) and (b) above shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected

therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein).

SECTION VIII.02. Certificates and Other Information; The Operating Partnership shall deliver to the Administrative Agent and to each Lender:

(a) concurrently with the delivery of the financial statements referred to in Section 8.01(b), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in Sections 8.01(a) and 8.01(b), a certificate of a Responsible Officer of the Company stating that, to the best of such Responsible Officer's knowledge, the Operating Partnership and each of its Subsidiaries has during such period observed or performed all of its covenants and other agreements, and satisfied every condition, in all material respects, contained in this Agreement, the Notes and the other Credit Facility Documents to which it is a party to be observed, performed or satisfied by it, and that no Default or Event of Default has occurred or is continuing except as specified in such certificate;

(c) promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent or made available by the Operating Partnership or any of its Subsidiaries to its partners generally, of all regular and periodic reports and all registration statements and prospectuses, if any, filed by any of them with any securities exchange or with the Securities and Exchange Commission, or any comparable foreign bodies, and of all press releases and other statements made available generally by any of them to the public concerning material developments in the business of the Operating Partnership or any of its Subsidiaries; and

(d) promptly upon any executive officer of the Company obtaining knowledge (i) of any Default, or becoming aware that any Lender has given notice or taken any other action with respect to a claimed Event of Default or (ii) that any Person has given any notice to the Operating Partnership or taken any other action with respect to a claimed default or event or condition of the type referred to in paragraph (b) of Article IX or any condition or event which would be required to be disclosed in a current report filed by the Operating Partnership with the Securities and Exchange Commission on Form 8-K (other than Item 5 as in effect on the date hereof) if the Operating Partnership were required to file such reports under the Securities Exchange Act of 1934, as amended, or the rules and regulations thereunder (or any successor thereof), a certificate of the president or chief financial officer of the Company specifying the nature and period of existence of any such condition or event, or specifying the notice given or action taken by such holder or Person and the nature of such claimed Event of Default or condition and what action the Operating Partnership has taken, is taking and proposes to take with respect thereto.

SECTION VIII.03. Litigation; The Operating Partnership will promptly give to the Lenders notice of all legal or arbitral proceedings, and of all proceeding by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, affecting the Operating Partnership or any of its Subsidiaries, except proceedings which, if adversely determined, would not, in the reasonable judgment of the Operating Partnership, have a Material Adverse Effect on the Operating Partnership or its Subsidiaries.

SECTION VIII.04. Conduct of Business, Existence, Etc.; The Operating Partnership will, and will cause each of its Subsidiaries to:

(a) continue to engage in business of the same general type as now conducted by it; do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence; and take all reasonable action to maintain all rights, privileges, licenses and franchises necessary or desirable in the normal conduct of its business, except such rights, privileges, licenses and franchises with respect to which the failure to maintain could not, individually or in the aggregate, have a Material Adverse Effect on the Operating Partnership or its Subsidiaries;

(b) comply with all Contractual Obligations and Requirements of Law if the failure to comply with such requirements would reasonably be expected to have a Material Adverse Effect on the Operating Partnership or its Subsidiaries;

(c) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its Property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which any reserves required by GAAP are being maintained or the failure to pay or discharge which would not, in the reasonable judgment of the Operating Partnership, have a Material Adverse Effect on the Operating Partnership or its Subsidiaries;

(d) maintain all of its Property used or useful in its business in good working order and condition, ordinary wear and tear excepted, if failure to so maintain such Property would have a Material Adverse Effect on the Operating Partnership or its Subsidiaries, and, from time to time (i) make all necessary and proper repairs, renewals, replacements, additions and improvements thereto, and (ii) comply at all times with the provisions of all material leases and other material agreements to which it is a party so as to prevent any loss or forfeiture thereof or thereunder;

(e) keep proper records and books of account, in which full, true and complete entries in conformity with GAAP consistently applied and in accordance with all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; and

(f) permit, upon reasonable notice, representatives of the Administrative Agent and any Lender, during normal business hours, to examine, copy and make extracts from any books and records, to inspect any of its Property, and to discuss its business and affairs with its officers and independent certified accountants, all to the extent reasonably requested by the Lenders; provided, however, that to the extent any of such information (not including information provided pursuant to Sections 8.01 and 8.02) is defined as "Confidential Information" in the Mortgage Indenture, the Operating Partnership may require that the Administrative Agent and any Lender keep such information confidential; provided further, however, that the Administrative Agent and any Lender may disclose all or part of such information to a third party, provided that such third party agrees to keep the same confidential and not to use such information for competitive purposes.

SECTION VIII.05. Payment of Obligations; The Operating Partnership will, and will cause each Subsidiary to, pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, under the terms of each mortgage, indenture, security agreement, other debt instrument and contract and agreement by which it is bound or to which it is a party or subject, except (a) where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Operating Partnership or its Subsidiaries, as the case may be, (b) where the failure to pay such obligations could not, individually or in the aggregate, have a Material Adverse Effect on the Operating Partnership or its Subsidiaries, or (c) for trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue for a period of more than ninety (90) days (or any longer period if longer payment terms are accepted in the ordinary course of business) or, if overdue for more than ninety (90) days (or such longer period), as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of the Operating Partnership and its Subsidiaries, as the case may be.

SECTION VIII.06. Insurance; The Operating Partnership will, and will cause its Subsidiaries to, keep insured by responsible insurers all Property of a character usually insured by corporations or partnerships engaged in the same or similar business similarly situated against loss or damage of the kinds and in the amounts customarily insured against by such corporations or partnerships and carry such other insurance as is usually carried by such corporations or partnerships. The Operating Partnership will furnish to the Administrative Agent, upon written request, full information as to the insurance carried, and will advise the Administrative Agent promptly of any policy cancellation, reduction or amendment.

SECTION VIII.07. Limitation on Liens; The Operating Partnership will not, nor will it permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon (i) the Subject Property except for Liens securing the portion of the Assumed Debt due to Northwestern Mutual Life Insurance Company and Principal Mutual Life Insurance Company, and (ii) the Collateral described in the Pledge Agreement, except in favor of the Administrative Agent, for the benefit of Lenders.

SECTION VIII.08. ERISA.; The Operating Partnership shall deliver to the Administrative Agent as soon as possible, and in any event within ten (10) days after the Operating Partnership knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a senior financial officer of the Operating Partnership setting forth details respecting such event or condition and the action, if any, that the Operating Partnership or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by the Operating Partnership with respect to such event or condition):

(a) any reportable event as defined in Section 4043(b) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided, however, that a failure to meet the minimum funding standard of Section 412 of the Internal Revenue Code or Section 302 of ERISA, including,

without limitation, the failure to make on or before its due date a required installment under Section 412(m) of the Internal Revenue Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Internal Revenue Code); and any request for a waiver under Section 412(d) of the Internal Revenue Code for any Plan;

(b) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or any action taken by the Operating Partnership or an ERISA Affiliate to terminate any Plan;

(c) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Operating Partnership or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(d) the complete or partial withdrawal from a Multiemployer Plan by the Operating Partnership or any ERISA Affiliate that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by the Operating Partnership or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(e) the institution of a proceeding by a fiduciary of any Multiemployer Plan against the Operating Partnership or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within thirty (30) days; and

(f) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the Internal Revenue Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if the Operating Partnership or an ERISA Affiliate fails to timely provide security to the Plan in accordance with the provisions of said Sections.

SECTION VIII.09. Use of Proceeds; The Operating Partnership will use the proceeds of Borrowings hereunder solely for working capital purposes, including the acquisition or improvement of real property, and other general purposes of the Operating Partnership, including capital expenditures and tenant improvements; provided, however, that (i) the Lenders shall have no responsibility as to the use of any of such proceeds, (ii) proceeds of Borrowings to be used for any purpose other than property acquisitions and improvements will be limited to \$15,000,000 in the aggregate outstanding at any one time without the prior written consent of the Administrative Agent (which consent shall not be unreasonably withheld), and (iii) proceeds of Borrowings will not be used to pay any dividends or distributions.

SECTION VIII.10. Environmental Laws. The Operating Partnership shall:

(a) promptly notify the Administrative Agent upon any executive officer of the Operating Partnership becoming aware of any violation or threatened violation or non-compliance with, or liability or threatened liability under any Environmental Laws which, when taken together with all other pending violations could reasonably be expected to have a Material Adverse Effect on the Operating Partnership and its Subsidiaries taken as a whole, and promptly furnish to the Administrative Agent all notices of any nature which the Operating Partnership may receive from any Governmental Authority or other Person with respect to any violation, or threatened violation or non-compliance with, or liability or threatened liability under any Environmental Laws which, in any case or when taken together with all such other notices, could reasonably be expected to have a Material Adverse Effect on the Operating Partnership or its Subsidiaries;

(b) comply with and use reasonable efforts to ensure compliance by all tenants and subtenants with all Environmental Laws, and obtain and comply in all material respects with and maintain and use best efforts to ensure that all tenants and subtenants obtain and comply in all material respects with and maintain any and all licenses, approvals, registrations or permits required by Environmental Laws;

(c) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required of the Operating Partnership or its Subsidiaries under all Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities; and

(d) defend, indemnify, protect and hold harmless the Administrative Agent and the Lenders, and their respective employees, agents, officers and directors (each, an "Indemnified Person"), from and against any claims, demands, penalties, fines, liabilities, settlements, damages, defenses, judgments, suits, proceedings, losses, obligations, costs and expenses of any kind or nature whatsoever, known or unknown, contingent or otherwise, arising out of, or in any way related to the violation of or noncompliance with any Environmental Laws (relating to (1) the past, present or future ownership,

possession, control or operation of any Property or any asset of the Operating Partnership or its Subsidiaries, (2) the past, present or future condition of any site or facility owned, operated or leased by the Operating Partnership or any of its Subsidiaries, or (3) any Release or threatened Release of any Hazardous Substances from any such site or facility, including any such Release or threatened Release which shall occur during any period when the Administrative Agent on behalf of the Lenders shall be in possession of any such site or facility following the exercise by the Administrative Agent on behalf of the Lenders of any of their rights and remedies hereunder or under any related document), including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees and costs ("Indemnified Expenses"), but excluding therefrom, taking into account all principles of equitable apportionment, all claims, demands, penalties, fines, liabilities, settlements, damages, defenses, judgments, suits, proceeds, losses, obligations, costs and expenses of any kind or nature whatsoever, known or unknown, contingent or otherwise, arising out of or resulting, directly or indirectly, from (i) the gross negligence or willful misconduct of such Indemnified Person, or (ii) any acts or omissions of any Indemnified Person occurring after such Indemnified Person is in possession of, or controls the operation of, any Property or asset of the Operating Partnership or any of its Subsidiaries, except to the extent such Indemnified Expenses arise from any act or omission, condition or event in existence on or before the date such Indemnified Person is in possession of, or controls the operation of, any Property or asset of the Operating Partnership or any of its Subsidiaries, even if the act or omission, condition or event (x) is not discovered until after such date, or (y) becomes an Indemnified Expense as a result of a change in any Environmental Law that becomes effective after such date.

(e) The agreements in Section 8.10(d) shall survive repayment of the Notes and all other amounts payable hereunder and any termination or expiration of any of the Credit Facility Documents.

SECTION VIII.11. Hazardous Substances. The Operating Partnership shall not cause or permit, or permit any Subsidiary to cause or permit, any of its Property or assets to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with all applicable Environmental Laws, nor release, discharge, dispose of or permit or suffer any release or disposal as a result of any intentional act or omission on its part of Hazardous Substances onto any such Property or asset in material violation of any Environmental Law.

SECTION VIII.12. Claims. The Operating Partnership shall report to the Administrative Agent, within fifteen (15) days of the date on which an executive officer becomes aware of the same, any legal claims against the Operating Partnership in excess of \$1,000,000 over the amount directly covered by insurance.

SECTION VIII.13. Maintenance of Ownership The Operating Partnership shall continue to own 100% of the issued and outstanding limited partnership interests in Holdings and each of the UREs.

SECTION VIII.14. Indebtedness The Operating Partnership shall not, and shall not permit any of Holdings, the UREs or the G.P. Subs to, create, incur or suffer to exist any Indebtedness, except to Lenders and the Assumed Debt and except for the Contingent Consideration Liability.

SECTION VIII.15. Dividends and Distributions The Operating Partnership shall not make any distributions or pay any dividends on account of its partnership interests during any fiscal quarter in an amount in excess of 100% of the Operating Partnership's available funds from operations (as determined in accordance with industry standards relating to REITs) for the immediately preceding fiscal quarter (except to the extent such excess dividends or distributions are attributable to gains from the sale of the Operating Partnership's assets or are required for the Company to maintain its status as a real estate investment trust under the Internal Revenue Code); provided, however, that the Operating Partnership may make distributions and pay dividends in excess of 100% of available funds from operations for the preceding fiscal quarter for not more than three (3) consecutive fiscal quarters.

SECTION VIII.16. Assets of Holdings . The Operating Partnership shall not permit Holdings or the UREs to acquire, own or hold any Property other than the fee simple interest or leasehold interest in the Subject Property, as applicable, and assets derived from the ownership of the Subject Property.

SECTION VIII.17. Compliance Certification Within forty-five (45) days after the end of each calendar quarter, the Operating Partnership shall certify to Lenders that the Operating Partnership has complied with all covenants contained in this Article VIII and that, as of the last business day of such quarter, there existed no Default or Event of Default.

ARTICLE IX.
EVENTS OF DEFAULT

SECTION 9.01. If one or more of the following events (herein called "Events of

Default") shall occur and be continuing:

(a) The Operating Partnership shall default in the payment when due (whether at stated maturity or upon mandatory or optional prepayment or otherwise) of any principal of any Loan, or shall default for five (5) Business Days in the payment when due of any interest on any Loan, any fee or any other amount payable by it hereunder, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise; or

(b) Any Event of Default (as defined in the Mortgage Indenture) shall occur or be continuing; or

(c) The Operating Partnership or any of its Subsidiaries shall (i) default in the payment of principal of or interest of any other Indebtedness (other than the Notes or Indebtedness under the Mortgage Indenture) or in the payment of any Guaranty Obligation (in all such cases, having a principal amount in excess of \$2,000,000 in the aggregate) at any one time to any third party when due (whether at scheduled maturity or by required prepayment, acceleration, demand or otherwise) and such default continues after the applicable notice or grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guaranty Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, and such default continues after the applicable notice or grace period, if any, specified in the agreement or instrument relating to such Indebtedness, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guaranty Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guaranty Obligation to become payable; or

(d) Any representation, warranty or certification made or deemed made herein or in any other Credit Facility Document (or in any modification or supplement hereto or thereto) by the Operating Partnership or any of its Subsidiaries, or in any certificate or document furnished to the Lenders pursuant to the provisions of this Agreement or any such other Credit Facility Document, shall prove to have been false or misleading as of the time made or furnished in any material respect; or

(e) The Operating Partnership shall default in the observance or performance of any agreement contained (i) in Section 8.02 of this Agreement, or (ii) in the Pledge Agreement; or

(f) The Operating Partnership or any of its Subsidiaries shall default in the performance of any of its other obligations under this Agreement or any other Credit Facility Document and such default shall continue unremedied for a period of thirty (30) days after notice thereof to the Operating Partnership by the Administrative Agent, which Default cannot be cured by the payment of a sum of money; provided, however, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and if the Operating Partnership or Subsidiary shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for the Operating Partnership or such Subsidiary in the exercise of due diligence to cure such Default, such additional period not to exceed ninety (90) days; or

(g) The Operating Partnership or any of its Subsidiaries shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

(h) The Operating Partnership or any of its Subsidiaries shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code (or the equivalent under the laws of another jurisdiction), (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(i) A proceeding or case shall be commenced, without the application or consent of the Operating Partnership or any of its Subsidiaries, in any court of competent jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of the Operating Partnership or such Subsidiary or of all or any substantial part of its Property, or (iii) similar relief in respect of the Operating Partnership or such Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition

or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of ninety (90) or more days; or an order for relief against the Operating Partnership or such Subsidiary shall be entered in an involuntary case under the Bankruptcy Code (or the equivalent under the laws of another jurisdiction); or

(j) final judgment or judgments for the payment of money in excess of \$1,300,000 (or the equivalent in another currency) in the aggregate (exclusive of judgment amounts fully covered by insurance) shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against the Operating Partnership or its Subsidiaries and the same shall not be satisfied or discharged (or provision shall not be made for such satisfaction or discharge), or a stay of execution thereof shall not be procured, within sixty (60) days from the date of entry thereof and the Operating Partnership or the relevant Subsidiary shall not, within said period of sixty (60) days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(k) An event or condition specified in Section 8.08 shall occur or exist with respect to any Plan or Multiemployer Plan and, as a result of such event or condition, together with all other events or conditions, the Operating Partnership or any ERISA Affiliate shall incur or in the reasonable opinion of the Administrative Agent shall be reasonably likely to incur a liability to a Plan, a Multiemployer Plan or the PBGC (or any combination of the foregoing) which would have a Material Adverse Effect on the Operating Partnership or its Subsidiaries; or

(l) (i) Except following the termination or release thereof in accordance with the provisions of the Credit Facility Documents, the Pledge Agreement or the Company Pledge Agreement shall, for any reason, cease to be or not be in full force and effect, or the Company, the Operating Partnership or any of its Subsidiaries which is a party to the Pledge Agreement or Company Pledge Agreement shall so assert, (ii) the Lien created by the Pledge Agreement or Company Pledge Agreement shall cease to be or not be enforceable and of the same effect and priority purported to be created thereby, or (iii) any Person shall have (or the Operating Partnership shall assert that any Person has) a right in the Pledged Junior Bonds prior to or equal to that of the Administrative Agent on behalf of the Lenders; or

(m) Holdings or the UREs sell, assign, encumber as a security device or otherwise transfer any interest in the Subject Property, other than Liens securing that portion of the Assumed Debt due to Northwestern Mutual Life Insurance Company and Principal Mutual Life Insurance Company; or

(n) If any of the partnership interests or capital stock (as applicable) of the Operating Partnership, Holdings, any URE or any G.P. Sub shall be sold, assigned or otherwise transferred or if a security interest or other encumbrance shall be granted or otherwise acquired therein or with respect thereto, except to the Administrative Agent for the benefit of Lenders as provided in this Agreement and the Credit Facility Documents; or

(o) Holdings, any URE or any G.P. Sub shall create, incur or suffer to exist any Indebtedness of such Person, other than Indebtedness due to Lenders pursuant to this Agreement or, with respect to Holdings or any URE, the Assumed Debt of such person as described in the definition of Assumed Debt under Section 1.01 and further except for the Contingent Consideration Liability; or

(p) The ratio of EBITDA to Debt Service for the REIT Group is less than 2 to 1; or

(q) The REIT Group's Net Worth is less than \$175,000,000 at any time; or

(r) The ratio of the Total Debt to Total Assets for the REIT Group is greater than .6 to 1; or

(s) The Company creates, incurs or suffers to exist any Lien, charge or encumbrance on the Pledged Stock described in the Company Pledge Agreement; or

(t) Any Default or Event of Default occurs under the Existing Credit Facility Documents;

THEREUPON: (1) in the case of an Event of Default other than one referred to in clause (h) or (i) of this Article IX, either or both of the following actions may be taken: (i) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the Administrative Agent shall, by notice to the Operating Partnership declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the Administrative Agent shall, by notice to the Operating Partnership, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes to be due and payable forthwith, whereupon the same shall immediately become due

and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Operating Partnership; and (2) in the case of the occurrence of an Event of Default referred to in clause (h) or (i) of this Article IX, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes shall immediately become due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Operating Partnership.

ARTICLE X.
THE ADMINISTRATIVE AGENT

SECTION X.01. Appointment. The general administration of the Credit Facility Documents and any other documents contemplated by this Agreement shall be by the Administrative Agent or its designees. Each Lender hereby irrevocably designates and appoints PSC as the Administrative Agent of such Lender under this Agreement and the other Credit Facility Documents, and each such Lender irrevocably authorizes PSC as the Administrative Agent for such Lender, at its discretion, to take or refrain from taking such action on its behalf under the provisions of this Agreement and the other Credit Facility Documents and to exercise or refrain from exercising such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Facility Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Facility Document or otherwise exist against the Administrative Agent.

SECTION X.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Credit Facility Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION X.03. Exculpatory Provisions.

(a) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Credit Facility Document, or responsible to the Lenders or to any of them for the consequences of any oversight or error of judgment, or for any loss, unless the same shall happen through its or such Person's own gross negligence or willful misconduct, or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Operating Partnership or any officer thereof contained in this Agreement or any other Credit Facility Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with this Agreement or any other Credit Facility Document or for the due execution, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the Notes, or any other Credit Facility Document, or for the perfection of any security interest contemplated by this Agreement, any Credit Facility Document or any related agreement, document or order, or for the designation or failure to designate this transaction as a "Highly Leveraged Transaction" for regulatory purposes, or for any failure of the Operating Partnership to perform its obligations hereunder or under any other Credit Facility Document. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or terms or conditions of, this Agreement or any other Credit Facility Document or to inspect the Property, books or records of the Operating Partnership.

(b) Neither the Administrative Agent nor any of its directors, officers, employees, or agents shall have any responsibility to the Operating Partnership on account of the failure or delay in performance or breach by any of the Lenders or the Operating Partnership of any of their respective obligations under this Agreement or the Notes or any related agreement or document or in connection herewith or therewith.

SECTION X.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, teletype, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and it shall be entitled to rely upon advice and statements of legal counsel (including, without limitation, counsel to the Operating Partnership), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully

justified in failing or refusing to take any action under this Agreement or any other Credit Facility Document unless it shall first receive such advice or concurrence of the Majority Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the Notes and the other Credit Facility Documents in accordance with a request of the Majority Lenders, and any such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

SECTION X.05. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Operating Partnership pursuant to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders; provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

SECTION X.06. Non-Reliance on Administrative Agent and Other Lenders.X. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorney-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Operating Partnership, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and

investigation into the business, operations, Property, financial and other condition and creditworthiness of the Operating Partnership and made its own decision to make Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Facility Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, Property, condition (financial or otherwise), prospects or creditworthiness of the Operating Partnership. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, Property, condition (financial or otherwise), prospects or creditworthiness of the Operating Partnership which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION X.07. Reimbursement and Indemnification Each of the Lenders severally agrees (i) to reimburse the Administrative Agent, in the amount of its proportionate share, for any expenses and fees incurred for the benefit of the Lenders under the Credit Facility Documents, including, without limitation, counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, and any other expense incurred in connection with the operations or enforcement thereof not reimbursed by the Operating Partnership or one of its Subsidiaries, and (ii) to indemnify the Administrative Agent and any of its directors, officers, employees or agents, upon demand (to the extent not reimbursed by the Operating Partnership and without limiting the obligation of the Operating Partnership to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section 10.07 (or, if indemnification is sought after the Maturity Date, ratably according to the amount of outstanding Loans held by each Lender on the Maturity Date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against it or them in any way relating to or arising out of this Agreement, any of the other Credit Facility Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by it or them under or in connection with any of the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the gross negligence or willful misconduct of the Person seeking indemnification. The agreements in this Section 10.07 shall survive the payment of the Notes and all other amounts payable

hereunder.

SECTION X.08. Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Operating Partnership as though the Administrative Agent were not the Administrative Agent hereunder and under the other Credit Facility Documents. With respect to its Loans made or renewed by it and any Note issued to it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Credit Facility Documents as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

SECTION X.09. Successor Administrative Agent.

(a) The Administrative Agent and the Collateral Holder may resign as Administrative Agent and Collateral Holder at any time by giving written notice thereof to the Lenders. If the Administrative Agent or Collateral Holder shall resign as Administrative Agent or Collateral Holder, as the case may be, under this Agreement and the other Credit Facility Documents, then the Majority Lenders shall appoint from among the Lenders a successor agent or collateral holder for the Lenders, which successor agent shall be approved by the Operating Partnership, whereupon such successor agent or collateral holder shall succeed to the rights, powers and duties of the Administrative Agent or Collateral Holder, as the case may be, and the terms "Administrative Agent" or "Collateral Holder" shall mean such successor agent or collateral holder effective upon such appointment and approval, and the former Administrative Agent's or Collateral Holder's rights, powers and duties as Administrative Agent or Collateral Holder, as the case may be, shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or Collateral Holder or any of the parties to this Agreement or any holders of the Notes. If no successor Administrative Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment, within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation, the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, with the consent of the Operating Partnership, which will not be unreasonably withheld, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$250,000,000. After any retiring Administrative Agent's or Collateral Holder's resignation, the provisions of this Article X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Collateral Holder, as the case may be, under this Agreement and the other Credit Facility Documents.

(b) PSC may at any time and from time to time assign to any of its Affiliates all or any part of its rights or obligations as Administrative Agent and/or Collateral Agent under this Agreement, the Notes and the other Credit Facility Documents. Any such assignment shall not be deemed a resignation for purposes of Section 10.09(a).

SECTION X.10. Collateral Holder.

(a) Except for action expressly required of the Collateral Holder hereunder and under the other Credit Facility Documents, the Collateral Holder shall in all cases be fully justified in refusing to act hereunder and thereunder unless it shall be further indemnified to its satisfaction by the Lenders proportionately in accordance with the Obligations then due and payable to each of them against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

(b) Except as expressly provided herein, the Collateral Holder shall have no duty to take any affirmative steps with respect to the collection of amounts payable in respect of the Collateral. The Collateral Holder shall incur no liability as a result of any private sale of the Collateral.

(c) The Lenders hereby consent, and agree upon written request by the Collateral Holder, to execute and deliver such instruments and other documents as the Collateral Holder may deem desirable to confirm such consent, to the release of the Liens and security interests in the Collateral, including any release in connection with any sale, transfer or other disposition of the Collateral or any part thereof in accordance with the Credit Facility Documents.

(d) The Collateral Holder shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Holder accords its own Property, it being understood that neither the Collateral Holder nor any Lender shall have responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Holder or any Lender has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral.

MISCELLANEOUS

SECTION XI.01. No Waiver; Cumulative Remedies. No failure on the part of the Administrative Agent or any Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement or any other Credit Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement or any other Credit Facility Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, remedies, powers and privileges provided herein are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION XI.02. Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three (3) days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Operating Partnership and the Administrative Agent, and as set forth in Schedule II in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Operating Partnership: Cali Realty, L.P.
11 Commerce Drive
Cranford, New Jersey 07016
Attention: Barry Lefkowitz
Telecopy: (908) 272-6755

With a copy to: Pryor, Cashman, Sherman & Flynn
410 Park Avenue
New York, New York 10022
Attention: Jonathan A. Bernstein, Esq.
Telecopy: (212) 326-0806

The Administrative Agent: Prudential Securities Credit Corp.
One New York Plaza
New York, New York 10292
Attention: Norman Chaleff
Telecopy: (212) 778-4312

With copies to: Prudential Securities Incorporated
One New York Plaza
New York, New York 10292
Attention: Richard K. Gupta
Telecopy: (212) 778-4389

Prudential Securities Incorporated
One New York Plaza
New York, New York 10292
Attention: Kenneth M. Leavy
Telecopy: (212) 778-2132

Prudential Securities Incorporated
One New York Plaza
New York, New York 10292
Attention: Michael Moore
Telecopy: (212) 778-4312

With a copy (except in the case of notice of Borrowings made under Section 4.04) to: Morrison & Hecker L.L.P.
2600 Grand Avenue
Kansas City, Missouri 64108
Attn: Gerald D. Weidner
Telecopy: (816) 474-4208

provided, however, that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Section 2.02, 2.05, 2.06, 2.08, 2.09, and 2.10 or 4.01(b) shall not be effective until received.

SECTION XI.03. Expenses. The Operating Partnership agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket third party costs and expenses incurred in connection with the development, preparation and execution of, any amendment, supplement, extension or modification to, or waiver of, this Agreement, the Notes and the other Credit Facility Documents and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated thereby, and any term loan or credit facility made by Lenders or any Third Party to refinance the Loans, including, without limitation, the reasonable fees and disbursements of counsel, (b) to pay or reimburse each Lender and the Administrative Agent for all its reasonable costs and expenses including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent and to the several Lenders and the reasonable fees and disbursements of technical and other consultants to the Administrative Agent, incurred in connection with (i) the enforcement or preservation of any rights under this Agreement, the Notes and the other Credit Facility Documents and any such other documents, (ii) any

Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring or "work-out" (whether or not consummated) of the obligations of the Operating Partnership hereunder and (iii) the enforcement of this Section 11.03, (c) to pay, indemnify and hold each Lender and the Administrative Agent harmless from any and all recording and filing fees which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes and the other Credit Facility Documents and any such other documents, (d) to pay all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement, the Notes or the other Credit Facility Documents, or any related documents, and (e) all costs, fees and expenses (including fees of the Auditors) associated with determining the Market Rate or Market Maturity.

The Operating Partnership hereby agrees (i) to indemnify the Administrative Agent and each Lender and each of their respective directors, officers, employees, attorneys and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them (including, without limitation, any and all losses, liabilities, claims, damages or expenses incurred by the Administrative Agent and each Lender, whether or not the Administrative Agent or Lender, as the case may be, is a party thereto) arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to the Loans hereunder or any actual or proposed use by the Operating Partnership of the proceeds of any of the extensions of credit hereunder, including, without limitation, the reasonable

fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified), and (ii) not to assert any claim against the Administrative Agent or Lenders, any of their respective Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive (as opposed to actual) damages arising out of or otherwise relating to any of the transactions contemplated herein.

The agreements in this Section 11.03 shall survive repayment of the Notes and all other amounts payable hereunder and any termination or expiration of any of the Credit Facility Documents.

SECTION XI.04. Amendments Neither this Agreement, any Note or any other Credit Facility Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.04. The Majority Lenders may, on behalf of all Lenders, or, with the written consent of the Majority Lenders, the Administrative Agent may, from time to time, (i) enter into with the Operating Partnership written amendments, supplements or modifications hereto and to the Notes and the other Credit Facility Documents for the purpose of adding any provisions to this Agreement, the Notes or the other Credit Facility Documents or changing in any manner the rights of the Lenders or of the Operating Partnership, hereunder or thereunder, or (ii) waive, on such terms and conditions as the Majority Lenders or the Administrative Agent, as the case may be, may specify, in such instrument, any of the requirements of this Agreement, the Notes or the other Credit Facility Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall:

(a) reduce the amount or extend the scheduled date of maturity (except pursuant to Section 2.10(a)(i)(A)) of any Note or of any installment thereof, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the consent of each Lender directly affected thereby;

(b) (i) amend, modify or waive (A) any provision of this Section 11.04 or (B) any provision of Sections 2.06 or 2.07; (ii) consent to the assignment or transfer by the Operating Partnership of any of its rights and obligations under this Agreement and the other Credit Facility Documents; or (iii) reduce the percentage specified in the definition of Majority Lenders, in each case without the written consent of all the Lenders; or

(c) amend, modify or waive any provision of Article X without the written consent of the then Administrative Agent.

Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Operating Partnership, the Lenders, the Administrative Agent and all future holders of the Notes. In the case of any waiver, the Operating Partnership, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Notes and any other Credit Facility Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or

other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding anything to the contrary contained herein, the Administrative Agent may amend Schedule I or Schedule II hereto to reflect the addition or deletion of Lenders in accordance with the provisions hereof and, upon any such amendment, the Administrative Agent shall deliver a revised Schedule I and Schedule II to each of the Operating Partnership and the Lenders.

SECTION XI.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Operating Partnership, the Lenders, the Administrative Agent, all future holders of the Notes and their respective successors and permitted assigns.

SECTION XI.06. Assignments and Participations.

(a) The Operating Partnership may not assign or transfer any of its rights or obligations under this Agreement, the Notes or any other Credit Facility Document without the prior written consent of each Lender.

(b) Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more Lenders or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Credit Facility Documents; provided, however, that prior to any such sale by any Lender to any Participant, such Lender shall provide written notice to the Operating Partnership of such Lender's intention to sell a participating interest to such Participant and the name of such Participant. In the event of any such sale by a Lender of a participating interest to a Participant, (i) such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible for the performance thereof, (iii) such Lender shall remain the holder of any such Note for all purposes under this Agreement and the other Credit Facility Documents, (iv) the Operating Partnership and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Credit Facility Documents, and (v) such Participant shall have no right to enforce the obligations of the Operating Partnership or any of its Subsidiaries relating to the Loans hereunder (other than under Section 5.01) or to approve (or refrain from approving) any amendment, modification or waiver of any provision of this Agreement (other than any amendment, modification or waiver decreasing any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loans, extending any scheduled installment of the Loans or any date scheduled for payment of interest on the Loans or any fees, extending the Commitments or relating to the release of all or substantially all the Collateral; provided further, however, in the case of any of the foregoing, that the interests held by such Participant are directly affected by such amendment, modification or waiver). The Operating Partnership agrees that if amounts outstanding under this Agreement and the Notes are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Note; provided further, however, that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 11.07 as fully as if it were a Lender hereunder. The Operating Partnership also agrees that each Participant shall be entitled to the benefits of Sections 5.01, 5.05, 5.06 and 11.03(b)(i) with respect to its participation in the Commitments and the Loans outstanding from time to time as if it was a Lender; provided further, however, that (A) such Participant shall have complied with the requirements of said Sections and of Section 5.07 (as if such Participant were, for purposes of said Section 5.07, a Lender hereunder), and (B) no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred. Each Participant will agree to keep information confidential to the same extent as the transferor Lender was so required.

(c) Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time and from time to time assign to any of its Affiliates or to any Lender or any Affiliate thereof or to an additional lender or financial institution (an "Assignee") all or any part of its rights and obligations under this Agreement, the Notes and the other Credit Facility Documents pursuant to an Assignment and Acceptance, substantially in the form of Exhibit D, executed by such Assignee, such assigning Lender and, in the case of an Assignee that is not then a Lender or an Affiliate thereof, by the Administrative Agent and delivered to the Administrative Agent for its acceptance and recording in the Register; provided, however, that, except (i) in the case of an assignment to another Lender, or (ii) with the consent of the Operating Partnership, each such assignment shall be in an amount equal to not less than \$5,000,000; provided, further, that prior to any such assignment by any Lender to any Assignee, such Lender shall provide written notice to the Operating Partnership of such Lender's intention to make an assignment to such

Assignee and the name of such Assignee. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (A) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (B) the assigning Lender hereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be party hereto). Notwithstanding anything to the contrary contained herein, an Assignee shall be entitled to the benefits of Sections 5.01 and 5.05 only if it shall have complied with the requirements of said Sections (and also complied with the requirements of Section 5.07).

(d) The Administrative Agent shall maintain at its address referred to in Section 11.02 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Operating Partnership, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Operating Partnership or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an Assignee (and, if required under Section 11.06(c), by the Operating Partnership and/or the Administrative Agent) together with payment by the assigning Lender of the Assignee to the Administrative Agent of a registration and processing fee of \$3,500, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance, and (ii) on the effective date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders and the Operating Partnership. On or prior to such effective date, the Operating Partnership, at its own expense, shall execute and deliver to the Administrative Agent (in exchange for the Note of the assigning Lender) a new Note to the order of such Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be dated the Closing Date and shall otherwise be in the form of the Note replaced thereby.

(f) The Operating Partnership authorizes each Lender to disclose to any Participant or Assignee (each, a "Transferee") and any prospective Transferee any and all financial information in such Lender's possession concerning the Operating Partnership and its Affiliates which has been delivered to such Lender by or on behalf of the Operating Partnership pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Operating Partnership in connection with such Lender's credit evaluation of the Operating Partnership and its Affiliates prior to becoming a party to this Agreement; provided, however, that no Lender shall be authorized to disclose such information to any Transferee or prospective Transferee unless such Transferee or prospective Transferee has agreed in writing to maintain the confidentiality of all confidential information provided to it (subject to customary exceptions, such as disclosure to officers, directors, professional advisors, regulators and similar Persons, disclosure pursuant to law or legal process, disclosure following the public dissemination of such information by another Person and disclosure of information provided to such Transferee or prospective Transferee by a third party); and provided further, however, that, notwithstanding anything to the contrary contained in this Agreement, neither the Administrative Agent nor any Lender shall be liable for any violation of the terms of the foregoing proviso by any other Lender or the Administrative Agent, as the case may be.

(g) Nothing herein shall prohibit any Lender from pledging or assigning any Note to any Federal Reserve Bank in accordance with applicable law.

SECTION XI.07. Adjustments. If any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, through the exercise of a right of bank's lien, setoff or counterclaim against the Operating Partnership, pursuant to events or proceedings of the nature referred to in Article IX(h), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall purchase at par for cash from the other Lenders a participating interest in such portion of each other Lender's Loan, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess

payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

SECTION XI.08. Survival. The obligations of the Operating Partnership under Sections 5.01, 5.04, 5.05 and 11.03 shall survive the repayment of the Loans and the termination of the Commitments. In addition, each representation and warranty made, or deemed to be made by a notice of any Loan hereunder, in the other Credit Facility Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the making of such representation and warranty, and the Lender shall not be deemed to have waived, by reason of making any Loan, any Default which may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that the Lender may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such Loan was made.

SECTION XI.09. Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

SECTION XI.10. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement with counterpart signature pages or in any number of separate counterparts, all of which taken together shall constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Operating Partnership and the Administrative Agent.

SECTION XI.11. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION XI.12. Integration. This Agreement and the other Credit Facility Documents represent the agreement of the Operating Partnership, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Credit Facility Documents.

SECTION XI.13. GOVERNING LAW. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION XI.14. Submission to Jurisdiction. The Operating Partnership hereby irrevocably and unconditionally:

(a) submits for itself and its Property in any legal action or proceeding relating to this Agreement and the other Credit Facility Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the nonexclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court or forum and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Operating Partnership at its address set forth in Section 11.02 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 11.14 any special, exemplary, punitive or consequential damages.

SECTION XI.15. Acknowledgments. The Operating Partnership hereby acknowledges that:

(a) it has been advised by counsel in the negotiation,

execution and delivery of this Agreement, the Notes and the other Credit Facility Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Operating Partnership arising out of or in connection with this Agreement or any of the other Credit Facility Documents, and the relationship between Administrative Agent and Lenders, on the one hand, and the Operating Partnership, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Credit Facility Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Operating Partnership and the Lenders.

SECTION XI.16. WAIVER OF JURY TRIAL. THE OPERATING PARTNERSHIP, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES, THE CREDIT FACILITY DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREIN, AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

Operating Partnership:

CALI REALTY, L.P.

By: Cali Realty Corporation,
its sole general partner

By:

Name:
Title:

Administrative Agent:

PRUDENTIAL SECURITIES CREDIT CORP.

By:

Name:
Title:

Lenders:

PRUDENTIAL SECURITIES CREDIT CORP.

By:

Name:
Title:

SCHEDULE I

COMMITMENTS

Lender - -----	Commitment Amount -----
Prudential Securities Credit Corp.	\$80,000,000
	----- \$80,000,000

SCHEDULE II

ADDRESSES FOR NOTICES

Lender: Prudential Securities Credit Corp.

<TABLE>
<CAPTION>

Funding Requests:

<S>

Other Matters:

<C>

=====

Prudential Securities Credit Corp.
 One New York Plaza
 New York, New York 10292
 Attention: Norman Chaleff
 Telecopy: (212) 778-4312
 Telephone: (212) 778-4114

Prudential Securities Credit Corp.
 One New York Plaza
 New York, New York 10292
 Attention: Normal Chaleff
 Telecopy: (212) 778-4312
 Telephone: (212) 778-4114

With copies to:

With copies to:

Prudential Securities Incorporated
 One New York Plaza
 New York, New York 10292
 Attention: Richard K. Gupta
 Telecopy: (212) 778-4389
 Telephone: (212) 778-5751

Prudential Securities Incorporated
 One New York Plaza
 New York, New York 10292
 Attention: Richard K. Gupta
 Telecopy: (212) 778-4389
 Telephone: (212) 778-5751

Prudential Securities Incorporated
 One New York Plaza
 New York, New York 10292
 Attention: Kenneth M. Leavy
 Telecopy: (212) 778-2132
 Telephone: (212) 778-6141

Prudential Securities Incorporated
 One New York Plaza
 New York, New York 10292
 Attention: Kenneth M. Leavy
 Telecopy: (212) 778-2312
 Telephone: (212) 778-6141

Prudential Securities Incorporated
 One New York Plaza
 New York, New York 10292
 Attention: Michael R. Moore
 Telecopy: (212) 778-4312
 Telephone: (212) 778-2641

Prudential Securities Incorporated
 One New York Plaza
 New York, New York 10292
 Attention: Michael R. Moore
 Telecopy: (212) 778-4312
 Telephone: (212) 778-2641

Morrison & Hecker L.L.P.
 2600 Grand Avenue
 Kansas City, Missouri 64108
 Attention: Gerald D. Weidner
 Telecopy: (816) 474-4208
 Telephone: (816) 691-2600

</TABLE>

SCHEDULE III

EXCESS QUALIFIED ASSET VALUE

<TABLE>
 <CAPTION>

Allocated Value of Assets

Property Name	Value
-----	-----
<S>	<C>
50 Tice Boulevard, Woodcliff Lake, NJ	\$ 21,577,000
325 Columbia Turnpike, Florham Park, NJ	17,370,000
65 Jackson Drive, Cranford, NJ	6,319,000
6 Commerce Drive, Cranford, NJ	2,955,000
11 Commerce Drive, Cranford, NJ	5,869,000
101 Eisenhower Parkway, Roseland, NJ	20,925,000
103 Eisenhower Parkway, Roseland, NJ	17,687,000
100 Walnut Avenue, Clark, NJ	23,112,000
777 Passaic Avenue, Clifton, NJ	2,230,000
20 Commerce Drive Cranford, NJ	17,385,000
95 Christopher Columbus Drive, Jersey City, NJ	105,374,000
Route 130, Delran (Tenby Chase), NJ	12,181,000

TOTAL VALUE	252,984,000
	=====

</TABLE>

MORTGAGE NOTE

\$42,087,513

New York, New York
November 4, 1996

FOR VALUE RECEIVED, CALI HARBORSIDE PLAZA I (FEE) ASSOCIATES L.P., a New Jersey limited partnership, having an address of 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter called "Maker"), promises to pay to U S WEST PENSION TRUST, INVESTMENT MANAGEMENT COMPANY, together with any future holder of this Note and their successors and assigns (hereinafter called "Payee"), or order, at BOSTON SAFE DEPOSIT AND TRUST COMPANY, as Trustee of the U S WEST PENSION TRUST, INVESTMENT MANAGEMENT COMPANY, Attn: Doug Cook, One Boston Place, One Cabot Road 028-004G, Medford, Massachusetts 02155, or at such other place as may be designated, from time to time, in writing by Payee, the principal sum of Forty-Two Million Eighty-Seven Thousand Five Hundred Thirteen Dollars (\$42,087,513) in lawful money of the United States of America, together with interest on the principal balance outstanding from time to time, as hereinafter provided.

1. Defined Terms. The following terms as used in this Note shall have the following meanings:

(a) The term "Guaranty" shall mean those certain Guaranty Agreements of even date herewith from Cali Realty Corporation, a Maryland corporation, and Cali Realty, L.P., a Delaware limited partnership (collectively, the "Guarantors"), for the benefit of Payee guaranteeing the full and prompt payment of this Note and performance of all of Maker's obligations with respect to this Note. Maker and Guarantors are jointly and severally liable hereunder.

(b) The term "Loan Documents" shall mean the Mortgage and the Other Security Documents.

(c) The term "Mortgage" shall mean that certain Mortgage, Assignment of Rents, Security Agreement and Financing Statement of even date herewith given by Maker to Payee as security for this Note encumbering certain property located in Hudson County, New Jersey, as more particularly described therein (the "Mortgaged Property"), as the same may hereafter be spread, released, extended, modified or amended from time to time.

(d) The term "Other Security Documents" shall mean all and any of the documents other than this Note or the Mortgage, now or hereafter executed by Maker or others, and by or in favor of Payee, which wholly or partially secure or guarantee payment of this Note.

(e) The term "Principal Balance" shall mean the outstanding principal balance of this Note from time to time outstanding.

2. Initial Interest Rate. The initial interest rate on this Note shall be six and 99/100 percent (6.99%) per annum ("Initial Interest Rate"). The Initial Interest Rate was calculated by adding 90 basis points to the Current Index, as hereinafter defined.

3. Calculation of Interest. Interest on this Note shall be computed on the basis of a 360-day year composed of twelve (12) 30-day months from the date of the advance until the Maturity Date (as hereinafter defined) and the actual number of days elapsed in the period for which interest is payable.

4. Interest Rate Adjustments and Payment Adjustments. The interest rate and payments under this Note shall be adjusted as follows:

(a) Change Dates. The interest rate charged under this Note shall be reset on November 4, 1999 ("First Change Date") (effective for monthly payments beginning on November 4, 1999 through November 3, 2002), and on November 4, 2002 ("Second Change Date") (effective for monthly payments beginning on November 4, 2002 through the Maturity Date of this Note). The First Change Date and the Second Change Date are hereinafter referred to collectively as the "Change Dates."

(b) The Index. On each Change Date, the interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of three (3) years as made available by the Federal Reserve Board. (The Index is currently made available in Statistical Release H-15). The most recent Index figure available as of the Change Date is called the "Current Index." If the Index is no longer available, the Payee will choose a new Index which is based on comparable information. The Payee will give Maker written notice of such choice.

(c) Calculation of Interest Rate. On the First Change Date, Payee will calculate the new interest rate by adding one hundred ten (110) basis points to the Current Index. On the Second Change Date, Payee will calculate the new interest rate by adding one hundred thirty (130) basis points to the Current

Index. The Initial Interest Rate and the interest rate as calculated on each Change Date shall be the "Current Interest Rate."

(d) Effective Date of Change. The Current Interest Rate will become effective on each Change Date. Maker will pay the amount of the new monthly payment beginning on the first payment date after each Change Date.

(e) Notice of Changes. Payee will deliver or mail to Maker a notice of any change in the interest rate and the amount of the new monthly payment within ten (10) calendar days after each Change Date.

5. Monthly Payments. Interest only on the outstanding Principal Balance shall be payable monthly in arrears beginning on the first day of the first calendar month after the first advance of principal under this Note and continuing on the first day of each subsequent month until January 1, 2006 (hereinafter referred to as the "Maturity Date"), on which date the entire unpaid Principal Balance and interest shall be due and payable in full. Notwithstanding the foregoing to the contrary, so long as Maker is not in default under this Note or under the Loan Documents, and as long as Maker does not give Payee notice of its intent to make an interest payment as hereinafter provided, any interest due and payable under this Note shall be added to the principal balance of this Note and, thereafter, bear interest at the Current Interest Rate then in effect; provided, however, that the amount of such accrued and unpaid interest for any monthly interest payment period during the term of this Note shall not exceed the amount set forth under the column entitled "Accreted Principal" on Exhibit A attached hereto and incorporated herein by this reference for each such interest payment period. In the event that Maker elects to pay any interest due with respect to any monthly interest payment, Maker shall provide Payee with written notice not less than three (3) days before any interest payment date of its election to pay any interest due and payable on such date.

6. Application of Payments. In the absence of any default or Event of Default under this Note or any of the other Loan Documents, all payments shall be applied first to the payment of interest, then to costs and expenses of collection incurred as a result of any default or Event of Default under this Note or any of the other Loan Documents, if any, then to late charges, if any, and then to the reduction of principal, so long as any default or Event of Default exists, payments may be applied in such manner as Payee may elect in Payee's sole discretion.

7. Right of Prepayment. The Principal Balance may be prepaid, in whole or in part, without penalty, upon Maker's giving Payee at least ten (10) days prior written notice, provided that any partial payments of principal shall be made in the amount of One Hundred Thousand Dollars (\$100,000.00), or any integral multiples thereof, and any partial prepayments shall be applied to installments in the inverse order of maturity. Any prepayments of the Principal Balance in full shall be accompanied by the amount of accrued and unpaid interest computed at the Current Interest Rate on the amount prepaid, together with all of the amounts then due and payable under any of the Loan Documents.

8. Defaults. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) if any portion of the Note is not paid on the date the same shall become due and payable, and such failure continues for five (5) days after delivery of written notice thereof to Maker;

(b) if Maker shall fail to pay or cause to be paid within twenty (20) days of notice and demand by Payee, any instalment of any assessment against the Mortgaged Property for local improvements heretofore or hereafter laid, which assessment is or may become payable in annual or periodic installments and is or may become a lien on the Mortgaged Property, notwithstanding the fact that such instalment may not be due and payable at the time of such notice and demand;

(c) if any Federal tax lien is filed against Maker or the Mortgaged Property and the same is not discharged of record within thirty (30) days; provided, however, Maker shall have the right to contest, at its own expense, by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the amount or validity of such tax lien, provided neither the Mortgaged Property nor any part thereof or interest therein will in the opinion of Payee be in danger of being sold, forfeited, terminated, lost or cancelled and, provided further, Maker shall have either set aside adequate reserves or shall have furnished such security as may be required in the proceeding, or as may be reasonably required by Payee;

(d) if without the consent of Payee any part of the Mortgaged Property or any interest therein is in any manner further encumbered, sold, transferred or conveyed in violation of the terms and provisions of Section 12 of the Mortgage, or if any Improvement or the Equipment (as defined in the Mortgage) (except for normal replacement of the Equipment or the renovation and construction of the Improvements) is removed, demolished or materially altered;

(e) if without the consent of Payee any of the Leases (as defined in the Mortgage) are made, cancelled or modified in violation of the terms and provisions of Section 8 of the Mortgage or if any portion of the Rents (as defined in the Mortgage) are paid for a period of more than one (1) month in advance or if any of the Rents are further assigned;

(f) if any representation or warranty of Maker, or of any Guarantor guaranteeing payment of the Note or any portion thereof or performance by Maker of any of the terms of this Note made herein or in any such guaranty, or in any certificate, report, financial statement or other instrument furnished in connection with the making of this Note, the Mortgage, or any such guaranty, shall prove false or misleading in any material respect;

(g) if Maker or any Guarantor shall make an assignment for the benefit of creditors;

(h) if a court of competent jurisdiction enters a decree or order for relief with respect to Maker or any Guarantor under Title 11 of the United States Code as now constituted or hereafter amended or under any other applicable Federal or state bankruptcy law or other similar law, or if such court enters a decree or order appointing a receiver, liquidator, assignee, trustee, sequestrator (or similar official) of Maker or any Guarantor, or of any substantial part of their respective properties, or if such court decrees or orders the winding up or liquidation of the affairs of Maker or any Guarantor and such order or decree is not vacated within sixty (60) days of entry;

(i) if Maker or any Guarantor files a petition or answer or consent seeking relief under Title 11 of the United States Code as now constituted or hereafter amended, or under any other applicable Federal or state bankruptcy law or other similar law, or if Maker or any Guarantor consents to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Maker or any Guarantor, or of any substantial part of their respective properties, or if Maker or any Guarantor fails generally to pay their respective debts as such debts become due, or if Maker or any Guarantor takes any action in furtherance of any action described in this subparagraph;

(j) if Maker or any other person shall be in default beyond any applicable grace or cure periods under the Note or under any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Note, in whole or in part, or otherwise executed and delivered in connection with this Note, the Mortgage or the loan evidenced and secured thereby;

(k) if Maker shall be in default beyond applicable grace or cure periods under any mortgage covering any part of the Mortgaged Property whether superior or inferior in lien to the Mortgage;

(l) if the Mortgaged Property shall become subject (i) to any tax lien, other than a lien for local real estate taxes and assessments not due and payable, or (ii) to any mechanic's, materialman's or other lien and such lien shall remain undischarged or unbonded for thirty (30) days after actual or constructive notice of such lien is received by Maker;

(m) if any claim of priority to the lien of the Mortgage, whether by title, lien or otherwise, is consented to by Maker or upheld by a court of competent jurisdiction;

(n) if Maker shall continue to be in default under any of the other terms, covenants or conditions of this Note or any of the other Loan Documents for five (5) days after notice from Payee in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Payee in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Maker shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Maker in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of one hundred eighty (180) days (unless a condition exists which is beyond Maker's control, in which case such period shall be extended for a period beyond such 180-day period as long as the Mortgaged Property and the value thereof is in no way jeopardized or threatened by such further extension); or

(o) If Maker shall fail to comply with the Environmental Requirements set forth in Section 44 of the Mortgage.

9. Security. This Note is secured by the Mortgage and the Other Security Documents. Any Event of Default under this Note shall constitute a Default or an Event of Default under the Loan Documents, and any Event of Default under any of the Loan Documents shall constitute an Event of Default under this Note. Upon the occurrence of any such Event of Default, the entire unpaid Principal Balance, accrued interest and other sums owing under this Note shall, at the option of Payee and subject to any grace period provided for in the Mortgage, become at once due and payable in full, without notice or demand,

and Payee shall have the option to foreclose or to require the foreclosure of any or all liens surviving the payment thereof and/or to exercise any other rights and remedies available to Payee hereunder or under any of the other Loan Documents, at law or in equity. The Principal Balance, interest and other sums due upon the maturity of this Note, by acceleration or otherwise, shall bear interest until paid in full at a rate per annum equal to the greater on a daily basis of (i) 20%; or (ii) 5% plus the Current Interest Rate, as defined in this Note; provided, however, that such interest rate shall in no event exceed the maximum interest rate which Maker may by law pay, for the period after notice from Payee that such costs or expenses were incurred to the date of payment to Payee ("Default Rate"). All such costs and expenses incurred by Payee pursuant to the terms of this Note, with interest, shall be secured by this Note.

10. Acceleration. Immediately upon or any time after the occurrence of an Event of Default hereunder or under any of the other Loan Documents, Payee, in its sole discretion may, without notice and demand, declare the Note to be immediately due and payable in full.

11. Waiver. Maker and all parties now or hereafter liable for payment of this Note, primarily or secondarily, directly or indirectly, and whether as endorser, guarantor, surety or otherwise, hereby severally (i) waive presentment for payment, demand, protest, notice of protest, notice of dishonor and all other notices and demands whatsoever, other than any notice which may be required pursuant to this Note and the Mortgage, (ii) consent to impairment or release of collateral, extensions of time for payment, and acceptance of late or partial payments before, at or after maturity, (iii) agree that Payee's acceptance of one or more partial payments after acceleration of the maturity of this Note will not constitute a waiver of such acceleration, regardless of any contrary notice or statement of condition which may accompany any such partial payment, (iv) waive any right to require Payee to proceed against any security for this Note before proceeding hereunder, (v) agree to pay on demand a late charge of five (5%) of any payment which is not paid within ten (10) days after the date due, and (vi) agree to pay all costs and expenses, including reasonable attorney fees, which may be incurred by Payee in collecting this Note or in enforcing and realizing upon any security for this Note.

12. Remedies Cumulative; Waiver. The remedies of Payee provided herein or in any of the other Loan Documents shall be cumulative and concurrent, may be pursued singularly, successively or together, at the sole discretion of Payee, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Payee, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Payee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event. Acceptance by Payee of any payment after the due date thereof shall not be deemed to be a waiver of any default with respect to such payment or an extension of the due date of any such payment or the due date of any other payment. Furthermore, acceptance by Payee of any payment in any amount less than the amount then due hereunder or under the other Loan Documents shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder or under the other Loan Documents.

13. Usury. This Note is subject to the express condition that at no time shall Maker be obligated or required to pay interest on the Principal Balance at a rate which could subject Payee to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Note Maker is at any time required or obligated to pay interest on the Principal Balance at a rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate and interest payable hereunder shall be computed at such maximum rate and the portion of all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the Principal Balance.

If Maker consists of more than one person or party, the obligations and liabilities of each such person or party hereunder shall be joint and several.

14. Applicable Law. The terms of this Note shall be governed and construed under the laws of the State of New Jersey.

15. Amendment. This Note may not be changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of such change or termination is sought.

16. Validity of Obligations. Maker (and the undersigned representative of Maker, if any) represents that Maker has full power, authority and legal right to execute and deliver this Note and that the debt hereunder constitutes a valid and binding obligation of Maker.

17. Headings and General Application. The section entitlements hereof are for convenience of reference only and shall in no way affect, modify, or define, or be used in construing the text of such section. Whenever used, the singular number shall include the plural, the plural the singular, and the words

"Payee," "Guarantors," and "Maker" shall include their respective successors and assigns.

18. Counting of Days. The term "days" when used herein shall mean calendar days. If any time period ends on a Saturday, Sunday or holiday officially recognized within which the Mortgaged Property is located, the period shall be deemed to end on the next succeeding business day.

19. Jurisdiction. Maker hereby consents to the personal jurisdiction of the state and federal courts of the States of New Jersey and New York.

20. Right of Offset. In the event that Plaza One Exchange Place Limited Partnership, Harborside Exchange Place Limited Partnership, Plaza II Urban Renewal Associates L.P., and Plaza III Urban Renewal Associates L.P. (collectively, the "Seller") as Seller of the Mortgaged Property, fails to pay the leasing and brokerage commissions as required by Section 4.2.8(iii) of the Agreement of Purchase and Sale dated September 11, 1996 between Seller and Maker, Payee hereby agrees that Maker shall be entitled to offset the amount of the payment stipulated in Maker's notice on a dollar-to-dollar basis against the next due payment of interest or principal due under this Note.

IN WITNESS WHEREOF, Maker has duly executed this Note as of the day and year first above written.

CALI HARBORSIDE PLAZA I (FEE) ASSOCIATES L.P.,
a New Jersey limited partnership

ATTEST: By: CALI SUB X, INC., a Delaware corporation,
general partner

Name: _____ By: _____
Title: [Asst.] Secretary Its: _____

[S E A L]

EXHIBIT A
(Accreted Principal)

Prepared by

ANDREW S. LEVINE, ESQ.

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is entered into October __, 1996 by and among PLAZA ONE EXCHANGE PLACE LIMITED PARTNERSHIP (formerly known as BT Exchange Place Limited Partnership), HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP, HARBORSIDE URBAN RENEWAL ASSOCIATES L.P., PLAZA II AND III URBAN RENEWAL ASSOCIATES L.P., PLAZA IV URBAN RENEWAL ASSOCIATES L.P., PLAZA V URBAN RENEWAL ASSOCIATES L.P., and PLAZA VI URBAN RENEWAL ASSOCIATES L.P., all New Jersey limited partnerships having an address c/o Lang Wootton Realty Advisors, 335 Madison Avenue, New York, New York 10017 (collectively "Assignors"), CALI HARBORSIDE (FEE) ASSOCIATES L.P., CAL-HARBOR II & III URBAN RENEWAL ASSOCIATES L.P., CAL-HARBOR IV URBAN RENEWAL ASSOCIATES L.P., CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P., CAL-HARBOR VI URBAN RENEWAL ASSOCIATES L.P. and CAL-HARBOR VII URBAN RENEWAL ASSOCIATES, L.P., all New Jersey limited partnerships having an address c/o Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 (collectively "Assignees"), and THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation having an address at 720 E. Wisconsin Avenue, Milwaukee, Wisconsin 53202 ("Northwestern"), and PRINCIPAL MUTUAL LIFE INSURANCE COMPANY, an Iowa corporation having an address at 711 High Street, Des Moines, Iowa 50392-0301 ("Principal"; Northwestern and Principal being collectively referred to herein as the "Lenders").

WITNESSETH:

WHEREAS, Lenders are the holders of:

(a) two (2) promissory notes dated December 5th, 1995 executed by Assignors in the aggregate sum of Twenty Million (\$20,000,000) Dollars (the "Plaza I Notes"); and

(b) two (2) promissory notes dated December 5th, 1995 executed by Assignors in the aggregate sum of One Hundred Ten Million (\$110,000,000) Dollars (the "Plaza II/III Notes"); and

WHEREAS, the Plaza II/III Notes are secured by:

(a) that certain Mortgage and Security Agreement dated December 4th, 1995 made by Assignors in favor of Lenders and recorded December 7, 1995 in the Office of the Hudson County Clerk in Mortgage Book 5805, Page 240 (the "Mortgage"); and

(b) that certain Absolute Assignment of Leases and Rents dated December 4, 1995 made by Assignors in favor of Lenders and recorded on December 7, 1995 in the Office of the Hudson County Clerk in Mortgage Book 5805, page 322 (the "Assignment"); and

(c) those certain UCC-1 Financing Statements listed on Exhibit A annexed hereto (the "UCC-1s"; the Plaza II/III Notes, the Mortgage, the Assignment and the UCC-1s being collectively referred to herein as the "Loan Documents").

WHEREAS, the Plaza I Notes are to be satisfied, and Lenders are releasing the property described on Exhibit B annexed hereto (the "Plaza I Property") from the lien of the Mortgage and the Assignment; and

WHEREAS, it is the intention of the parties hereto that Assignors shall assign, and Assignees shall assume, all rights and obligations under the Loan Documents.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Assignors hereby grant, transfer and assign unto Assignees all right, title and interest of Assignors in and to the Loan Documents as of the date hereof.
2. Assignees hereby assume and agree to perform and be bound by the terms, covenants, conditions and obligations accruing under the Loan Documents as of the date hereof, subject to the terms of this Agreement.
3. Lender hereby acknowledges and consents to the assignment made by Assignors to Assignees and the assumption made by Assignees pursuant to this Agreement.
4. The Mortgage is hereby modified as follows:

(a) the term "US WEST Pension Trust" shall be deleted in its entirety and replaced with "Cali Realty Corporation or Cali Realty, L.P."

(b) In the Section of the Mortgage entitled "Financial Statements", the paragraph beginning with the words "The Audited Statements" on page 33 is hereby deleted and replaced with the following:

"The Audited Statements shall (i) be prepared based upon generally accepted accounting principles by a certified public accountant satisfactory to Mortgagee, and the expense thereof shall be borne by Mortgagors, and (ii) include or be accompanied by a written statement by the accountants preparing or opining in regard to such Audited Statements, in form and substance satisfactory to Mortgagee, in the manner contemplated by New Jersey P.L. 1995, c.49, that such accountants know that Mortgagee shall receive and rely upon such Audited Statements."

5. Assignees acknowledge that the transfer of the Plaza II/III Property to the Assignees is the one-time transfer permitted by the Due on Sale provision of the Mortgage and that no subsequent transfers of the Plaza II/III Property or Changes in the Proportionate Ownership of Purchaser is allowed by the Mortgage.

6. This Agreement shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and permitted assigns.

7. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. The invalidity or unenforceability of any term or provision hereof shall not render invalid or unenforceable any other term or provision hereof, all of which shall remain in full force and effect. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey. This Agreement may not be amended except by a written agreement signed by the party to be bound. All terms used herein and not otherwise defined shall have the meaning ascribed in the Mortgage.

8. Pursuant to the "Due on Sale" Section of the Mortgage, the Lenders hereby agree and acknowledge that the Assignors, as Mortgagors and Borrowers under the Loan Documents, are released from liability under the Loan Documents, except for the Environmental Indemnity Agreement and the "Recourse Obligations", as defined in the Plaza I Notes and the Plaza II/III Notes.

9. This Agreement may be executed in one or more counterparts, each which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

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

ASSIGNORS:

PLAZA ONE EXCHANGE PLACE
LIMITED PARTNERSHIP

By: One Harborside Corp.,
general partner

By: _____
Name:
Title:

HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP

By: Two Harborside Corp.,
general partner

By: _____
Name:
Title:

HARBORSIDE URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

PLAZA II AND III URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,

general partner

By: _____
Name:
Title:

PLAZA IV URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

PLAZA V URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

PLAZA VI URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

ASSIGNEES:

CALI HARBORSIDE (FEE) ASSOCIATES, L.P.

By: Cali Sub X, Inc.,
general partner

By: _____
Name:
Title:

CAL-HARBOR II & III URBAN RENEWAL ASSOCIATES L.P.

By: Cali Sub X, Inc.,
general partner

By: _____
Name:
Title:

CAL-HARBOR IV URBAN RENEWAL ASSOCIATES L.P.

By: Cali Sub X, Inc.,
general partner

By: _____
Name:
Title:

CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P.

By: Cali Sub X, Inc.,
general partner

By: _____
Name:
Title:

CAL-HARBOR VI URBAN RENEWAL ASSOCIATES L.P.

By: Cali Sub XI, Inc.,
general partner

By: _____
Name:
Title:

CAL-HARBOR SO. PIER URBAN RENEWAL ASSOCIATES L.P.

By: Cali Sub XI, Inc.,

general partner

By: _____
Name:
Title:

CAL-HARBOR NO. PIER URBAN RENEWAL ASSOCIATES L.P.

By: Cali Sub XI, Inc.,
general partner

By: _____
Name:
Title:

CAL-HARBOR VII URBAN RENEWAL ASSOCIATES, L.P.

By: Cali Sub XI, Inc.,
general partner

By: _____
Name:
Title:

ASSIGNOR:

PLAZA ONE EXCHANGE PLACE
LIMITED PARTNERSHIP

By: One Harborside Corp.,
general partner

By: _____
Name:
Title:

HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP

By: Two Harborside Corp.,
general partner

By: _____
Name:
Title:

HARBORSIDE URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

PLAZA II AND III URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

PLAZA IV URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

PLAZA V URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,
general partner

By: _____
Name:
Title:

PLAZA VI URBAN RENEWAL ASSOCIATES L.P.

By: One Exchange Place Corporation,

general partner

By: _____
Name:
Title:

LENDER:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

PRINICIPAL MUTUAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

State of _____)
County of _____)ss.:
_____)

On the ___ day of October in the year 1996 before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he resides in _____; that he is the _____ of THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

Notary Public

My Commission Expires: _____ (Notarial Seal)

State of _____)
County of _____)ss.:
_____)

On the ___ day of October in the year 1996 before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he resides in _____; that he is the _____ of PRINCIPAL MUTUAL LIFE INSURANCE, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

Notary Public

My Commission Expires: _____ (Notarial Seal)

State of New York _____)
County of New York _____)ss.:
_____)

On the ___ day of October in the year 1996 before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he resides in _____; that he is the _____ of the _____, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

Notary Public

My Commission Expires: _____ (Notarial Seal)

State of _____)
_____)ss.:

County of

)

On the ___ day of October in the year 1996 before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he resides in _____; that he is the _____ of the _____, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

Notary Public

My Commission Expires:

(Notarial Seal)

MANAGEMENT AGREEMENT

between

Cali Harborside (Fee) Associates L.P., Cali Harborside Plaza I (Fee) Associates L.P., Plaza II and III Urban Renewal Associates L.P., Cal-Harbor II & III Urban Renewal Associates L.P., Plaza IV Urban Renewal Associates L.P., Cal-Harbor IV Urban Renewal Associates L.P., Plaza V Urban Renewal Associates L.P., Cal-Harbor V Urban Renewal Associates L.P., Plaza VI Urban Renewal Associates L.P., Cal-Harbor VI Urban Renewal Associates L.P., Harborside Exchange Place Limited Partnership, Cali-Harbor VII Urban Renewal Associates L.P., North Pier Urban Renewal Associates L.P., Cal-Harbor No. Pier Urban Renewal Associates L.P., South Pier Urban Renewal Associates L.P., and Cal-Harbor So. Pier Urban Renewal Associates L.P.

and

Institutional Realty Management, LLC, Manager

PROPERTY: Harborside Financial Center
Jersey City, New Jersey

DATE: November 4, 1996

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- BASIC INFORMATION SHEET

The following Basic Information is hereby incorporated into the Management Agreement as though set out in full therein:

- I. Effective Date: November 4 , 1996
- II. Owner: Cali Harborside (Fee) Associates L.P., a New Jersey limited partnership, Cali Harborside Plaza I (Fee) Associates L.P., a New Jersey limited partnership, Plaza II and III Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor II & III Urban Renewal Associates L.P., a Delaware limited partnership, Plaza IV Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor IV Urban Renewal Associates L.P., a New Jersey limited partnership, Plaza V Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor V Urban Renewal Associates L.P., a New Jersey limited partnership, Plaza VI Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor VI Urban

Renewal Associates L.P., a New Jersey limited partnership, Harborside Exchange Place Limited Partnership, a New Jersey limited partnership, Cali-Harbor VII Urban Renewal Associates L.P., a New Jersey limited partnership, North Pier Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor No. Pier Urban Renewal Associates L.P., a New Jersey limited partnership, South Pier Urban Renewal Associates L.P., a New Jersey limited partnership, and Cal-Harbor So. Pier Urban Renewal Associates L.P., a New Jersey limited partnership,

- III. Owner's Address : c/o Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Attn: Roger W. Thomas, Esq.
- IV. Manager: Institutional Realty Management, LLC
- V. Manager's Address: 13760 Noel Road
Suite 905
Dallas, TX 75240
- VI. Initial Term: 18 months commencing on the Effective Date.
- VII. Property Description: The parcel of land and improvements thereon commonly known as Harborside Financial Center, Jersey City, New Jersey, such parcel of land being more particularly described in Exhibit A attached to the Management Agreement.

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made as of the Effective Date by and between Owner and Manager.

RECITALS:

OWNER AND MANAGER ENTER THIS AGREEMENT on the basis of the following facts, understandings and intentions:

A. Owner has recently acquired the Property.

B. Manager managed the Property prior to its acquisition by Owner.

C. To ease the ownership transition, Owner desires to retain the services of Manager, as an independent contractor, as manager of the Property with responsibilities for managing and supervising the operation, maintenance, and servicing of the Property, and Manager wishes to provide such services, all as provided herein.

NOW THEREFORE, in consideration of the foregoing and of the full and faithful performance by Manager and Owner of all the terms, conditions, and obligations imposed upon Manager and Owner hereunder, respectively, Manager and Owner agree as follows:

1. Appointment of Manager. Owner hereby appoints Manager as manager of the Property with the responsibilities and upon the terms and conditions set forth herein, and Manager hereby accepts such appointment.

2. Management Services

2.1 Orientation. Manager has (i) all books and records respecting the operation of the Property, (ii) all personal property on or within the Property belonging to (or leased by) Owner, if any, (iii) all current and future tenant leases and related agreements, (iv) all warranties, guaranties and service contracts and agreements relating to the Property, (v) any and all development agreements, permits, approvals, and certificates of occupancy relating to the Property, and (vi) all other contracts, agreements and other documents relating to the operation, maintenance and servicing of the Property that Manager may require from time to time in order to discharge its duties under this Agreement (such items (i) and (iii)-(vi), inclusive, being sometimes hereinafter together referred to as the "Basic Documents").

2.2 Management of Property. Manager shall devote its commercially reasonable efforts consistent with first-class professional management as manager of the Property, and shall perform its duties hereunder in accordance with the Operating Budget and in a reasonable, diligent, and careful manner so as to manage and supervise the operation, maintenance, and servicing of the Property in a manner that is comparable to the manner in which Manager managed the Property for the previous owner. Manager agrees to cooperate with Owner in the management and operation of the Property.

2.3 Specific Duties of Manager. Without limiting the duties and obligations of Manager under any other provisions of this Agreement, Manager shall have the following duties and perform the following services:

2.3.1 Repairs and Maintenance. In accordance with and subject to the Operating Budget, Manager shall cause to be made all repairs and shall cause to be performed all maintenance on the buildings, appurtenances and grounds of the Property as are required to maintain the Property in such condition and repair (and in compliance with applicable codes) that is comparable to the condition in which the Property was maintained by its previous owner, and such other repairs as may be required to be made under the leases and other Basic Documents. Subject to the terms of Section 4 below, Manager may enter into such service, cleaning and maintenance (including preventative maintenance) contracts necessary or appropriate for the operation and maintenance of the Property and the performance of Manager's duties hereunder, including without limitation contracts to service the equipment and systems located in or serving the Property (including the elevators, escalators and telephones therein, if any), contracts for landscape maintenance, and contracts to supply utilities, rubbish removal, fuel, security services and vermin extermination. To the extent that Owner is obligated to perform such obligations under any tenant lease or the Basic Documents, Manager shall use its commercially reasonable efforts to keep or cause to be kept all sidewalks, parking areas and other common areas of the Property free from cracks, snow, ice, excess water, debris and other accumulations, and shall cause any rubbish or other debris to be removed therefrom.

2.3.2 Rents, Billings and Collections. Manager shall be responsible for the monthly billing of rents and all other charges due from tenants to Owner with respect to the Property, including, without limitation the calculation of all components of rent due, and the preparation and distribution of monthly billing statements. Manager shall instruct the tenants of the Property to pay all rent and other such payments in accordance with instructions to be provided by Owner. Manager shall use its commercially reasonable efforts to collect all such rents and other charges when due, other than security deposits. Manager shall not collect more than one month's rent in advance unless approved in writing by Owner. Manager shall notify Owner of any delinquent rents or defaults under the leases, and shall advise Owner of Manager's best judgment of the appropriate course of action in collecting any such delinquent rent and/or remedying any such tenant defaults.

2.3.3 Obligations Under Basic Documents; Disbursement Account. Manager shall supervise and use its commercially reasonable efforts to cause Owner's performance and compliance, duly and punctually, with all of the obligations, terms and conditions required to be performed or complied with by Owner under the Basic Documents relating to the operation, maintenance and servicing of the Property, including, without limitation (but subject to the remainder of this Section), the timely payment of all sums required to be paid thereunder, all to the end that Owner's interest in the Property and its interests (including without limitation its interests as landlord under the leases) shall be preserved and no default chargeable to Owner shall occur under the Basic Documents. Within five (5) days after the execution of this Agreement, Owner shall provide funds to Manager to be deposited in a separate checking account approved or opened by Owner (the "Disbursement Account"). From the Disbursement Account, Manager shall pay all ordinary or necessary expenses of the Property. Within ten (10) days following presentation to Owner of a check register report (each, a "Funding Request"), Owner shall cause the Disbursement Account to be funded to the amount necessary for Manager to pay all ordinary or necessary expenses for the upcoming month, and all other expenses incurred by Manager on Owner's behalf that are authorized by the terms of this Agreement, all as described in each Funding Request but subject to the Operating Budget, and any other expenses Owner shall approve or direct Manager to pay. Owner agrees to maintain a minimum of \$25,000 in the Disbursement Account at all times. The Management Fee shall be payable as set forth in Section 5.1.

All disbursement bank accounts shall be established by Owner for the Property and shall be in the name of Owner and have the Owner and Manager or Owner's and Manager's designated representatives as signatories. Two signatories shall be required to make withdrawals from the Disbursement Account, provided however, that the signature of Owner or Owner's designated representative alone, shall be sufficient to make withdrawals from the Disbursement Account. Owner shall notify Manager of any withdrawals made by Owner from the Disbursement Account. Manager shall not establish any banking accounts for the Property without prior approval by Owner.

Notwithstanding anything to the contrary contained in this Agreement, Manager shall have no obligation to perform any task otherwise required of Manager under this Agreement if the cost thereof is to be funded by Owner and Owner fails to provide such funding; and under no circumstances shall Manager be required to advance funds on Owner's behalf in order to pay any expense of the Property.

2.3.4 Equipment and Supplies. Manager shall make all arrangements for the furnishing to the Property of utility, maintenance and other services and for the acquisition of equipment and supplies necessary for the management, operation, maintenance and servicing of the Property as required under the Basic Documents and this Agreement. Manager shall use best efforts to obtain for Owner, all rebates, discounts or other incentives pertaining to the furnishing to the Property of such utility, maintenance and other services and

for the acquisition of such equipment and supplies.

2.3.5 Tax Assessments. If requested by Owner, Manager shall cause all real and personal property taxes to be paid when due and engage an independent tax consultant for purposes of reviewing, and if appropriate, contesting, either the validity or the amount thereof. In the event Owner retains, at Owner's sole expense (whether directly or through Manager as provided above) an independent tax consultant or tax counsel, Manager shall diligently cooperate with such tax consultant or tax counsel as requested by such tax consultant or tax counsel.

2.3.6 Owner's Insurance. If requested by Owner, at Owner's expense, Manager shall cause to be placed and kept in force all forms of insurance required by law or otherwise requested by Owner from time to time, including, without limitation, (i) comprehensive or commercial general and excess liability insurance in an amount requested by Owner, and (ii) property insurance as may be desirable or requested by Owner or required by any mortgage, deed of trust or other security agreement covering all or any part of the Property. Manager is to be named as an additional insured on the general and excess liability policies in its capacity as managing agent. Should Owner elect to place such insurance coverage directly, Manager shall be named as an additional insured on the general and excess liability policies in its capacity as managing agent and Owner will provide Manager with a certificate of insurance evidencing such coverage. If requested to do so by Owner, Manager shall duly and punctually pay on behalf of Owner, from a disbursement account, all premiums with respect thereto.

2.3.7 Manager's Insurance. Manager will obtain, at Manager's expense, the following insurance:

(a) Commercial or comprehensive general liability on a per occurrence basis for bodily injury liability and property damage liability with limits of One Million Dollars (\$1,000,000) combined single limit each occurrence and Two Million Dollars (\$2,000,000) from the aggregate of all occurrences within each policy year.

(b) Excess liability (umbrella) insurance in the amount of \$4,000,000.

(c) Comprehensive form automobile liability covering owned, hired and non-owned vehicles with limits of One Million Dollars (\$1,000,000) combined single limit per occurrence.

(d) Employer's liability insurance in an amount not less than Five Hundred Thousand Dollars (\$500,000).

(e) Blanket crime coverage protecting Manager against fraudulent or dishonest acts of its employees, whether acting alone or with others, with limits of liability of not less than Five Hundred Thousand (\$500,000) in any one occurrence.

(f) Such other insurance as Owner shall reasonably request provided such insurance is customarily maintained by managers of property similar to the Property.

Owner shall be named as an additional insured with respect to the policies referred to in (a) and (b) above, but only with respect to claims arising out of actions beyond the scope of Manager's duties under this Agreement.

Manager will provide Owner with a certificate of insurance evidencing all required coverages in a timely manner.

2.3.8 Compliance with Insurance Policies; Compliance by Tenants with Tenant Leases. To the extent of its actual knowledge, Manager shall use its commercially reasonable efforts to prevent the use of the Property for any purpose that might void any policy of insurance held by Owner, or any tenant at the Property, that might render any loss insured thereunder uncollectible or that would be in violation of any governmental restriction or the provisions of any tenant lease. Manager shall use its commercially reasonable efforts to secure full compliance by the tenants with the terms and conditions of their respective tenant leases, including, but not limited to, periodic maintenance of all building systems, including individual tenant's heating, ventilation and air-conditioning systems.

2.3.9 Personnel. Manager shall employ such personnel as employees of Manager or Manager's affiliates or subsidiary, and not of Owner, as may be necessary in order for Manager to perform its obligations hereunder. All dedicated on-site employees shall be expensed to the Property. A schedule of all dedicated on-site employees as of the date of this Agreement is appended as Exhibit E. Upon request of Owner, Manager shall reduce the number of dedicated on-site employees; provided however, that in such event, the standard to which Manager has agreed to manage and operate the Property shall be lowered appropriately to reflect such reduction of personnel. Nothing contained herein shall reduce the Management Fee payable pursuant to this Agreement.

Manager agrees that it will not replace John Marazzo as the building manager of the Property without the prior consent of Owner. The parties hereto agree that John Marazzo may perform services for the Manager with respect to other projects provided that: (i) Manager shall pay to the Owner a reasonable per diem amount for the use of John Marazzo's services during the term of this Agreement, and (ii) the performance by John Marazzo of such services for Manager shall not interfere with the performance of his responsibilities with respect to the Property in more than a de minimus nature. The per diem amount which is paid to Owner for the use of John Marazzo's time shall be equal to that which is charged to the Property for purposes of determining escalation rent to be paid by the tenants of the Property.

2.3.10 Tenant Relations. Manager will maintain cordial and frequent contact with the tenants of the Property and keep Owner informed of the tenants' concerns, expansion or contraction plans, changes in occupancy or use, and other matters that could have a bearing upon the leasing, operation or ownership of the Property. Manager will exercise all due diligence to project a positive and responsible image of Owner to the tenants and to the larger community, and to the extent known by Manager, will inform Owner of any condition, policy, or event that could reasonably be expected to harm the reputation of Owner among the tenants or in the larger community. Any tenant retention program is subject to approval by Owner and is at Owner's sole cost and expense.

2.3.11 Compliance with Laws. Manager shall use its commercially reasonable efforts to determine such action as may be necessary, inform Owner of action as may be necessary and, when authorized by Owner, and subject to appropriate funding by Owner, take such action as may be necessary, to cause the Property to comply with all current and future laws, rules, regulations, or ordinances affecting the ownership, use, or operation of the Property, including orders of the Board of Fire Underwriters or other similar bodies; provided, however, that Manager need not obtain the prior authorization of Owner to take action in case of an emergency or any threat to life, safety or property, so long as Manager shall give Owner prompt notice of any such action taken. Manager shall comply with all laws relating to the employment by Manager of its employees.

2.3.12 Notices. Manager shall deliver forthwith to Owner at the address stated on the Basic Information Sheet all written notices received by Manager from any mortgagee, tenant, or other party to any of the Basic Documents given pursuant thereto or pertaining thereto and all written notices from any governmental entity.

2.3.13 Cooperation. Should any claims, demands, suits, or other legal proceedings be made or instituted by any third party against Owner that arise out of any matters relating to the Property or this Agreement or Manager's performance hereunder, Manager shall promptly give Owner all pertinent information and assistance in the defense or other disposition thereof; provided, however, in the event the foregoing requires Manager to incur any expenses beyond the ordinary cost of doing business and so long as Manager proceeds with commercially reasonable diligence and efficiency, Owner shall pay for any such out-of-pocket costs of which Owner has been advised in writing. Nothing contained herein shall require Owner to reimburse Manager for any out-of-pocket costs which are incurred as a result of any acts of Manager in violation of the terms of this Agreement.

2.3.14 Notice of Complaints, Violations and Fire Damage. Manager shall respond to complaints and requests from tenants and notify Owner within five (5) business days of Manager's having received any complaint made by a tenant of any alleged landlord default under any tenant lease. Additionally, Manager shall notify Owner as soon as is practical (such notice to be accompanied by copies of supporting documentation) of each of the following: any notice of any governmental requirements received by Manager; and upon becoming aware of any fire or significant damage to the Property, or other matter which might have an adverse, or material, impact on the Property.

2.3.15 Notice of Damages and Suits; Settlement of Claims. Manager shall notify Owner's general liability insurance broker or carrier as soon as is practical (but in no event later than five (5) business days after it obtains knowledge) of the occurrence of any bodily injury or property damage occurring to or claimed by any tenant or third party on or with respect to the Property, and promptly forward to Owner and the broker, any summons, subpoena or other like legal documents served upon Manager relating to actual or alleged potential liability of Owner, Manager or the Property. Notwithstanding the foregoing, Manager shall not be authorized to accept service of process on behalf of Owner, unless such authority is otherwise imputed by law.

2.3.16 Enforcement of Leases. Manager shall enforce compliance by tenants with each and all of the terms and provisions of the tenant leases, in accordance with policies set by Owner, provided, however, that Manager shall not, without the prior written consent of Owner in each instance, which consent may be withheld by Owner in its sole discretion, institute legal proceedings in the name of Owner to enforce tenant leases, collect income and rent or dispossess tenants or others occupying the Property or any portion thereof, or

terminate any tenant lease, lock out a tenant, or engage counsel or institute any proceedings for recovery of possession of the Property.

2.3.17 Environmental.

(a) Notice. Manager shall promptly advise Owner in writing of any evidence of non-compliance with any Hazardous Materials Laws, as defined below, which Manager is aware of, together with a written report of the nature and extent of the non-compliance and the potential threat, if any, to the health and safety of persons and/or damage to the Property or the property adjacent to or surrounding the Property. Owner acknowledges that (A) Manager is not an environmental engineer and does not have any special expertise in the Hazardous Materials Laws, (B) Manager's duties under this Section 2.3.17 are limited to the quality of reasonable commercial care and diligence customarily applied to property managers, and (C) Manager shall have no liability with respect to the presence of Regulated Substances on, in or about the Property or for the Property's compliance with Hazardous Materials Laws.

(b) Rights; Limitations. Without limiting any other provision contained herein and subject to Section 2.3.16, Manager shall use commercially reasonable efforts to enforce Owner's rights under the tenant leases insofar as any tenant's compliance with Hazardous Materials Laws are concerned; provided, however, Manager shall not retain environmental consultants or otherwise initiate environmental reviews by any third parties without Owner's prior written consent; and provided further, Manager shall hold in confidence all information bearing on Hazardous Materials Laws and Regulated Substances, except to the extent expressly instructed otherwise in writing by Owner, or except to the extent necessary to protect against the imminent threat to the life and safety of persons and/or damage to the Property or damage to the property adjacent to or surrounding the Property, or except to the extent such disclosure is required by Hazardous Materials Laws, other laws, or court order.

(c) Definitions. For the purposes of this Section 2.3.17, "Hazardous Materials Laws" shall mean all federal, state and local environmental statutes, ordinances, regulations, orders and requirements of common law, and "Regulated Substances" shall mean any "hazardous substance", "pollutant or contaminant", "petroleum", all as defined in or otherwise referred to in the Hazardous Materials laws, or any material containing petroleum, any polychlorinated biphenyls (PCBs) or substances containing PCBs, any urea formaldehyde foam, or any asbestos or materials containing asbestos.

2.3.18 Miscellaneous; Hiring of Professionals. Manager shall perform such other acts and deeds as may be necessary and proper in the discharge of its duties under this Agreement, including without limitation hiring consultants, lawyers and other professionals the Manager shall reasonably require from time to time in connection with the operation and management of the Property under this Agreement, subject however, to the consent of Owner.

2.4 Services Not Included. Notwithstanding anything to the contrary in this Agreement, Owner acknowledges that the following services are not included in the services to be performed by Manager under this Agreement: (i) marketing studies; (ii) expansion potential analysis and implementation, including major tenant negotiation, land acquisition, design and construction; (iii) peripheral land planning, including site analysis, ground leases, market review, sales and development review and coordination; (iv) financing, refinancing and/or sale services, (v) construction supervision services, and (vi) leasing services. In the event Owner requests Manager to perform any of these services, such additional services shall be performed at a fee to be negotiated by Owner and Manager prior to the commencement of such services.

Anything to the contrary herein notwithstanding, in no event shall Manager be required, or permitted, to render any advice to Owner in connection with the development of the so-called Upland Parcels and the Piers, nor shall Manager be required to take any action which would violate the Employee Retirement Income Security Act of 1974.

3. Contractors.

3.1 Contractor Insurance/Indemnification.

(a) Manager shall require that all independent contractors brought onto the Property have insurance coverage at the contractor's expense, in the following minimum amounts:

(i) Commercial or Comprehensive General Liability on an occurrence form for bodily injury liability and property damage liability with limits of One Million Dollars (\$1,000,000) combined single limit each occurrence and Two Million Dollars (\$2,000,000) in the aggregate with respect to all occurrences within each policy year.

(ii) Comprehensive form automobile liability covering owned, hired and non-owned vehicles with limits of One Million Dollars (\$1,000,000) combined single limit each occurrence.

(iii) Employer's liability insurance in an

amount not less than Five Hundred Thousand Dollars (\$500,000).

(iv) Workers compensation insurance in accordance with the laws of the State of New Jersey.

The foregoing insurance shall name Owner and Manager as additional insureds. The Manager shall obtain and keep on file a Certificate of Insurance which shows that the contractor is so insured.

(b) Manager shall use commercially reasonable efforts to require that each independent contractor indemnify and agree to pay on behalf of, defend and hold harmless Owner, Manager and Owner's Representative, their principals, officers, directors, trustees, fiduciaries, advisors, shareholders, partners, employees and agents (individually and collectively, the "Indemnified Party") from and against all liabilities, claims, suits, damages, judgments, costs and expenses of whatever nature, including, but not limited to, reasonable attorneys' fees and disbursements, to which the Indemnified Party may become subject by reason or arising out of contractor's negligence or malfeasance.

3.2 Minimize Interference. All activities undertaken by Manager under Section 2 shall include Manager's efforts to (i) minimize interference with the operation and maintenance of the Property and the tenants that occupy space at the Property, and (ii) ensure that such work does not materially interfere with the structure of the Property or the electrical, mechanical HVAC and other building systems at the Property. The Manager shall make available to the Owner the advice and consultation of Manager's professional staff in connection with such Owner Improvements.

4. Service Contracts. Manager shall not execute or otherwise enter into or bind Owner with respect to any purchase order, contract or agreement for equipment, supplies, services, or any other item without (A) obtaining three (3) competitive written bids from contractors approved by Owner for work exceeding Twenty-Five Thousand Dollars (\$25,000) in costs, or such other amount as may be specified by Owner from time to time, provided, however, that Manager shall notify Owner with respect to any contractors submitting bids which may be affiliates of Manager, (B) furnishing copies of the same, if requested, to Owner, and (C) receiving the prior written consent of Owner, which consent may be withheld by Owner in its sole discretion. All such contracts and agreements shall be re-bid by Manager at such intervals as may be required by Owner from time to time, but in no event less than once every three years unless Owner offers not to rebid a contract on Manager's recommendation. All contracts shall be prepared by Manager for Owner's execution (or at the request of Owner, for Manager's execution on Owner's behalf) in conformity with applicable guidelines of Owner. All service contracts shall contain a provision permitting Owner to terminate on thirty (30) days written notice for any reason whatsoever, without penalty. Manager shall not hold itself out as having the authority to approve any contract or agreement without the prior approval of Owner except as provided above. In the event Owner requests that Manager enter any such required contracts, Manager shall do so on Owner's behalf as Owner's agent; provided, however, that Owner shall reimburse and hold Manager harmless from any loss, cost, claim, or expense arising in connection with Owner's failure to timely pay (or to make available funds to timely pay) any such vendor, or any other breach of such contract; provided further, however, that such reimbursement and hold harmless agreement shall not extend to any claim based on Manager's gross negligence or willful misconduct. From time to time, as may be requested by Owner, Manager will review the performance of building service contractors and vendors, and make recommendations to Owner for improving efficiency and quality, and/or reducing costs.

5. Compensation for Services.

5.1 Management Fee.

5.1.1 Determination. As compensation for the performance of the Manager's obligations under this Agreement, Owner shall pay Manager a monthly fee (the "Management Fee") in an amount equal to three percent (3%) of the Gross Income (as hereinafter defined) from the Property. As used herein, the term "Gross Income" shall mean the aggregate dollar amount, calculated on a cash basis, of all base rent actually received from any tenants or licensees of any portion of the Property, including without limitation, all parking revenue, and any percentage rent paid pursuant to a lease in connection with which no base rent is being paid. The Management Fee shall be determined on a monthly basis using Gross Income actually collected from the operation of the Property for the applicable month with respect to which such fee is payable.

As between each of the Owners, the Management Fee due Manager shall be paid by each Owner based upon the Gross Income from that portion of the Property to which said Owner is entitled to receive Gross Income.

5.1.2 Payment. The Management Fee shall be payable by Owner to Manager out of the Disbursement Account monthly in arrears prior to or on the first (1st) day of each month, commencing as of the expiration of the first full calendar-month after the Effective Date. If management services are provided for less than one (1) full calendar month the Management Fee for such partial month shall be calculated by determining the Management Fee that would

have been paid for the entire calendar month, and multiplying such amount by a fraction, the numerator of which shall be the number of days management services were provided in such month, and the denominator of which shall be the total number of days in such month.

6. Accounting, Records, Reports.

6.1 Financial Records. Manager shall maintain, at the Property, a comprehensive system of financial records for the Property on an accrual basis in accordance with generally accepted accounting principles, and other books and accounts, all of which shall belong to Owner. Owner and others designated by Owner shall at all times have access to such records, accounts and books and to all vouchers, files and all other material pertaining to the Property and this Agreement, all of which Manager agrees to keep safe, available, and distinct from any records not having to do with the Property. Upon request of Owner, the reports required by this Section 6.1 and by Section 6.2 shall be provided electronically.

6.2 Financial Reports. Manager shall furnish to Owner monthly unaudited financial reports by the 20th day of the succeeding calendar month, as well as the monthly reports listed on Exhibit C.

6.3 Audits. Manager will cooperate with and give assistance in a timely fashion to any internal or independent public accountant retained by Owner to examine such statements or other records pertaining to the Property.

6.4 Annual Budgets. No later than 60 days before the start of each succeeding fiscal year, or such other date specified in a written notice from Owner to Manager, Manager shall deliver to Owner the annual budget statements. These budget statements shall be in a form prepared by or approved by Owner. Owner shall notify Manager of its approval or disapproval of such budget statements within thirty (30) days of receipt by Owner thereof, and Manager shall modify such budget statements according to Owner's comments. The final, approved budget is referred to herein as the "Operating Budget".

6.5 Tenant Statements. Not later than one hundred twenty (120) days after the closing of each annual reporting period, Manager shall provide each tenant with a reconciliation statement and related back-up to the extent required by its tenant lease. At the same time, to the extent required under each tenant lease, Manager shall provide each tenant with such expense and tax or other statements for the current year setting forth the payment required to be made by such tenant pursuant to its tenant lease, based, to the extent permitted by an applicable tenant lease, upon the current Operating Budget and estimate of expenses and taxes for the then-current year, or setting forth such other information that may be required therein. All material to be provided to the tenants pursuant to this paragraph shall be submitted to Owner for its prior review. Manager shall, at no additional cost to Owner, respond to any audit request made by any tenant in connection with the material distributed pursuant to this section.

6.6 Computerized Accounting.

6.6.1 System. Owner recognizes that Manager uses the MRI property management/accounting system to report on property operations and accounting functions. If Owner decides to convert to its own system which is not compatible with Manager's system, Owner agrees to pay for all conversion costs included but not limited to software, hardware and personnel time associated with the conversion and training.

7. Expenses.

7.1 Expenses of Owner. All obligations or expenses incurred by Manager hereunder, as specifically permitted or authorized hereunder or in the Operating Budget, shall be for the account of, on behalf of, and at the expense of Owner, except as otherwise specifically provided in this Agreement; provided, however, that Owner shall not be obligated to reimburse Manager for (A) any expenses for office equipment or office supplies of Manager's corporate office, (B) any corporate overhead expenses of an off-site management office, and/or (C) any salaries (including benefits) of the corporate staff of Manager including, without limitation, any executives or supervisory personnel of Manager or the secretary of such personnel or the bookkeeper of Manager, other than those specified in Section 2.3.9 above. Owner shall have the right of prior approval with respect to all expenses of Manager to be reimbursed by Owner and shall have the right to audit any allocation of expenses between the Property and any other properties managed or owned by Manager provided that such approval shall be deemed to have been given if any such expense is specifically permitted or authorized hereunder or in the Operating Budget.

7.2 Expenditure Authorization and Reimbursement.

7.2.1 Annual Budget. Manager shall be entitled to expend money hereunder only in accordance with the funding request guidelines set forth in Section 2.3.3. Any other expenditures not permitted in the Operating Budget or under Section 7.2.2. shall require Owner's prior written consent.

7.2.2 Emergency Repairs. Manager shall use its diligent efforts to inform Owner of any casualty, breakdown in machinery or other similar emergency, and Manager shall make payments for repairs, maintenance equipment, or supplies, in excess of the authorization amounts stated herein and without following the bidding procedures otherwise required, if in the best business judgment of Manager, emergency action prior to written approval from Owner is necessary to prevent injury to persons or to prevent additional damage to the Property or a greater total expenditure arising from such damage or to protect the Property from damage or prevent a default on the part of Owner under the Basic Documents or the tenant leases. Any such payment shall be made only in concert with prompt telecopy or electronic notification by Manager to Owner.

7.2.3 Fund. Any authorized payments made by Manager in the performance of its duties and obligations under this Agreement shall be made out of such funds as Manager may from time to time hold for the account of Owner or as may be provided by Owner. Without any obligation to do so, Manager may advance for Owner's account any amount for the payment of any authorized expenses, and Owner shall, upon notice from Manager, promptly reimburse Manager therefor without interest. Manager shall notify Owner, in advance, of any foreseeable deficiency of the funds in such accounts.

8. Indemnification.

8.1 Owner's Indemnity. Owner hereby indemnifies and agrees to pay on behalf of, defend and hold harmless Manager, its principals, officers, affiliates, directors, shareholders, partners, employees, advisors and agents (individually and collectively, the "Manager Indemnified Party") from and against all liabilities, claims, suits, damages, judgments, costs and expenses of whatever nature, including, but not limited to reasonable attorney's fees and disbursements, to which the Manager Indemnified Party may become subject arising out of the management, operation, maintenance or leasing of the Property, provided that (i) the Manager Indemnified Party promptly notifies Owner of any matter with respect to which Owner is required to indemnify, hold harmless or reimburse the Manager Indemnified Party, and (ii) the Manager Indemnified Party does not take any actions, including an admission of liability, which would bar Owner from defending itself with respect to such matter. Notwithstanding the foregoing, Owner shall not be required to indemnify, defend, hold harmless or reimburse the Manager Indemnified Party with respect to any matter to the extent the same resulted from the negligence or malfeasance of the Manager Indemnified Party or actions taken by the Manager Indemnified Party beyond the scope of the Manager's duties or authority under this Agreement, or the scope of any express, written direction of Owner that is not in conflict with the terms of this Agreement. The provisions of this Section shall survive the expiration and any termination of this Agreement.

8.2 Manager's Indemnity. Except with respect to any loss or damage to property, Manager hereby indemnifies and agrees to pay on behalf of, defend and hold harmless Owner, its principals, officers, affiliates, directors, shareholders, partners, employees and agents (individually and collectively, the "Owner Indemnified Party") from and against all liabilities, claims, suits, damages, judgments, costs and expenses of whatever nature, including, but not limited to reasonable attorney's fees and disbursements, to which the Owner Indemnified party may become subject arising out of any proven breach during the term of this Agreement, by Manager, its employees or agents, of any provisions of this Agreement, or any proven negligence or malfeasance by Manager or its employees or agents, provided that (i) the Owner Indemnified Party promptly notifies Manager of any matter with respect to which Manager is required to indemnify, hold harmless or reimburse the Owner Indemnified Party, and (ii) the Owner Indemnified Party does not take any actions, including an admission of liability, which would bar Manager from defending itself with respect to such matter. The provisions of this Section shall survive the expiration and any termination of this Agreement.

9. Term and Termination.

9.1 Term. The initial term of this Agreement shall be for the Initial Term. Owner shall have the right, upon notice to Manager delivered at any time prior to the date which is thirty (30) days prior to the end of the Initial Term, to extend the term of this Agreement for a period of twelve months commencing as of the last day of the Initial Term. Any such extension shall be on the same terms and conditions which are contained in this agreement.

9.2 Termination for Cause.

9.2.1 By Manager. Manager may terminate this Agreement in the event that Owner has materially defaulted in the performance of its obligations hereunder.

9.2.2 By Owner. Owner may terminate this Agreement, in the event that: (A) Manager has been negligent in the management, operation, maintenance or servicing of the Property or has otherwise materially defaulted in the performance of its obligations hereunder; or (B) a receiver, liquidator or trustee of Manager shall be appointed by court order, or a petition to

liquidate or reorganize Manager shall be filed against Manager under any bankruptcy, reorganization, or insolvency law, and such order or petition is not vacated or dismissed within sixty (60) days, or Manager shall file a petition in bankruptcy or under reorganization or insolvency laws, or if Manager shall make an assignment for the benefit of its creditors, or if Manager is adjudicated as bankrupt; or (C) there is damage or destruction to all or a substantial portion of the Property and Owner decides not to rebuild or restore the Property or there is a taking by condemnation, or similar proceeding, of a substantial portion of the Property.

9.2.3 Notice and Opportunity to Cure. Except as otherwise provided herein, any termination for cause shall be effective upon receipt of written notice of termination given by the terminating party to the defaulting party or thereafter upon such other date as specified by the terminating party in such written notice; provided, however, that for those causes for termination set forth in Section 9.2.1 and clause (A) of Section 9.2.2 the terminating party shall notify in writing the defaulting party that the defaulting party shall have thirty (30) days (the "Cure Period") after receiving such written notice within which to cure to the reasonable satisfaction of the terminating party any such cause. Notwithstanding the above, if Manager is terminated as a result of fraud, bad faith, or illegal activity, no cure period shall be permitted.

9.3 Termination Without Cause.

9.3.1 By Manager. Manager may terminate this Agreement without cause by written notice to Owner subject to the provisions of Section 9.4 below. Such termination shall be effective ninety (90) days after Owner's receipt of written notice of such termination given by Manager or thereafter upon such other later date as specified by Manager in such written notice.

9.4 Manager's Obligations after Termination. Upon the expiration or earlier termination of this Agreement:

9.4.1 Stop Work. Manager shall stop work under this Agreement.

9.4.2 Orders. Manager shall place no further orders or subcontracts for materials, services, or facilities.

9.4.3 Final Accounting. Manager shall deliver to Owner, within thirty (30) days of termination, a final accounting, reflecting the balance of income and expenses of the Property as of the date of termination.

9.4.4 Funds. Manager shall deliver to Owner any monies of Owner or tenant security deposits, or both, held by Manager with respect to the Property, together with an accounting therefor.

9.4.5 Books and Records. Upon request, Manager shall deliver to Owner, or such other person or persons designated by Owner, the Basic Documents, and copies of all books and records of the Property, all plans, specifications, permits, contracts, leases and any other property or documentation associated with the Property and not owned by Manager but which is in Manager's possession or control. Upon request, all such information will be provided electronically.

9.4.6 Service Contracts. Manager shall assign, transfer, or convey to Owner or such other person or persons designated by Owner, all service contracts relating to or used in the management, leasing, operation and maintenance of the Property.

9.4.7 Continuing Covenant. Manager shall refer questions or requests from tenants on the Property regarding the Property to Manager's replacement.

Upon any termination of this Agreement pursuant to this Section 9, the obligations of the parties hereto (except those specified as surviving) shall cease as of the date specified in the notice of termination, except that Manager shall comply with the applicable provisions hereof and shall be entitled to receive any and all compensation that may be due Manager hereunder at the time of such termination.

10. (Deliberately Omitted)

11. Assignment. Manager may not assign, hypothecate or transfer this Agreement without the prior approval of Owner.

12. No Waiver. The failure of either party to seek redress for breach, or to insist upon the strict performance of any covenant, agreement, provisions or condition of this Agreement shall not constitute a waiver thereof, and both parties shall have all remedies provided herein and by applicable law with respect to any subsequent act that would have originally constituted a breach.

13. Licenses. Manager, at all times hereunder, shall, at Manager's sole cost and expense, obtain and maintain any and all licenses, permits and other governmental consents required in order for Manager to perform its obligations hereunder.

14. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be deemed given or made by personal delivery, by overnight courier, or by mailing the same by United States certified or registered mail, return receipt requested, postage prepaid, and addressed as set forth in the Basic Information Sheet. Either party hereto may from time to time by notice in writing served on the other party as aforesaid, designate a different mailing address or different person(s) to which all such notices are thereafter to be addressed.

15. Confidentiality and Nondisclosure. Manager shall hold in strictest confidence all operating information and all financial information pertaining to the Property. Manager shall immediately notify Owner if Manager receives a request from a third party for the disclosure of information related to the Property.

16. Benefit; Liability. This Agreement and all of the terms, covenants and conditions hereof shall extend to the benefit of, and be binding upon, the respective successors, and permitted assigns of the parties hereto. This Agreement, and any liability that may arise as a consequence of the execution of this Agreement by or on behalf of Owner shall be the liability of Owner and not the personal liability of any trustee, officer, employee or agent of Owner.

17. Captions. The captions of this Agreement are inserted only for the purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.

18. Construction. Each party participated in the preparation of this Agreement personally and with the benefit of counsel. If this Agreement is ever construed by a court of law or equity, such court shall not construe this Agreement or any provision hereof more harshly against any party as drafter.

19. Applicable Law. This Agreement shall be construed in accordance with the laws of the state in which the Property is located. Owner and Manager, by execution of this Agreement, acknowledge and submit to the jurisdiction of the Courts of such state in this matter.

20. Entire Agreement. This Agreement, including any exhibits and addenda attached hereto, embodies the entire understanding of the parties, and there are no further agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof.

21. Attorneys' Fees. In the event of any litigation between Owner and Manager arising out of the obligations of Owner or Manager under this Agreement or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, reasonable attorneys' fees.

22. Owner's Representative. Owner may, by written notice to Manager, delegate all or any portion of its authority hereunder to a designated representative of Owner. All decisions made by Owner's designee shall be binding on Owner until Manager has received written notice of Owner's termination of such delegation.

23. Nondiscrimination. Manager shall not discriminate against any employee or applicant for employment because of race, color, sex, religion, national origin, creed, marital status, age, or the presence of any sensory, mental or physical handicap.

24. Owner's Consent. Owner agrees to use its commercially reasonable efforts to respond to all matters requiring Owner's consent or approval herewith within five (5) business days of Owner's receipt of such information from Manager for which Owner's consent or approval is required. Owner further acknowledges and agrees that Manager may rely upon the instruction, direction, approval and consent given by Owner's Representative, in the same manner as if Owner had given such instruction, direction, approval and consent; and that any submissions for such approval or consent may be direct by Manager solely to Owner's Representative; and that delivery or notice to Owner's Representative of any notice or submission shall be deemed effective delivery or notice to Owner.

25. Venue. Any action related to this Agreement shall be filed in the State in which the Property is located.

26. Treatment of Assets.

26.1 Title to all property furnished by Owner shall remain Owner's. Title to all property purchased by Manager for which Manager is entitled to be reimbursed as a direct item of cost under this Agreement shall pass to and vest in Owner upon the expiration or earlier termination of this Agreement.

26.2 Any property of Owner furnished to Manager shall, unless otherwise provided in this Agreement, or approved by Owner, be used only for the performance of this Agreement.

26.3 If any of Owner's property is lost, destroyed or damaged, Manager shall immediately so notify Owner and shall take all reasonable steps to protect the property from further damage.

27. Amendment. Any alteration, amendment, modification or waiver of any clause or condition of this Agreement shall not be effective or binding unless made in writing and signed by both parties hereto.

28. Disputes; Arbitration. Manager and Owner agree that all disputes arising between Manager and Owner with respect to the terms of this Agreement shall be resolved by means of binding arbitration in accordance with the then applicable commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered into any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state in which the Property is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar type damages. The cost of the arbitration proceedings shall be borne by the losing party; the respective parties shall bear the costs and fees of their respective counsel.

29. Time. Time is of the essence in the performance of the parties' obligations under this Agreement. The parties acknowledge and agree that notwithstanding that this Agreement may have been executed after the Effective Date, the parties have complied and performed the terms of the Agreement since the Effective Date.

30. Management Office. Owner shall provide Manager, at Owner's sole cost and expense, with a rent-free office on the Property for the purpose of performing Manager's obligations under this Agreement. Currently Manager occupies approximately 10,000 sf on the ground floor of Plaza II which is used by the building operational employees and by the building contractors and approximately 3,000 sf on the 4th floor of Plaza II. If Owner requires Manager to relocate, Owner will provide Manager with alternative space which is reasonably acceptable to Manager. Owner shall supply such office furniture, telephone service, copying machines, typewriters, computers and other business machines as was provided by the previous owner of the Property.

31. Prohibition Against Recordation. This document may not be recorded against the Property.

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

Owner:

CALI HARBORSIDE (FEE)
ASSOCIATES, L.P., a New Jersey
limited partnership

BY: Cali Sub X, Inc., a Delaware
corporation, its General Partner

BY:

Name:
Title:

CALI HARBORSIDE PLAZA I (FEE)
ASSOCIATES L.P., a New Jersey
limited partnership

BY: Cali Sub X, Inc., a Delaware
corporation, its General Partner

BY:

Name:
Title:

PLAZA II AND III URBAN RENEWAL
ASSOCIATES L.P., a New Jersey
limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR II & III URBAN RENEWAL ASSOCIATES L.P.,
a Delaware limited partnership

By: Cali Sub X, Inc., a New Jersey
corporation, its General Partner

By:

Name:

Title:

PLAZA IV URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a New Jersey corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR IV URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub X, Inc., a Delaware
corporation, general partner

By:

Name:

Title:

PLAZA VI URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a New Jersey corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR VI URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:

Title:

PLAZA V URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

NORTH PIER URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR NO. PIER URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

SOUTH PIER URBAN RENEWAL ASSOCIATES L.P., a New Jersey
limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR SO. PIER URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP,
a New Jersey limited partnership

By: Two Harborside Corp., a Delaware corporation,
its General Partner

By:

Name: Stephen J. Furnary
Title: President

CALI-HARBOR VII URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

Manager: Institutional Realty Management, LLC

By: _____

Print
Name:

Print
Title:

Exhibit A

Legal Description of Land

Exhibit B

[Intentionally Deleted]

Exhibit C

Reporting Requirements

Monthly Reports

By the 15th Day of the Following Month

1. Executive Summary
2. Leasing Reports:

- a. Rent Roll
 - b. Physical Occupancy Report
 - c. Tenant Litigation Report
 - d. Leasing prospects, including renewals and expansions
3. Financial Reports (Accrual):
- a. Balance Sheet (GAAP)
 - b. Income Statement
 - c. Statement of Cash Flows (Sources and Uses)
 - d. Budget vs. Actual With Variance Amounts - Statement of Operations
 - e. Y-T-D Variance Explanation(1) of Budget vs. Actual
 - f. Trial Balance
 - g. Check/Disbursement Register
 - h. Accounts Payable Listing
 - i. Management Fee Computation
 - j. Capital Expenditures (Budget vs. Actual), with Y-T-D variance explanation
 - k. Bank Statements
 - l. Bank Reconciliations

- -----
 1. Variance Scope

Comparison to year-to-date budget, including explanations for variances greater than 7.5% and \$20,000.

4. Accounts Receivable Reports:
- a. Accounts Receivable Aging Report with narrative for rents over 90 days past due
 - b. Tenant Receivable Ledger Report - Charges and Collections by Tenant and charge type
 - c. Reconciliation of Aged Tenants Account Receivable Balance to total receivable per per Balance Sheet
 - d. Analysis of Allowance for Doubtful Accounts, by tenant
 - e. Bad Debt/Write-Off Schedule, by tenant

5. Operations Reports:

- a. Report of Property Operations, including staffing, engineering, maintenance & repairs, security incidents, etc.
- b. Report of any emergency repair expenses incurred during the report period.
- c. Report of tenant complaints for the month and a schedule of corrective measures and related costs
- d. Report of violations and other notices from any governmental authority, agency or department, insurance company, board of fire underwriters, or similar body, and schedule of corrective measures and related costs
- e. Report of any personal injury, property damage or violation of public or building regulations suffered or claimed by a third party or tenant

Exhibit D

[Intentionally Deleted]

Exhibit E

Dedicated On-Site Employees

RENTAL AGENCY AGREEMENT

AGREEMENT, made as of November 4, 1996 between Cali Harborside (Fee) Associates L.P., a New Jersey limited partnership, Cali Harborside Plaza I (Fee) Associates L.P., a New Jersey limited partnership, Plaza II and III Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor II & III Urban Renewal Associates L.P., a Delaware limited partnership, Plaza IV Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor IV Urban Renewal Associates L.P., a New Jersey limited partnership, Plaza V Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor V Urban Renewal Associates L.P., a New Jersey limited partnership, Plaza VI Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor VI Urban Renewal Associates L.P., a New Jersey limited partnership, Harborside Exchange Place Limited Partnership, a New Jersey limited partnership, Cali-Harbor VII Urban Renewal Associates L.P., a New Jersey limited partnership, North Pier Urban Renewal Associates L.P., a New Jersey limited partnership, Cal-Harbor No. Pier Urban Renewal Associates L.P., a New Jersey limited partnership, South Pier Urban Renewal Associates L.P., a New Jersey limited partnership, and Cal-Harbor So. Pier Urban Renewal Associates L.P., a New Jersey limited partnership, all having an address at 11 Commerce Drive, Cranford, New Jersey 07016 (collectively, the "Owner") and Institutional Realty Management, LLC maintaining an office at 13760 Noel Road, Suite 905, Dallas, Texas ("Agent").

WITNESSETH:

In consideration of the premises and the mutual covenants herein contained, the parties hereto agree for themselves and their respective successors and assigns, as follows:

1. Appointment of Agent; Services of Agent. (a) Owner hereby appoints Agent, and Agent hereby accepts appointment, as the exclusive leasing agent for the building known as Harborside Financial Center, Jersey City, New Jersey (the "Building"), for the term of this Agreement, Agent having the exclusive right, subject to the provisions herein set forth, for the leasing of all space in the Building which is now or hereafter during the term of this Agreement available for rental. In the performance of such obligation Agent shall retain Jones Lang Wootton USA ("JLW USA") as its exclusive sub-agent. Subject to the payment by Owner to Agent of the compensation due hereunder, Agent shall be responsible for the payment of any fees due to JLW USA in connection with the performance of its duties as the exclusive sub-agent. Anything herein to the contrary notwithstanding, in no event shall JLW USA be deemed to be an Outside Broker (as hereinafter defined) for purposes of this Agreement.

(b) Agent, subject to the terms of this Agreement, shall use its best efforts, skills and services and those of its organizations to secure tenants for the Building satisfactory to Owner and to work with prospective tenants so as to obtain leases in the Building satisfactory to Owner. To such end Agent shall solicit the services of and cooperate actively with other New Jersey licensed real estate brokers. All leases, and all modifications, amendments, renewals and extensions thereof, shall be subject to the prior written approval of Owner and shall be executed by Owner or Owner's designated representative, and Agent shall be furnished with a copy of each such executed lease agreement. All negotiations of transactions covered by this Agreement shall be conducted by Agent, subject to direction by Owner and Owner's review and final approval. Agent will discuss lease proposals and shall formulate a leasing program to be discussed with Owner. Agent will, quarterly during the term of this Agreement and otherwise when reasonably requested by Owner, render to Owner written reports of its services and efforts hereunder including descriptions of the vacant space to be leased, descriptions of any prospective tenants, recommended terms for leases, the status of each pending negotiation and recommendations as to its ongoing leasing program.

(c) Nothing herein shall be construed to create a partnership, joint venture or other similar relationship between Owner and Agent, nor shall Agent or any of its employees or agents be deemed to be an employee of Owner.

2. Advertising and Publicity. At Owner's sole expense and subject to the express written direction and approval of Owner, Agent shall conduct the renting program for the Building. All written advertising, circulars, brochures, broker's "set-ups", and other publicity material, programs press releases, press interviews and promotions (collectively, "Publicity") shall be subject to Owner's prior approval. All Publicity shall name Agent and JLW USA as leasing agents for the Building, and will name JLW USA as prominently as it names Agent.

3. Inquiries. Owner shall refer to Agent all offers and inquiries received by Owner for the leasing of any space in the Building, regardless of the source of such offers and inquiries. Agent agrees diligently to investigate, pursue and develop such offers and inquiries.

4. Compensation of Agent. Owner agrees to pay Agent, and Agent agrees to accept, as its full compensation hereunder, a commission computed at the rates provided in Schedule A attached hereto and made a part hereof (the "Schedule A Rates"),

such commissions to be payable as provided in Paragraph 5 hereof, subject to the terms, conditions, exceptions and provisions of Paragraphs 6 and 7 hereof. The amount of the commissions payable to Agent shall be computed as follows:

(a) For each lease of space at the Building executed during the term of this Agreement, or thereafter as provided in Paragraph 15 hereof, for which lease there is no Outside Broker, as hereinafter defined, (each such executed lease being hereinafter referred to as an "Agent's Lease"), Agent shall be entitled to a commission computed in accordance with Schedule A subject to the provisions of Paragraphs 6 and 7 hereof (an "Agent Commission").

(b) For each lease of space at the Building executed during the term of this Agreement, or thereafter as provided in Paragraph 15 hereof, for which a New Jersey licensed real estate broker other than Agent (an "Outside Broker") is the effective procuring cause (an "Outside Lease"), Agent shall be entitled to an Agent Commission which Agent shall pay to the Outside Broker, and an Override Commission (as hereinafter defined), subject to the provisions of Paragraphs 6 and 7 hereof, which Agent shall be entitled to retain.

(c) For each renewal or extension of an Agent's Lease pursuant to an option to renew or extend contained in the lease, Agent shall be entitled to an Agent Commission subject to the provisions of Paragraphs 6 and 7.

(d) For each renewal or extension of an Outside Lease pursuant to an option to renew or extend contained in the lease, Agent shall be entitled to an Agent Commission which Agent shall pay to the Outside Broker, and if the renewal or extension occurs during the term of this Agreement, Agent shall be entitled to an Override Commission, subject to the provisions of Paragraphs 6 and 7.

(e) For each renewal or extension of an Agent's Lease or an Outside Lease during the term of this Agreement, which is not pursuant to an option to renew or extend, or in the event an Existing Tenant Lease (as hereinafter defined) is renewed during the term of this Agreement, and such renewal is not pursuant to an option to renew or extend, Agent shall be entitled to a commission as follows: (i) in the event an Outside Broker is involved, Agent shall be entitled to an Agent Commission, which Agent shall pay to the Outside Broker, and an Override Commission, subject to the provisions of Paragraphs 6 and 7, and (ii) in the event no Outside Broker is involved, Agent shall be entitled to one Agent Commission.

(f) For each Agent's Lease or Outside Lease which contains an option or options or right of first refusal or other rights with respect to space in the Building, or any expansion into additional space in the Building, then upon the unconditional exercise of each such option or right at any time pursuant to the terms thereof, Agent shall be entitled to a commission as follows: (i) in the event an Outside Broker is involved, Agent shall be entitled to an Agent Commission, which Agent shall pay to the Outside Broker and an Override Commission, subject to the provisions of Paragraphs 6 and 7, and (ii) in the event no Outside Broker is involved, Agent shall be entitled to an Agent Commission.

(g) For any lease at the Building which is unconditionally amended or modified during the term of this Agreement, other than pursuant to an option or right contained therein, to lease additional space thereunder or as to which a new lease is unconditionally executed to cover additional space, Agent shall be entitled to a commission as follows: (i) in the event an Outside Broker is involved, Agent shall be entitled to an Agent Commission, which Agent shall pay to the Outside Broker, and an Override Commission, subject to the provisions of Paragraphs 6 and 7, and (ii) in the event no Outside Broker is involved, Agent shall be entitled to one Agent Commission.

As used herein, the term "Override Commission" shall mean a commission equal to fifty (50%) percent of a commission computed in accordance with the Schedule A Rates. As used herein, the term "Existing Tenant Lease" shall mean each lease of space at the Building executed prior to the effective date of this Agreement with a tenant which is an existing occupant of the Building on the effective date of this Agreement.

For purposes of this Agreement, an "Outside Broker" shall include any New Jersey licensed broker who is affiliated with JLW USA and is not part of the agency representation team for the Building; provided however, that in no event shall Owner be obligated to pay more than one Agent Commission unless a New Jersey licensed broker, other than a New Jersey licensed broker who is affiliated with JLW USA, is the effective procuring cause of the applicable lease.

Anything to the contrary herein notwithstanding, Agent shall only be entitled to an Override Commission during the term of this Agreement.

5. Payment of Compensation. All commissions payable hereunder with respect to new leases, renewals, or additional space shall be payable in two (2) installments, the first installment, in an amount equal to one-third (1/3) of the applicable commission, shall be payable on the date provided for in Paragraph 6(a) hereof, and the second installment to be due and payable upon the earlier to occur of (i) substantial completion of the applicable premises and

the issuance of a certificate of occupancy, or (ii) the rent commencement date set forth in the applicable lease.

6. Conditions of Payment. Subject to the terms of this Agreement, all commissions shall be earned upon the unconditional execution and delivery of the lease by Owner and tenant. The payment of all commissions hereunder shall be subject to the following terms and conditions:

(a) In the case of (i) an Agent's Lease or an Outside Lease or (ii) a renewal or extension of any lease or a lease of additional space other than pursuant to an option contained therein, any commission provided for herein shall be due and payable (and then only as to the first installment thereof) when, as and if the Agent's Lease or Outside Lease or the renewal or extension of the then existing lease or lease of additional space is duly and unconditionally executed and delivered by Owner and tenant. In the case of any renewal or extension of a lease or the lease of additional space pursuant to an option or right contained in the lease, the commission shall be due and payable as follows: (i) in the event an option to renew is exercised not earlier than two years prior to the end of the initial term, one-third (1/3) of the commission shall be payable upon the exercise of the renewal option, and the balance shall be due upon the commencement of the renewal term; (ii) in the event the option to renew is exercised earlier than two years prior to the end of the initial term, the entire commission shall be due and payable upon the exercise of the renewal options; and (iii) with respect to the exercise of an option for additional space, the entire commission shall be due upon the earlier to occur of (a) substantial completion of the applicable premises and the issuance of a certificate of occupancy, or (b) the rent commencement date for the applicable space.

(b) In the case of any renewal or extension of the term of a lease, or the lease of additional space covered thereby, pursuant to an option or right contained in the lease, and which pursuant to this Agreement a commission is due and payable hereunder, if the rent payable for the renewal or extension term, or additional space, has not been fixed as of the exercise of such option, the commission payable hereunder shall be based upon the rent payable by the tenant until the new basic rent is determined and, when the new rent is finally fixed, such commission shall be recomputed based upon the new rent.

(c) Agent will indemnify and hold Owner harmless against the payment of any commission to a broker claiming to have dealt with Agent with respect to a lease and who is not disclosed to Owner prior to the unconditional execution and delivery of the lease.

(d) Under no circumstances shall Owner be liable for or required to pay to Agent in excess of one Agent Commission and one Override Commission for any lease transaction.

(e) Anything to the contrary herein notwithstanding, in no event shall Agent receive a commission pursuant to subsections (c)-(g) of Section 4 of this Agreement for a period which extends beyond the Cut-Off Date (as hereinafter defined), unless the initial term of the applicable lease is less than ten (10) years, in which event a commission shall be paid for a period ending on the earlier of (i) the date which is five (5) years from the end of the initial term of the applicable lease, or (ii) the date which is the last day of the renewal term. As used herein, the term "Cut-Off Date" shall mean the date which is earlier to occur of (x) the date which is the twentieth (20) anniversary of the commencement date of the initial term of the applicable lease, and (y) the date which results from extending the initial term of applicable lease by fifty (50%) percent of such initial term. For purposes of subsection (g), in no event shall the initial term be deemed to have commenced prior to the date of this Agreement.

7. Computation of Commissions. All commissions payable hereunder shall be computed upon the basic rent reserved in the applicable lease document subject to the limitations set forth in this Paragraph 7. The following rules shall govern the computation of commission:

(a) In furtherance of the limitations of the commissions payable hereunder to the basic rent reserved in the applicable lease, the following shall be excluded from, or not included in, as the case may be, basic rent for the purposes of computing commissions due hereunder: (i) any adjustments to the basic rent or additional rent payable pursuant to any escalator provision pursuant to which the tenant pays a share of Owner's increased taxes, increases in all costs or expenses, including, but not limited to utility, cleaning and operating cost escalation and escalation based upon wage rates; (ii) any percentage or additional rental payable by a tenant based upon gross or net income, sales or profits; (iii) any amounts payable by a tenant, as a sublandlord or assignor for or in respect of any subletting or assignment, including, without being limited to, any gross of net income or profit sharing; (iv) any additional rent payable for extra services, without being limited to, extra hours HVAC or elevator service, extra cleaning services and special personnel services; (v) any amount included in or added to the fixed rent or otherwise paid for electric current charges (whether or not on a "rent inclusion" basis), (vi) any rent concessions granted to the tenant provided the same is contained in the lease or a contemporaneous supplementary document

(except a free rent period granted to a tenant in lieu of a standard landlord's work letter); and (vii) any increase in fixed rent or additional rent based upon a cost of living or other price index used in lieu of all or any part of operating expense escalation.

(b) If, in connection with any leasing transaction, Owner shall agree to assume the tenant's obligations in respect of any space then occupied by tenant ("Current Space") (or shall indemnify or agree to reimburse tenant in respect of any Current Space), then there shall be added to the basic rent any net proceeds actually received by Owner from the subletting, assignment, surrender or cancellation of any Current Space, and deducted from the basic rent the total dollar amount of the obligations so undertaken by Owner. When the Owner's actual obligations with respect to the Current Space are finally liquidated as to the actual cost thereof (including any ancillary or indirect costs such as brokers commissions, moving costs and reasonable redecorating costs and the like in respect of any Current Space), the commissions due hereunder in respect of the subject lease transaction shall be recomputed and appropriate adjustments made.

(c) If a lease shall provide that the tenant may cancel the term of the lease (whether prior to or after the commencement thereof), the commission shall initially be earned and payable only upon the basic rent payable during the uncancellable portion of the initial term. If and when the tenant's right to cancel expires, the balance of such commission shall then become due and payable on the later to occur of (i) the day following the last day on which the tenant could have exercised its right to cancel, or (ii) the date the commission would otherwise be due pursuant to the terms hereof. However, if the cancellation penalty includes a commission computed over the entire lease term, then Agent shall be paid a commission for the entire lease term in accordance with paragraph 5 of this Agreement as if the tenant did not have an option to cancel the term of the lease. Notwithstanding the foregoing, if the cancellation is by mutual agreement not pursuant to a provision contained in the lease, or if the right of cancellation is contingent on Owner's acts or failure to act or otherwise within Owner's control, Agent shall be paid a commission for the entire lease term. A lease shall not be deemed cancelled within the meaning of this subparagraph unless the tenant vacates the Building.

(d) If a lease provides for the payment of additional rent based upon the tenant's proportionate share of operating payments and/or real estate taxes, but does not provide for a "base year" with respect to which such escalation expenses for operating expenses or real estate taxes are calculated, i.e., a "Net Lease," the portion of operating expenses and real estate taxes for the year in which the lease is executed, shall be allocable to the space covered by the lease, and such allocable amount shall be considered rent on which Agent's commission is payable. In making the computation, the amounts of such items for the current year, if fixed, shall be used; if not fixed, the amounts of such items for the previous year shall be used. The amount of such items for the first year of the lease term shall be deemed to be the amount of all subsequent years of the lease term for the purposes of computing the commission and no subsequent increases shall be subject to commission.

8. Outside Brokers. Agent shall cooperate with Outside Brokers and shall encourage their participation in the renting of space in the Building. Agent shall use its reasonable efforts to have each Outside Broker execute a brokerage agreement on a form which is reasonably satisfactory to Owner.

9. Term. The original term of this Agreement shall commence as of the date hereof and shall continue until April 30, 1999, unless terminated earlier in accordance with the provisions of Paragraph 11 hereof, and thereafter shall continue in full force and effect unless and until terminated by Agent upon thirty (30) days prior written notice to Owner, or by Owner upon ten (10) days prior written notice to Agent.

10. Confidentiality. Agent shall hold in strictest confidence all operating and financial information, and marketing strategy and planning, pertaining to the Building and the overall business of the Owner and its affiliates, and shall not disclose such information except in furtherance of the performance of its leasing duties under this Agreement. Agent will cooperate with Owner's reasonable requests not to disclose confidential information.

11. Termination. (a) In the event (i) a petition in bankruptcy is filed by Owner or Agent, or any party hereto shall make an assignment for the benefit of creditors to take advantage of any insolvency act or (ii) an involuntary petition in bankruptcy is filed against Owner or Agent and is not dismissed or rescinded within sixty (60) days, the other party hereto may forthwith terminate this Agreement upon written notice to the other.

(b) Owner shall have the right to terminate this Agreement on ten (10) days notice given at any time after the earlier to occur of (i) April 30, 1999, or (ii) the date Three Harborside Corp. shall cease to have any obligations to pay rent under that certain lease dated as of November 1, 1996, between Plaza II and III Urban Renewal Associates L.P., as lessor, and Three Harborside Corp., as lessee, affecting a portion of the Building.

12. Representations. Owner represents to Agent that Owner is the owner of the

Building and the Land on which it stands.

13. Assignment. (a) This Agreement may be assigned by Owner upon Owner's transfer of ownership of the Building, provided any such assignee assumes in writing Owner's obligations under this Agreement. Owner shall thereupon be relieved of any liability hereunder so assumed.

(b) This Agreement may not be assigned by Agent (other than to a wholly-owned subsidiary of the Agent capable of performing the covenants and agreements of Agent herein, the performance of which subsidiary is assured by Agent in a manner acceptable to Owner) without the prior written consent of Owner.

14. Notices. All notices or other communications required or permitted to be given hereunder shall be sent by first class registered or certified mail, return receipt requested, Federal Express or similar overnight delivery or by facsimile transmission, addressed to the party to which such notice is to be given at the address set forth below or at such other address as the party may designate by notice given as aforesaid.

OWNER: c/o Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Attn: James G. Nugent

AGENT: Institutional Realty Management, LLC
13760 Noel Road, Suite 905
Dallas, TX 75240
Attn: Bruce Sirof

Notice or communications given hereunder shall be deemed to be given on the earlier of (i) the date the same are actually received or (ii) three (3) days after the date the same have been sent.

15. Post-Term Commissions. Within fifteen (15) days after the expiration or termination of this Agreement, Agent shall deliver to Owner a written list, certified by it, of all leasing transactions then in the course of negotiations and the prospective tenants involved therein (denoting as to each whether Agent is the sole procuring broker). For a period of six (6) months following the expiration or termination of this Agreement, Owner shall continue to recognize Agent, and any appropriate Outside Broker, as the broker in any leasing transaction which may, at the time of such expiration or termination, be in the course of negotiation and, if any such leasing transaction is consummated with the prospective tenant with whom negotiations are being conducted within six (6) months thereafter, the commission on any such leasing transaction shall be paid to Agent, including any commissions payable to any Outside Broker, according to the applicable terms and conditions of this Agreement. Following the expiration or termination of this Agreement, Agent shall deliver to Owner at list of all leasing transactions which are in the course of negotiations, which list shall include the names and addresses of the potential tenants, the proposed space to be leased, the proposed terms, and the name of any Outside Broker, if any.

16. Miscellaneous. (a) Agent agrees that it will, and will cause any person who is a current employee of Agent to, execute and deliver promptly to Owner any documentation reasonably requested by Owner to effect a partial or complete waiver of the right of Agent and any persons who are current employees of Agent to file a lien and/or to effect a release and discharge of record of any lien which has been filed against the Building to the extent of any payment by Owner of any commission payable by Owner pursuant to the terms of this Agreement. Agent agrees to provide to Landlord promptly after demand evidence satisfactory to landlord that all persons employed by Agent who have a right to file a mechanic's lien in respect of the transaction contemplated by this Agreement have been or, simultaneously with Owner's payment hereunder, will be, paid any sums to which they are entitled to be paid by Agent to the extent of Owner's payment hereunder.

(b) Any commission payable to any Outside Broker shall only be paid upon delivery by the Outside Broker of a document releasing Owner and Agent from any liability in connection with the lease for which such commission is being paid.

(c) This Agreement may not be recorded against the Property.

(d) The term "Agent" as used in this Agreement shall include any corporate subsidiaries or affiliates of Agent who perform services in, on or about the Building arising out of or in connection with this Agreement. The term "Owner" shall be deemed to include any subsidiaries, affiliates, successors, nominees, heirs, distributees, executors, administrators or permitted assigns of same.

(e) Anything to the contrary herein notwithstanding, in no event shall Agent be required, or permitted, to render any advice to Owner in connection with the development of the so-called Upland Parcels and the Piers, nor shall Agent be required to take any action which would violate the Employee Retirement Income Security Act of 1974.

(f) This Agreement contains the entire understanding of the parties and it may not be changed or modified orally but only by written instrument signed by duly authorized officers of the parties hereto. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey. This Agreement shall be binding on the parties hereto, their successors and assigns.

(g) Reference is made to a Management Agreement (the "Management Agreement") of even date herewith between Owner and Institutional Realty Management, LLC, affecting the Building. In the event Owner does not renew the term of the Management Agreement for a period of at least twelve (12) months following the Initial Term (as defined in the Management Agreement), and provided that Institutional Realty Management LLC did not resign from its obligations under the Management Agreement or was not removed for cause in accordance with the terms of the Management Agreement, Owner hereby agrees to pay Agent, as additional compensation hereunder, on the first day of each month during the term of this Agreement commencing as of the first day of the nineteenth month of this Agreement, and ending on the thirtieth month (inclusive) of this Agreement, (unless this Agreement is terminated earlier), an amount equal to \$37,500, and in connection therewith, Agent agrees to provide leasing consulting services to the Owner.

(h) As between each of the Owners, any commission due Agent shall be paid by the Owner of the Building with respect to which the applicable lease was executed.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

Owner:

CALI HARBORSIDE (FEE)
ASSOCIATES, L.P., a New Jersey
limited partnership

BY: Cali Sub X, Inc., a Delaware
corporation, its General Partner

BY:

Name:
Title:

CALI HARBORSIDE PLAZA I (FEE)
ASSOCIATES L.P., a New Jersey
limited partnership

BY: Cali Sub X, Inc., a Delaware
corporation, its General Partner

BY:

Name:
Title:

PLAZA II AND III URBAN RENEWAL
ASSOCIATES L.P., a New Jersey
limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR II & III URBAN RENEWAL ASSOCIATES L.P.,
a Delaware limited partnership

By: Cali Sub X, Inc., a New Jersey
corporation, its General Partner

By:

Name:

Title:

PLAZA IV URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a New Jersey corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR IV URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub X, Inc., a Delaware
corporation, general partner

By:

Name:

Title:

PLAZA VI URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a New Jersey corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR VI URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:

Title:

PLAZA V URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P.,

a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

NORTH PIER URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR NO. PIER URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

SOUTH PIER URBAN RENEWAL ASSOCIATES L.P., a New Jersey
limited partnership

By: One Exchange Place Corporation,
a Delaware corporation, general partner

By:

Name: Stephen J. Furnary
Title: President

CAL-HARBOR SO. PIER URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

HARBORSIDE EXCHANGE PLACE LIMITED PARTNERSHIP,

a New Jersey limited partnership

By: Two Harborside Corp., a Delaware corporation,
its General Partner

By:

Name: Stephen J. Furnary
Title: President

CALI-HARBOR VII URBAN RENEWAL ASSOCIATES L.P.,
a New Jersey limited partnership

By: Cali Sub XI, Inc., a Delaware
corporation, general partner

By:

Name:
Title:

INSTITUTIONAL REALTY MANAGEMENT, LLC

BY: its President

SCHEDULE A

Standard Leasing Commission

Rates: 5% of basic rent payable under the lease.

COMPANY PLEDGE AGREEMENT

This COMPANY PLEDGE AGREEMENT dated as of November ____, 1996 (this "Agreement") is entered into between Cali Realty Corporation, a Maryland corporation (the "Company"), and Prudential Securities Credit Corp., as Administrative Agent (the "Administrative Agent") for the lenders (the "Lenders") who are or may become parties to the Credit Agreement (as hereinafter defined) and as custodian of the Collateral (as hereinafter defined) (Prudential Securities Credit Corp., in its capacity as Administrative Agent and custodian of the Collateral, is hereafter referred to as the "Collateral Holder", and in any capacity other than as Administrative Agent or Collateral Holder is referred to as "PSC").

R E C I T A L S

A. The Lenders, the Administrative Agent and Cali Realty, L.P., a Delaware limited partnership (the "Operating Partnership") have entered into: (i) a Revolving Credit Facility Agreement of even date herewith (such Revolving Credit Facility Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "Credit Agreement"), and (ii) a Revolving Credit Facility Agreement dated August 31, 1994 (as amended or otherwise modified from time to time, the "Existing Credit Agreement").

B. The Company is the sole general partner and a limited partner in the Operating Partnership and has received and will continue to receive substantial benefit from the extensions of credit by Lenders to the Operating Partnership under the Credit Agreement and the Existing Credit Agreement.

C. It is a condition precedent to the effectiveness of the Credit Agreement, and to the making of Loans by the Lenders under the Credit Agreement and the Existing Credit Agreement, that the Company shall have granted the pledge and security interest contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans to the Operating Partnership from time to time under the Credit Agreement and Existing Credit Agreement, the Company hereby agrees with the Collateral Holder for its benefit and the ratable benefit of the Lenders as follows:

SECTION 1. Definitions. Unless specified otherwise, capitalized terms used but not defined in this Agreement shall have the meanings assigned thereto under the Credit Agreement. In addition, the following terms shall have the respective meanings set forth below.

"Collateral" shall have the meaning assigned thereto in Section 2 of this Agreement.

"Credit Agreement Obligations" shall mean all indebtedness and obligations of the Operating Partnership to the Administrative Agent and the Lenders under the Credit Agreement and the Existing Credit Agreement (including, without limitation, the Obligations (as that term is defined in the Credit Agreement and the Existing Credit Agreement)).

"Event of Default" shall mean any Event of Default (as defined in the Credit Agreement).

"Secured Obligations" shall mean: (i) the Company's obligations under this Agreement, (ii) the Credit Agreement Obligations, and (iii) all other obligations and liabilities of the Operating Partnership to the Administrative Agent or the Lenders, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred.

SECTION 2. Grant of Security. As collateral security for payment and performance in full of all of the Secured Obligations in accordance with the Credit Facility Documents and the Existing Credit Facility Documents, the Company hereby pledges, hypothecates, assigns, transfers, sets over and delivers unto the Collateral Holder, and grants to the Collateral Holder for its benefit and the ratable benefit of the Lenders a continuing and perfected first priority security interest in the following (the "Collateral"):

(a) All of the Company's right, title and interest in and to the securities of each issuer identified on Schedule I, whether now owned or hereafter acquired;

(b) All shares of capital stock, options, rights and warrants now or hereafter issued to the Company as an addition to, in substitution or exchange for, or on account of, any of the shares of capital stock described in subsection (a) above;

(c) All dividends and distributions, whether cash or property, and all accounts, contract rights and general intangibles, arising from all of the

foregoing or relating thereto;

(d) All Proceeds of the foregoing.

SECTION 3. Security for Obligations. The assignments, pledges, liens and security interests granted under this Agreement (collectively, the "Security Interest") by the Company secure the payment and performance in full of all Secured Obligations.

SECTION 4. Delivery of Collateral. All certificates or instruments representing or evidencing the Collateral shall be delivered to and held by the Collateral Holder pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, and by such other instruments or documents as the Collateral Holder may reasonably request, all in form and substance reasonably satisfactory to the Collateral Holder. The Collateral Holder shall have the right, at any time in its sole discretion and without prior notice to the Company, to transfer to or to register in the name of the Collateral Holder or any of its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a). In addition, the Collateral Holder shall have the right at any time to exchange certificates or instruments representing or evidencing the Collateral for certificates or instruments reflecting smaller or larger ownership interests.

SECTION 5. Representations and Warranties. The Company represents and warrants as follows:

(a) The Company is the legal, equitable and beneficial owner of the Collateral, free and clear of any Lien, except for Liens created by this Agreement, and the Company will make no other assignment, pledge, mortgage, hypothecation or transfer of the Collateral. The Company has good right and legal authority to pledge the Collateral in the manner hereby done or contemplated and will defend its title thereto against the claims of all persons whomsoever and will maintain and preserve the Security Interest with respect to the Collateral as long as this Agreement shall remain in full force and effect.

(b) No consent or approval of any governmental body or regulatory authority or of any securities exchange was or is necessary as a condition to the validity of the pledge by the Company of the Collateral hereunder.

(c) This Agreement, and the pledge of the Collateral pursuant hereto, create a valid and perfected first priority Security Interest in the Collateral to secure the Secured Obligations. The Company has delivered or is delivering, together with such appropriate endorsements or documentation of assignment thereof, all Collateral consisting of certificated securities, instruments or the like.

(d) As of the date of this Agreement, Schedule I is true, complete and correct in all material respects.

(e) The Company's principal place of business and chief executive office is located at 11 Commerce Drive, Cranford, New Jersey 07016.

(f) Each issuer of securities identified on Schedule I is a corporation duly organized and validly existing under the laws of the state of its incorporation as specified on Schedule I.

(g) The Company has delivered to the Collateral Holder true and correct copies of the Articles of Incorporation, Bylaws and other organizational documents of each of the issuers specified on Schedule I, and such Articles of Incorporation, Bylaws and organizational documents are valid, effective and enforceable in accordance with their respective terms.

(h) All conditions and requirements under the applicable Articles of Incorporation, Bylaws, organizational documents and shareholder agreements of each of the issuers specified on Schedule I with respect to the pledge, assignment and transfer of the Collateral have been satisfied or obtained.

(i) The securities specified on Schedule I have been duly authorized and validly issued and are fully paid and non-assessable.

(j) Upon delivery to the Collateral Holder of the certificates evidencing the securities described on Schedule I, together with stock powers as required by the Collateral Holder, the pledge hereunder in favor of the Collateral Holder for the benefit of the Lenders will create a valid, binding and enforceable (subject, as to enforcement, to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforceability of creditors' rights generally and general principles of equity) security interest in and lien on the Collateral and constitute a fully perfected first and prior security interest in and lien upon all right, title and interest of the Company in the Collateral.

SECTION 6. Further Assurances. The Company agrees that from time to time, at the expense of the Company, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be

necessary, or that the Collateral Holder may reasonably request, in order to perfect and protect the Security Interest granted hereby or to enable the Collateral Holder to exercise and enforce its rights and remedies hereunder with respect to the Collateral.

SECTION 7. Voting Rights; Etc.

(a) So long as no Event of Default shall have occurred and be continuing:

(i) The Company shall be entitled to exercise any and all voting and other consensual rights pertaining to the Collateral or any part thereof; provided, however, that the Company shall give the Collateral Holder at least five (5) days' prior written notice of the manner in which it intends to exercise any such right; provided further, however, that the Company shall not exercise or refrain from exercising any such right if, in the Collateral Holder's reasonable judgment, such action would have a material adverse effect on the value of the Collateral or any part thereof or is otherwise inconsistent with the terms of this Agreement, the other Credit Facility Documents or the Existing Credit Facility Documents (collectively, the "Operative Documents").

(ii) The Company shall be entitled to receive and retain any and all dividends, distributions and other payments paid on and in respect of the Collateral.

(iii) The Collateral Holder shall execute and deliver (or cause to be executed and delivered) to the Company all such proxies and other instruments as the Company may reasonably request for the purpose of enabling it to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends, distributions and other payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of an Event of Default:

(i) All rights of the Company to exercise the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 7(a)(i) and to receive the dividends, distributions and other payments that it would otherwise be authorized to receive and retain pursuant to Section 7(a)(ii) shall cease, and all such rights shall thereupon become vested in the Collateral Holder who shall thereupon have the sole right to exercise voting and other consensual rights and to receive and hold as Collateral such dividends, distributions and other payments.

(ii) All dividends, distributions and other payments that are received by the Company contrary to the provisions of paragraph (i) of this Section 7(b) shall be received and held in trust for the benefit of the Collateral Holder and the Lenders, shall be segregated from other funds of the Company and shall be forthwith paid over to the Collateral Holder as Collateral in the same form as so received (with any necessary endorsement).

SECTION 8. Transfers and Other Liens. The Company shall not (a) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (b) create or suffer to exist any Lien upon or with respect to any of the Collateral except for Liens created by this Agreement.

SECTION 9. Collateral Holder Appointed Attorney-in-Fact. The Company hereby constitutes and appoints the Collateral Holder its attorney-in-fact for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Holder may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest; provided, however, that the Collateral Holder shall not exercise any right pursuant to this grant until the occurrence of an Event of Default. Without limiting the generality of the foregoing, the Collateral Holder shall have the right, after the occurrence of an Event of Default hereunder, with full power of substitution, either in the Collateral Holder's name or in the name of the Company, to ask for, demand, sue for, collect, receive, and give acquittance for any and all moneys due or to become due under and by virtue of any Collateral, to endorse checks, drafts, orders and other instruments for the payment of money payable to the Collateral Holder or the Lenders, representing any dividend, distribution or other amount payable in respect of the Collateral or any part thereof or on account thereof and to give full discharge for the same, to settle, compromise, prosecute or defend any action, claim or proceeding with respect thereto, and to sell, assign, endorse, pledge, transfer and make any agreement respecting, or otherwise deal with, the same; provided, however, that nothing herein contained shall be construed as requiring or obligating the Collateral Holder to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or notice, or to take any action with respect to the

Collateral or any part thereof or the moneys due or to become due in respect thereof or any Property covered thereby, and no action taken or omitted to be taken by the Collateral Holder with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of the Company or to any claim or action against the Collateral Holder.

SECTION 10. Collateral Holder May Perform. If the Company fails to perform any agreement contained herein, the Collateral Holder may itself perform, or cause the performance of, such agreement, and the reasonable expense of the Collateral Holder incurred in connection therewith shall be payable by the Company under Section 13(b).

SECTION 11. The Collateral Holder's Duties. The powers conferred on the Collateral Holder hereunder are solely to protect its and the Lenders' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for a duty to exercise reasonable care in respect of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Holder shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, tenders or other matters relative to any Collateral, whether or not the Collateral Holder or any Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Holder shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Holder accords its own Property. The duties of the Collateral Holder under this Agreement shall be mechanical and administrative in nature; the Collateral Holder shall not have, by reason of this Agreement, a fiduciary relationship in respect of any Lender, and nothing herein, express or implied, is intended to or shall be so construed as to impose upon the Collateral Holder any obligations in respect of this Agreement except as expressly set forth herein.

SECTION 12. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Holder may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the NYUCC (whether or not the NYUCC applies to the affected Collateral) and also shall have the right, as the Collateral Holder may deem necessary or advisable, to do any of the following:

(i) to foreclose the Security Interest by any available judicial procedure or without judicial process;

(ii) to notify the issuer of the Collateral that the Collateral has been assigned to the Collateral Holder and that all dividends, distributions and other payments thereon are to be made directly and exclusively to the Collateral Holder;

(iii) to enter into any extension or reorganization agreement or other agreement relating to or affecting the Collateral and in consideration therewith, the Collateral Holder may deposit or surrender control of the Collateral or accept other Property in exchange of the Collateral;

(iv) to settle, adjust, defend, compromise or release, on terms acceptable to the Collateral Holder, in whole or in part, any amounts owing on the Collateral and/or any disputes with respect thereto; or

(v) to exercise all other rights, powers, privileges and remedies of an owner of the Collateral.

(b) Without notice except as specified below, the Collateral Holder may, or shall at the express written direction of (i) so long as any Loans under the Credit Agreement or the Existing Credit Agreement are outstanding, Lenders holding at least 25% in aggregate principal amount of the outstanding Loans under the Credit Agreement and Existing Credit Agreement, and (ii) otherwise, PSC (the party or parties so entitled to give such direction, the "Controlling Lenders"), on behalf, and for the ratable benefit, of all of the Lenders, retain the Collateral or sell, assign, transfer, endorse and deliver the Collateral or any part thereof in one or more parcels at public or private sale, on any exchange, over the counter market or at any of the Collateral Holder's offices or elsewhere, for cash, on credit or for other Property, for immediate or future delivery, and at such price or prices and upon such other terms as the Collateral Holder or the Controlling Secured Parties may deem commercially reasonable. Upon consummation of any such sale, the Collateral Holder shall have the right to assign, transfer, endorse and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Property sold absolutely free from any claim or right on the part of the Company, and the Company hereby waives (to the fullest extent permitted by law) all rights of redemption, stay or appraisal which the Company now has or may at any time in the future have under any rule of law or statute now existing

or hereafter enacted. The Company agrees that ten (10) days' prior written notice to the Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute commercially reasonable notification within the meaning of Section 9-504(3) of the NYUCC. Any such sale shall be held at such time or times and at such place or places as the Collateral Holder may fix.

At any such sale, the Collateral, or portion thereof to be sold, may be sold as an entirety or in separate portions, as the Collateral Holder may, in its sole and absolute discretion, determine. The Collateral Holder shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Holder may, without notice or publication, adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. In case sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Holder until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Holder shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any sale made pursuant to this Agreement, the Collateral Holder and (i) so long as any Loans under the Credit Agreement or the Existing Credit Agreement are outstanding, any Lender, and (ii) otherwise, PSC, may bid for or purchase, free from any right of redemption, stay or appraisal on the part of the Company (all said rights being also hereby waived and released to the fullest extent permitted by law), any part of or all of the Collateral offered for sale, and the Collateral Holder and any such Lender may, upon compliance with the terms of sale, hold, retain and dispose of such Property without further accountability to the Company therefor. The Collateral Holder shall not be required to register or qualify any of the Collateral under applicable state or federal securities laws if the sale is effected in a manner that complies with all applicable federal and state securities laws. The Collateral Holder may, at any private sale, if it deems advisable, restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof. If any such Collateral is sold at private sale in a manner that the Collateral Holder in good faith believes to be reasonable under the circumstances then existing, then (i) the sale shall be deemed to be commercially reasonable in all respects, (ii) the Company shall not be entitled to a credit against the Secured Obligations in an amount in excess of the purchase price, and (iii) the Collateral Holder shall not incur any liability or responsibility to the Company in connection therewith, notwithstanding the possibility that a substantially higher price might have been realized at a public sale.

The Company recognizes that a ready market may not exist for such Collateral if it is not regularly traded on a recognized securities exchange, and that a sale by the Collateral Holder of any such Collateral for an amount substantially less than the value thereof (whether determined by book value, appraisal or otherwise) may be commercially reasonable in view of the difficulties that may be encountered in attempting to sell Collateral that is privately traded. Until the Collateral Holder is able to effect a sale or other disposition of the Collateral or any part thereof, the Collateral Holder shall have the right, but not the obligation, to exercise all rights of an owner of the Collateral or any part thereof to the extent that it deems appropriate for the purpose of preserving the Collateral or its value or for any other purpose deemed by the Collateral Holder to be commercially reasonable in the exercise of the Collateral Holder's remedies hereunder. The Collateral Holder shall have no obligation to the Company to maintain or preserve the rights of the Company as against third parties with respect to the Collateral.

(c) All dividends, distributions and other payments received by the Collateral Holder under, in connection with, or otherwise in respect of the Collateral, and all cash proceeds received by the Collateral Holder in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Holder, be held by the Collateral Holder as collateral for, and/or then or at any time thereafter applied (after first payment of any amounts payable to the Collateral Holder pursuant to Section 13 and then payment of any costs, expenses or indemnities then due and payable by the Company to any Lender hereunder or under the Credit Agreement, any other Credit Facility Document or any Existing Credit Facility Document) in whole or in part by the Collateral Holder for the ratable benefit of the Lenders, in the following order of priority:

(i) first, ratably among the holders of the Credit Agreement Obligations until all of the Credit Agreement Obligations are repaid in full;

(ii) second, ratably among the holders of the other Secured Obligations (other than those specified in subsection (i) above) until all of said other Secured Obligations are repaid in full.

Any surplus of such payments or cash proceeds held by the Collateral Holder and remaining after payment in full of all the Secured Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to receive such

surplus. If, however, there remains any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the Secured Obligations, the Operating Partnership shall remain liable to the extent of such deficiency.

SECTION 13. Indemnity and Expenses.

(a) The Company agrees to indemnify the Collateral Holder from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Collateral Holder's gross negligence or willful misconduct.

(b) The Company, upon demand, shall promptly pay to the Collateral Holder the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts, that the Collateral Holder may incur in connection with (i) the custody, preservation, use of, or the sale of, collection from or other realization upon, any of the Collateral, (ii) the exercise or enforcement of any of the rights of the Collateral Holder or the Lenders hereunder, or (iii) the failure by the Company to perform or observe any of the provisions hereof.

SECTION 14. Amendments, Waivers; Etc.

(a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Company herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) The waiver by the Collateral Holder of any breach of the terms and conditions of this Agreement, and the consent of any Lender thereto, shall not prejudice any remedy of the Collateral Holder or any Lender in respect of any continuing or other breach of the terms and conditions hereof, and shall not be construed as a bar to any right or remedy that the Collateral Holder or any Lender would otherwise have on any future occasion under this Agreement.

(c) No failure on the part of the Collateral Holder or any Lender to exercise, and no delay on any of their parts in exercising, any right, power, privilege or remedy under this Agreement, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or the further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

SECTION 15. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic communication) and shall be mailed, telegraphed, telecopied, telexed, cabled or delivered to the appropriate party at its address specified in the Credit Agreement (for Collateral Holder) and in the signature block of this Agreement for the Company or, as to either party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section. All such notices and other communications shall be effective (a) when received, if mailed or delivered, or (b) when delivered to the telegraph company, transmitted by telecopier, confirmed by telex answer-back, or delivered to the cable company, respectively, addressed as aforesaid.

SECTION 16. Continuing Security Interest, Assignments under the Credit Agreements. This Agreement shall create a continuing Security Interest in the Collateral and shall (a) remain in full force and effect until termination in accordance with the provisions of Section 17, (b) be binding upon the Company, its successors and assigns, and (c) inure, together with the rights and remedies of the Collateral Holder hereunder, to the benefit of the Collateral Holder, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Facility Documents or Existing Credit Facility Documents (including, without limitation, all or any portion of its Commitments and the Loans owing to it thereunder) held by it to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Article X (concerning the Administrative Agent and the Collateral Holder) and Section 11.06 (concerning Assignments and Participations) of the Credit Agreement and Existing Credit Agreement. The Company shall not be permitted to assign this Agreement or any interest herein or in the Collateral, or any part thereof, except as permitted by the Credit Agreement, or otherwise pledge, encumber or grant any option with respect to the Collateral, or any part thereof, or any cash or Property held by the Collateral Holder as collateral under this Agreement. No notice to or demand on the Company shall entitle the Company to any other or further notice or demand in the same, similar or other circumstances.

SECTION 17. Termination. The Security Interest granted hereby shall terminate and all rights to the Collateral shall revert to the Company upon the first to occur of the following (the "Security Termination Date"): (a) the

Credit Agreement shall have terminated and the Loans and other amounts due thereunder shall have been paid in full and Lenders have no further commitment to extend credit to the Operating Partnership under the Credit Agreement, or (b) all of the Loans and all other amounts due under the Credit Agreement shall have been refinanced by Lenders as an unsecured interest only term loan or an unsecured revolving credit facility as provided in Section 2.10 of the Credit Agreement. Upon any such Security Termination Date, the Collateral Holder shall reassign and redeliver the Collateral then held by or for the Collateral Holder and execute and deliver to the Company, at the Company's expense, such documents as it shall reasonably request to evidence such termination.

SECTION 18. Governing Law.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) The Company hereby expressly and irrevocably agrees and consents that any suit, action or proceeding arising out of or relating to this Agreement and the transactions contemplated herein may be instituted by the Collateral Holder or any Lender in any State or Federal court sitting in the County of New York, State of New York, United States of America and, by the execution and delivery of this Agreement, the Company expressly waives any objection that it may have now or hereafter to the laying of the venue or to the jurisdiction of any such suit, action or proceeding, and irrevocably submits generally and unconditionally to the jurisdiction of any such suit, action or proceeding, and irrevocably submits generally and unconditionally to the jurisdiction of any such court in any such suit, action or proceeding.

(c) The Company agrees that service of process may be made on the Company by personal service of a copy of the summons and complaint or other legal process in any such suit, action or proceeding, or by registered or certified mail (postage prepaid) to the address of the Company specified in Section 15, or by any other method of service provided for under the applicable laws in effect in the State of New York.

(d) Nothing contained in Sections 18(b), 18(c) and 18(d) shall preclude the Collateral Holder or any Lender from bringing any suit, action or proceeding arising out of or relating to this Agreement or the other Credit Facility Documents in the courts of any place where the Company or any of the Company's Property or assets may be found or located. To the extent permitted by the applicable laws of any such jurisdiction, the Company hereby irrevocably submits to the jurisdiction of any such court and expressly waives, in respect of any such suit, action or proceeding, the jurisdiction of any other court or courts which now or hereafter, by reason of its present or future domicile, or otherwise, may be available to it.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, THE COMPANY HEREBY AGREES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND THE COMPANY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY HAVE THAT SUCH ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(f) Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the NYUCC are used herein as therein defined.

SECTION 19. Waiver of Claims. Except as otherwise provided in this Agreement, THE COMPANY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OF JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL HOLDER'S TAKING POSSESSION OR THE COLLATERAL HOLDER'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICES AND HEARINGS FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT THAT THE COMPANY WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and the Company hereby further waives:

(a) all damages occasioned by such taking of possession except any damages which are the direct result of the Collateral Holder's gross negligence or willful misconduct;

(b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Holder's rights hereunder; and

(c) all rights of redemption, appraisalment, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and the Company, for itself and all who may claim under it, insofar as it now or hereafter lawfully may, hereby waives the

benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Company therein and thereto, and shall be a perpetual bar both at law and in equity against the Company and against any and all persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, through and under the Company.

SECTION 20. Registration In Nominee's or Collateral Holder's Name. The Collateral Holder shall have the right (in its sole and absolute discretion) to hold the Collateral in its own name or in the name of its nominee, all in form and substance satisfactory to the Collateral Holder.

SECTION 21. Separability of Provisions. Any provision of this Agreement prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, or be modified to conform with such laws, without invalidating the remaining provisions of this Agreement, and any such prohibition in any jurisdiction or any impairment or invalidity of this Agreement under the laws of any jurisdiction as security for any portion of the Secured Obligations hereunder shall not impair or invalidate this Agreement as security for any other portion thereof.

SECTION 22. Headings. Section headings used herein are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 23. Counterparts. This Agreement may be executed with counterpart signature pages or in any number of counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute but one in the same instrument.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

COLLATERAL HOLDER:

PRUDENTIAL SECURITIES CREDIT CORP.

By: _____

Name (print): _____

Title: _____

COMPANY:

CALI REALTY CORPORATION

By: _____

Name (print): _____

Title: _____

Notice Address: 11 Commerce Drive
Cranford, NJ 07016

<TABLE>
<CAPTION>

SCHEDULE I
PLEDGED STOCK

Issuer	State of Incorporation	Type of Security	Percentage Ownership
Cali Sub X, Inc.	Delaware	Common Stock	100%
Cali Sub XI, Inc.	Delaware	Common Stock	100%

</TABLE>

PLEDGE AGREEMENT

This PLEDGE AGREEMENT dated as of November ____, 1996 (this "Agreement") is entered into between Cali Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), and Prudential Securities Credit Corp., as Administrative Agent (the "Administrative Agent") for the benefit of the lenders (the "Lenders") who are or may become parties to the Credit Agreement (as hereinafter defined) and as custodian of the Collateral (as hereinafter defined) (Prudential Securities Credit Corp., in its capacity as Administrative Agent and custodian of the Collateral, is hereafter referred to as the "Collateral Holder", and in any capacity other than as Administrative Agent or Collateral Holder is referred to as "PSC").

R E C I T A L S

A. The Lenders, the Administrative Agent and the Operating Partnership have entered into: (i) a Revolving Credit Facility Agreement of even date herewith (such Revolving Credit Facility Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "Credit Agreement"), and (ii) a Revolving Credit Facility Agreement dated August 31, 1994 (as amended or otherwise modified from time to time, the "Existing Credit Agreement").

B. It is a condition precedent to the effectiveness of the Credit Agreement, and to the making of Loans by the Lenders under the Credit Agreement, that the Operating Partnership shall have granted the security interest contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans from time to time under the Credit Agreement and Existing Credit Agreement, the Operating Partnership hereby agrees with the Collateral Holder for its benefit and the ratable benefit of the Lenders as follows:

SECTION 1. Definitions. Unless specified otherwise in this Agreement, capitalized terms used but not defined in this Agreement shall have the meanings assigned thereto under the Credit Agreement. In addition, the following terms shall have the respective meanings set forth below.

"Collateral" shall have the meaning assigned thereto under Section 2 of this Agreement.

"Credit Agreement Obligations" shall mean all indebtedness and obligations owed by the Operating Partnership to the Administrative Agent or Lenders under the Credit Agreement or the Existing Credit Agreement (including, without limitation, the Obligations (as that term is defined in the Credit Agreement and the Existing Credit Agreement)).

"Event of Default" shall mean any Event of Default (as defined in the Credit Agreement).

"Secured Obligations" shall mean the Credit Agreement Obligations together with all other obligations and liabilities of the Operating Partnership to the Administrative Agent or the Lenders, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred.

SECTION 2. Grant of Security. As collateral security for payment and performance in full of all of the Secured Obligations in accordance with the Credit Facility Documents and the Existing Credit Facility Documents, the Operating Partnership hereby pledges, hypothecates, assigns, transfers, sets over and delivers unto the Collateral Holder, and grants to the Collateral Holder for its benefit and the ratable benefit of the Lenders a continuing and perfected first priority security interest in the following (the "Collateral"):

(a) All right, title and interest that the Operating Partnership now owns or hereafter acquires as a limited partner in those limited partnerships specified on Schedule I;

(b) All compensation, fees, cash distributions, distributions of Property and returns of contributions that the Operating Partnership is now or hereafter becomes entitled to receive by virtue of its ownership of the limited partnership interests in the limited partnerships specified on Schedule I; and

(c) All Proceeds of all of the foregoing.

SECTION 3. Security for Obligations. The assignments, pledges, liens and security interests granted under this Agreement (collectively, the "Security Interest") by the Operating Partnership secure the payment and performance in full of all Secured Obligations.

SECTION 4. Delivery of Collateral. All certificates or instruments representing or evidencing the Collateral, if any, shall be delivered to and held by the Collateral Holder pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, and by such other instruments or documents as

the Collateral Holder may reasonably request, all in form and substance reasonably satisfactory to the Collateral Holder. The Collateral Holder shall have the right, at any time in its sole discretion and without prior notice to the Operating Partnership, to transfer to or to register in the name of the Collateral Holder or any of its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a). In addition, the Collateral Holder shall have the right at any time to exchange certificates or instruments representing or evidencing the Collateral for certificates or instruments representing smaller or larger percentage interests.

SECTION 5. Representations and Warranties. The Operating Partnership represents and warrants as follows:

(a) The Operating Partnership is the legal, equitable and beneficial owner of the Collateral, free and clear of any Lien, except for Liens created by this Agreement, and the Operating Partnership will make no other assignment, pledge, mortgage, hypothecation or transfer of the Collateral. The Operating Partnership has good right and legal authority to pledge the Collateral in the manner hereby done or contemplated and will defend its title thereto against the claims of all persons whomsoever and will maintain and preserve the Security Interest with respect to the Collateral as long as this Agreement shall remain in full force and effect.

(b) No consent or approval of any governmental body or regulatory authority or of any securities exchange was or is necessary as a condition to the validity of the pledge by the Operating Partnership of the Collateral hereunder.

(c) This Agreement, and the pledge of the Collateral pursuant hereto, create a valid and perfected first priority Security Interest in the Collateral to secure the Secured Obligations. The Operating Partnership has delivered or is delivering to the Collateral Holder, together with such appropriate endorsements or documentation of assignment thereof, all Collateral consisting of certificated securities, instruments or the like.

(d) As of the date of this Agreement, Schedule I is true, complete and correct in all material respects.

(e) The Operating Partnership's principal place of business and chief executive office is located at 11 Commerce Drive, Cranford, New Jersey 07016.

(f) Each limited partnership identified on Schedule I is a limited partnership duly organized and validly existing under the laws of the state of its organization as specified on Schedule I.

(g) The Operating Partnership has delivered to the Collateral Holder true and correct copies of the limited partnership agreements of each of the limited partnerships specified on Schedule I, and such partnership agreements are valid, effective and enforceable in accordance with their respective terms.

(h) None of the limited partnerships specified on Schedule I have issued certificates of partnership interest or any other writing or certificate as evidence of the limited partnership interests owned by the Operating Partnership and the respective partnership agreements constitute the only documents evidencing the ownership interest of the Operating Partnership in the limited partnerships specified on Schedule I.

(i) All conditions and requirements under the applicable partnership agreements of each of the limited partnerships specified on Schedule I and under applicable law with respect to the pledge, assignment and transfer of the Collateral, and the Collateral Holder's right to receive distributions and payments arising from or relating to the Collateral, have been satisfied or obtained.

SECTION 6. Further Assurances. The Operating Partnership agrees that from time to time, at the expense of the Operating Partnership, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary, or that the Collateral Holder may reasonably request, in order to perfect and protect the Security Interest granted hereby or to enable the Collateral Holder to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including, without limitation, execution of financing statements and notices to the limited partnerships listed on Schedule I and/or the general partners thereof.

SECTION 7. Voting Rights; Etc.

(a) So long as no Event of Default shall have occurred and be continuing:

(i) The Operating Partnership shall be entitled to exercise any and all voting and other consensual rights pertaining to the Collateral or any part thereof; provided, however, that the Operating Partnership shall give the Collateral Holder at least five (5) days' prior written notice of the manner in which it intends to exercise any such right; provided further, however, that the Operating Partnership

shall not exercise or refrain from exercising any such right if, in the Collateral Holder's reasonable judgment, such action would have a material adverse effect on the value of the Collateral or any part thereof or is otherwise inconsistent with the terms of this Agreement, the other Credit Facility Documents or the Existing Credit Facility Documents (collectively, the "Operative Documents").

(ii) The Operating Partnership shall be entitled to receive and retain any and all distributions and other payments paid on and in respect of the Collateral.

(iii) The Collateral Holder shall execute and deliver (or cause to be executed and delivered) to the Operating Partnership all such proxies and other instruments as the Operating Partnership may reasonably request for the purpose of enabling it to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the distributions and other payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of an Event of Default:

(i) All rights of the Operating Partnership to exercise the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 7(a)(i) and to receive the distributions and other payments that it would otherwise be authorized to receive and retain pursuant to Section 7(a)(ii) shall cease, and all such rights shall thereupon become vested in the Collateral Holder who shall thereupon have the sole right to exercise voting and other consensual rights and to receive and hold as Collateral such distributions and other payments.

(ii) All distributions and other payments that are received by the Operating Partnership contrary to the provisions of paragraph (i) of this Section 7(b) shall be received and held in trust for the benefit of the Collateral Holder and the Lenders, shall be segregated from other funds of the Operating Partnership and shall be forthwith paid over to the Collateral Holder as Collateral in the same form as so received (with any necessary endorsement).

SECTION 8. Transfers and Other Liens. The Operating Partnership shall not (a) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (b) create or suffer to exist any Lien upon or with respect to any of the Collateral except for Liens created by this Agreement.

SECTION 9. Collateral Holder Appointed Attorney-in-Fact. The Operating Partnership hereby constitutes and appoints the Collateral Holder its attorney-in-fact for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Holder may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest; provided, however, that the Collateral Holder shall not exercise any rights pursuant to this grant until the occurrence of an Event of Default. Without limiting the generality of the foregoing, the Collateral Holder shall have the right, after the occurrence of an Event of Default hereunder, with full power of substitution, either in the Collateral Holder's name or in the name of the Operating Partnership, to ask for, demand, sue for, collect, receive, and give acquittance for any and all moneys due or to become due under and by virtue of any Collateral, to endorse checks, drafts, orders and other instruments for the payment of money payable to the Collateral Holder or the Lenders, representing any distribution payable in respect of the Collateral or any part thereof or on account thereof and to give full discharge for the same, to settle, compromise, prosecute or defend any action, claim or proceeding with respect thereto, and to sell, assign, endorse, pledge, transfer and make any agreement respecting, or otherwise deal with, the same; provided, however, that nothing herein contained shall be construed as requiring or obligating the Collateral Holder to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any Property covered thereby, and no action taken or omitted to be taken by the Collateral Holder with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of the Operating Partnership or to any claim or action against the Collateral Holder.

SECTION 10. Collateral Holder May Perform. If the Operating Partnership fails to perform any agreement contained herein, the Collateral Holder may itself perform, or cause the performance of, such agreement, and the reasonable expenses of the Collateral Holder incurred in connection therewith shall be payable by the Operating Partnership under Section 13(b).

SECTION 11. The Collateral Holder's Duties. The powers conferred on the Collateral Holder hereunder are solely to protect its and the Lenders' interest in the Collateral and shall not impose any duty upon it to exercise any such

powers. Except for a duty to exercise reasonable care in respect of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Holder shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Holder or any Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Holder shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Holder accords its own Property. The duties of the Collateral Holder under this Agreement shall be mechanical and administrative in nature; the Collateral Holder shall not have, by reason of this Agreement, a fiduciary relationship in respect of any Lender, and nothing herein, express or implied, is intended to or shall be so construed as to impose upon the Collateral Holder any obligations in respect of this Agreement except as expressly set forth herein.

SECTION 12. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Holder may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the NYUCC (whether or not the NYUCC applies to the affected Collateral) and also shall have the right, as the Collateral Holder may deem necessary or advisable, to do any of the following:

(i) to foreclose the Security Interest by any available judicial procedure or without judicial process;

(ii) to notify the limited partnerships listed on Schedule I and/or the general partners thereof that the Collateral has been assigned to the Collateral Holder and that all distributions and payments thereon are to be made directly and exclusively to the Collateral Holder;

(iii) to enter into any extension or reorganization agreement or other agreement relating to or affecting the Collateral, and in consideration therewith, the Collateral Holder may deposit or surrender control of the Collateral or accept other Property in exchange of the Collateral;

(iv) to settle, adjust, defend, compromise or release, on terms acceptable to the Collateral Holder, in whole or in part, any amounts owing on the Collateral and/or any disputes with respect thereto; or

(v) to exercise all other rights, powers, privileges and remedies of an owner of the Collateral.

(b) Without notice except as specified below, the Collateral Holder may, or shall at the express written direction of (i) so long as any Loans under the Credit Agreement or Existing Credit Agreement are outstanding, Lenders holding at least 25% in aggregate principal amount of the outstanding Loans under the Credit Agreement and Existing Credit Agreement, and (ii) otherwise, PSC (the party or parties so entitled to give such direction, the "Controlling Secured Parties"), on behalf, and for the ratable benefit, of all of the Lenders, retain the Collateral or sell, assign, transfer, endorse and deliver the Collateral or any part thereof in one or more parcels at public or private sale, on any exchange, over the counter market or at any of the Collateral Holder's offices or elsewhere, for cash, on credit or for other Property, for immediate or future delivery, and at such price or prices and upon such other terms as the Collateral Holder or the Controlling Secured Parties may deem commercially reasonable. Upon consummation of any such sale, the Collateral Holder shall have the right to assign, transfer, endorse and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Property sold absolutely free from any claim or right on the part of the Operating Partnership, and the Operating Partnership hereby waives (to the fullest extent permitted by law) all rights of redemption, stay or appraisal which the Operating Partnership now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Operating Partnership agrees that ten (10) days' prior written notice to the Operating Partnership of the time and place of any public sale or the time after which any private sale is to be made shall constitute commercially reasonable notification within the meaning of Section 9-504(3) of the NYUCC. Any such sale shall be held at such time or times and at such place or places as the Collateral Holder may fix.

At any such sale, the Collateral, or portion thereof to be sold, may be sold as an entirety or in separate portions, as the Collateral Holder may, in its sole and absolute discretion, determine. The Collateral Holder shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Holder may, without notice or publication, adjourn any public or private sale from time to time by announcement at the time and

place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. In case sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Holder until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Holder shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any sale made pursuant to this Agreement, the Collateral Holder and (i) so long as any Loans under the Credit Agreement or Existing Credit Agreement are outstanding, any Lender, and (ii) otherwise, PSC, may bid for or purchase, free from any right of redemption, stay or appraisal on the part of the Operating Partnership (all said rights being also hereby waived and released to the fullest extent permitted by law), any part of or all of the Collateral offered for sale, and the Collateral Holder and any such Lender may, upon compliance with the terms of sale, hold, retain and dispose of such Property without further accountability to the Operating Partnership therefor. The Collateral Holder shall not be required to register or qualify any of the Collateral under applicable state or federal securities laws if the sale is effected in a manner that complies with all applicable federal and state securities laws. The Collateral Holder may, at any private sale, if it deems advisable, restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof. If any such Collateral is sold at private sale in a manner that the Collateral Holder in good faith believes to be reasonable under the circumstances then existing, then (i) the sale shall be deemed to be commercially reasonable in all respects, (ii) the Operating Partnership shall not be entitled to a credit against the Secured Obligations in an amount in excess of the purchase price, and (iii) the Collateral Holder shall not incur any liability or responsibility to the Operating Partnership in connection therewith, notwithstanding the possibility that a substantially higher price might have been realized at a public sale.

The Operating Partnership recognizes that a ready market may not exist for such Collateral if it is not regularly traded on a recognized securities exchange, and that a sale by the Collateral Holder of any such Collateral for an amount substantially less than the value thereof (whether determined by book value, appraisal or otherwise) may be commercially reasonable in view of the difficulties that may be encountered in attempting to sell Collateral that is privately traded. Until the Collateral Holder is able to effect a sale or other disposition of the Collateral or any part thereof, the Collateral Holder shall have the right, but not the obligation, to exercise all rights of an owner of the Collateral or any part thereof to the extent that it deems appropriate for the purpose of preserving the Collateral or its value or for any other purpose deemed by the Collateral Holder to be commercially reasonable in the exercise of the Collateral Holder's remedies hereunder. The Collateral Holder shall have no obligation to the Operating Partnership to maintain or preserve the rights of the Operating Partnership as against third parties with respect to the Collateral.

(c) All distributions and other payments received by the Collateral Holder under, in connection with, or otherwise in respect of the Collateral, and all cash proceeds received by the Collateral Holder in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Holder, be held by the Collateral Holder as collateral for, and/or then or at any time thereafter applied (after first payment of any amounts payable to the Collateral Holder pursuant to Section 13 and then payment of any costs, expenses or indemnities then due and payable by the Operating Partnership to any Lender hereunder or under the Credit Agreement, any other Credit Facility Document or any Existing Credit Facility Document) in whole or in part by the Collateral Holder for the ratable benefit of the Lenders, in the following order of priority:

(i) first, ratably among the holders of the Credit Agreement Obligations until all of the Credit Agreement Obligations are repaid in full;

(ii) second, ratably among the holders of the other Secured Obligations (other than those specified in subsection (i) above), until all of said other Secured Obligations are repaid in full.

Any surplus of such payments or cash proceeds held by the Collateral Holder and remaining after payment in full of all the Secured Obligations shall be paid over to the Operating Partnership or to whomsoever may be lawfully entitled to receive such surplus. If, however, there remains any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the Secured Obligations, the Operating Partnership shall remain liable to the extent of such deficiency.

SECTION 13. Indemnity and Expenses.

(a) The Operating Partnership agrees to indemnify the Collateral Holder from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the

Collateral Holder's gross negligence or willful misconduct.

(b) The Operating Partnership, upon demand, shall promptly pay to the Collateral Holder the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts, that the Collateral Holder may incur in connection with (i) the custody, preservation, use of, or the sale of, collection from or other realization upon, any of the Collateral, (ii) the exercise or enforcement of any of the rights of the Collateral Holder or the Lenders hereunder, or (iii) the failure by the Operating Partnership to perform or observe any of the provisions hereof.

SECTION 14. Amendments, Waivers; Etc.

(a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Operating Partnership herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) The waiver by the Collateral Holder of any breach of the terms and conditions of this Agreement, and the consent of any Lender thereto, shall not prejudice any remedy of the Collateral Holder or any Lender in respect of any continuing or other breach of the terms and conditions hereof, and shall not be construed as a bar to any right or remedy that the Collateral Holder or any Lender would otherwise have on any future occasion under this Agreement.

(c) No failure on the part of the Collateral Holder or any Lender to exercise, and no delay on any of their parts in exercising, any right, power, privilege or remedy under this Agreement, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or the further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

SECTION 15. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic communication) and shall be mailed, telegraphed, telecopied, telexed, cabled or delivered to the appropriate party at its address specified in the Credit Agreement or, as to either party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section. All such notices and other communications shall be effective (a) when received, if mailed or delivered, or (b) when delivered to the telegraph company, transmitted by telecopier, confirmed by telex answer-back, or delivered to the cable company, respectively, addressed as aforesaid.

SECTION 16. Continuing Security Interest, Assignments under the Credit Agreements. This Agreement shall create a continuing Security Interest in the Collateral and shall (a) remain in full force and effect until termination in accordance with the provisions of Section 17, (b) be binding upon the Operating Partnership, its successors and assigns, and (c) inure, together with the rights and remedies of the Collateral Holder hereunder, to the benefit of the Collateral Holder, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Facility Documents or Existing Credit Facility Documents (including, without limitation, all or any portion of its Commitments and the Loans owing to it thereunder) held by it to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Article X (concerning the Administrative Agent and the Collateral Holder) and Section 11.06 (concerning Assignments and Participations) of the Credit Agreement and Existing Credit Agreement. The Operating Partnership shall not be permitted to assign this Agreement or any interest herein or in the Collateral, or any part thereof, except as permitted by the Credit Agreement, or otherwise pledge, encumber or grant any option with respect to the Collateral, or any part thereof, or any cash or Property held by the Collateral Holder as collateral under this Agreement. No notice to or demand on the Operating Partnership shall entitle the Operating Partnership to any other or further notice or demand in the same, similar or other circumstances.

SECTION 17. Termination. The Security Interest granted hereby shall terminate and all rights to the Collateral shall revert to the Operating Partnership on the first to occur of the following (the "Security Termination Date"): (a) the Credit Agreement shall have terminated and the Loans and other amounts due thereunder shall have been paid in full and Lenders have no further commitment to extend credit to the Operating Partnership under the Credit Agreement, or (b) all of the Loans and all other amounts due under the Credit Agreement shall have been refinanced by Lenders as an unsecured interest only term loan or an unsecured revolving credit agreement as provided in Section 2.10 of the Credit Agreement. Upon any such Security Termination Date, the Collateral Holder shall reassign and redeliver the Collateral then held by or for the Collateral Holder and execute and deliver to the Operating Partnership, at the Operating Partnership's expense, such documents as it shall reasonably request to evidence such termination.

SECTION 18. Governing Law.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) The Operating Partnership hereby expressly and irrevocably agrees and consents that any suit, action or proceeding arising out of or relating to this Agreement and the transactions contemplated herein may be instituted by the Collateral Holder or any Lender in any State or Federal court sitting in the County of New York, State of New York, United States of America and, by the execution and delivery of this Agreement, the Operating Partnership expressly waives any objection that it may have now or hereafter to the laying of the venue or to the jurisdiction of any such suit, action or proceeding, and irrevocably submits generally and unconditionally to the jurisdiction of any such suit, action or proceeding, and irrevocably submits generally and unconditionally to the jurisdiction of any such court in any such suit, action or proceeding.

(c) The Operating Partnership agrees that service of process may be made on the Operating Partnership by personal service of a copy of the summons and complaint or other legal process in any such suit, action or proceeding, or by registered or certified mail (postage prepaid) to the address of Operating Partnership specified in Section 15, or by any other method of service provided for under the applicable laws in effect in the State of New York.

(d) Nothing contained in Sections 18(b), 18(c) and 18(d) shall preclude the Collateral Holder or any Lender from bringing any suit, action or proceeding arising out of or relating to this Agreement or the other Credit Facility Documents in the courts of any place where the Operating Partnership or any of the Operating Partnership's Property or assets may be found or located. To the extent permitted by the applicable laws of any such jurisdiction, the Operating Partnership hereby irrevocably submits to the jurisdiction of any such court and expressly waives, in respect of any such suit, action or proceeding, the jurisdiction of any other court or courts which now or hereafter, by reason of its present or future domicile, or otherwise, may be available to it.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, THE OPERATING PARTNERSHIP HEREBY AGREES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND THE OPERATING PARTNERSHIP HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY HAVE THAT SUCH ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(f) Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the NYUCC are used herein as therein defined.

SECTION 19. Waiver of Claims. Except as otherwise provided in this Agreement, THE OPERATING PARTNERSHIP HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OF JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL HOLDER'S TAKING POSSESSION OR THE COLLATERAL HOLDER'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICES AND HEARINGS FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT THAT THE OPERATING PARTNERSHIP WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and the Operating Partnership hereby further waives:

(a) all damages occasioned by such taking of possession except any damages which are the direct result of the Collateral Holder's gross negligence or willful misconduct;

(b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Holder's rights hereunder; and

(c) all rights of redemption, appraisalment, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and the Operating Partnership, for itself and all who may claim under it, insofar as it now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Operating Partnership therein and thereto, and shall be a perpetual bar both at law and in equity against the Operating Partnership and against any and all persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, through and under the Operating Partnership.

SECTION 20. Registration In Nominee's or Collateral Holder's Name. The Collateral Holder shall have the right (in its sole and absolute discretion) to

hold the Collateral in its own name or in the name of its nominee, all in form and substance satisfactory to the Collateral Holder.

SECTION 21. Separability of Provisions. Any provision of this Agreement prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, or be modified to conform with such laws, without invalidating the remaining provisions of this Agreement, and any such prohibition in any jurisdiction or any impairment or invalidity of this Agreement under the laws of any jurisdiction as security for any portion of the Secured Obligations hereunder shall not impair or invalidate this Agreement as security for any other portion thereof.

SECTION 22. Headings. Section headings used herein are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 23. Counterparts. This Agreement may be executed with counterpart signature pages or in any number of counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute but one in the same instrument.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

COLLATERAL HOLDER:

PRUDENTIAL SECURITIES CREDIT CORP.

By: _____
Name: _____
Title: _____

OPERATING PARTNERSHIP:

CALI REALTY, L.P.

By: Cali Realty Corporation, its general partner,

By: _____
Name: _____
Title: _____

<TABLE>
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SCHEDULE I
PLEGDED PARTNERSHIP INTERESTS

Partnership Name	State of Organization	Percentage Interest
<S> Cali Harborside (Fee) Associates L.P.	<C> New Jersey	<C> 99%
Cal-Harbor II & III Urban Renewal Associates L.P.	New Jersey	99%
Cal-Harbor IV Urban Renewal Associates L.P.	New Jersey	99%
Cal-Harbor V Urban Renewal Associates L.P.	New Jersey	99%
Cal-Harbor VI Urban Renewal Associates L.P.	New Jersey	99%
Cal-Harbor No. Pier Urban Renewal Associates L.P.	New Jersey	99%
Cal-Harbor So. Pier Urban Renewal Associates L.P.	New Jersey	99%
Cal-Harbor VII Urban Renewal Associates L.P.	New Jersey	99%

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