SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K/A

CURRENT REPORT

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

Date of Report (Date of earliest event reported) January 31, 1997

Cali Realty Corporation

(Exact name of registrant as specified in its charter)

Maryland	1-13274	22-3305147
(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

Item 2 is amended and restated in its entirety as follows.

On January 31, 1997, Cali Realty Corporation and subsidiaries (the "Company") acquired 65 properties (the "RM Properties") of the Robert Martin Company LLC and affiliates ("RM"), for a total cost of approximately $450.0 million. The cost of the transaction (the "RM Acquisition") was financed through the assumption of $185.3 million in mortgage indebtedness, approximately $220.0 million in cash, substantially all of which was obtained from the Company's cash reserves, and the issuance of 1,401,225 units (the "Units") in Cali Realty LP, (the "Operating Partnership").

In connection with the RM Acquisition, the Company assumed a $185.3 million non-recourse mortgage held by Teachers Insurance and Annuity Association of America ("TIAA"), with interest only payable monthly at a fixed annual rate of 7.18 percent (the "TIAA Mortgage"). The TIAA Mortgage is secured and cross-collateralized by 43 of the RM Properties and matures on December 31, 2003. The Company, at its option, may convert the TIAA Mortgage to unsecured debt upon achievement by the Company of an investment credit rating of Baa3/BBB- or better. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance.

The RM Properties consist of 16 office properties (the "RM Office Properties"), 38 office/flex properties (the "RM Office/Flex Properties"), six industrial/warehouse properties (the "RM Industrial/Warehouse Properties"), two stand-alone retail properties, two land leases, and a multi-family residential property. The RM Properties are located primarily in established business parks in Westchester County, New York and Fairfield County, Connecticut. The Company has agreed not to sell certain of the RM Properties for a period of seven years without the consent of the RM principals, except for sales made under certain circumstance and/or conditions.

In connection with the RM Acquisition, the Company was granted a three-year option to acquire a 115,000 square foot office property and an 84,000 square foot office/flex property (the "Option Properties") for an aggregate minimum price of $19 million and has granted RM the right to put such properties to the Company between a range of an aggregate purchase price of $11.6 to $21.3 million, under certain conditions. The purchase prices, under the agreement, are subject to adjustment based on different formulas and are payable in cash or Units.

In addition, the Company provided an $11.6 million non-recourse mortgage loan ("Mortgage Receivable") to entities controlled by the RM principals, bearing interest at an annual rate of 450 basis points over the one-month London Inter-bank Offered Rate (LIBOR). The Mortgage Receivable, which is secured by the Option Properties and guaranteed by certain of the RM principals, matures on February 1, 2000. In addition, the Company received a three percent origination fee in connection with the Mortgage Receivable.

Additionally, RM has made certain customary representations and warranties to the Company, most of which survive the closing for a period of one year. RM has agreed to maintain a minimum net worth of $25 million during such period.

As part of the transaction, Brad W. Berger, President and Chief Executive Officer of RM, and Timothy M. Jones, Chief Operating Officer of RM, joined the Company as Executive Vice Presidents under three-year employment agreements. Berger and Jones were each issued warrants to purchase 170,000 shares of the Company's common stock at a stock price of $33 per share, which vest equally over a three-year period and expire on January 31, 2007.
Robert F. Weinberg, co-founder of RM, and Mr. Berger will serve on the Company's Board of Directors for an initial term of three years. The Company will also appoint two additional independent Board members, thereby increasing the size of the Board from nine to thirteen members.

Following the transaction, the Company's portfolio consists of 123 properties, aggregating appoximately 11.4 million square feet of office, office/flex, industrial/warehouse and retail properties, including two multi-family residential properties and two land leases, located in New Jersey, New York, Pennsylvania and Connecticut.

The RM Acquisition was pursuant to an agreement for the sale and purchase of the RM Properties between the selling entity and the Company. The factors considered by the Company in determining the price to be paid included their historical and expected cash flow, nature of the tenants and terms of leases in place, occupancy rates, opportunities for alternative and new tenancies, current operating costs and real estate taxes on the properties and anticipated changes therein under Company ownership, the physical condition and locations of the properties, the anticipated effect on the Company's financial results (including particularly funds from operations) and the ability to sustain and potentially increase its distributions to Company stockholders, and other factors. The Company took into consideration capitalization rates at which it believes other comparable properties had recently sold, but determined the price it was willing to pay primarily on the factors discussed above relating to the properties themselves and their fit with the Company's operations. No separate independent appraisals were obtained in connection with the RM Acquisition by the Company. The Company, after investigation of the RM Properties, is not aware of any material factors, other than those enumerated above, that would cause the financial information reported not to be necessarily indicative of future operating results.

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

(a) Financial Statements
Audited Combined Financial Statements of the Robert Martin Group for the three years in the period ended December 31, 1996.

(b) Pro Forma Financial Information (unaudited)
Unaudited pro forma financial information for the Company is presented as follows:

o Condensed consolidated balance sheet as of December 31, 1996.

o Condensed consolidated statement of operations for the year ended December 31, 1996.

RM Properties: Property Tables

The following tables set forth certain historical information relating to each of the RM Office Properties, the RM Office/Flex Properties and the Industrial/Warehouse properties which were owned 100 percent by RM as of December 31, 1996.
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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	Percentage of 1996 Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
<S>	<C>	<C>	<C>	<C>	<C>
RM Office Properties					
ELMSFORD, WESTCHESTER COUNTY, NY					
100 Clearbrook Road(6)	1975	60,000	93.8	776	1.32
101 Executive Boulevard ...	1971	50,000	94.3	893	1.52
570 Taxter Road	1972	75,000	94.2	1,483	2.52
HAWTHORNE,					

WESTCHESTER COUNTY, NY					
1 Skyline Drive	1980	20,400	50.0	134	0.23
2 Skyline Drive	1987	30,000	100.0	420	0.71
17 Skyline Drive	1989	85,000	100.0	1,130	1.92
30 Saw Mill River Road	1982	248,400	100.0	4,471	7.59

<CAPTION>

Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
<S>	<C>	<C>
RM Office Properties		
ELMSFORD, WESTCHESTER COUNTY, NY		
100 Clearbrook Road(6)	13.79	ANS (34%)
101 Executive Boulevard ...	18.92	Pennysaver Group (18%), MCS Business Machines(11%), Alcone Sim's O'Brien (12%)
570 Taxter Road	20.99	Connecticut General (15%)
HAWTHORNE, WESTCHESTER COUNTY, NY		
1 Skyline Drive	13.11	Childtime Childcare (50%)
2 Skyline Drive	13.99	MW Samara (41%), Perinin Construction (30%), Boykoff & Bell (13%)
17 Skyline Drive	13.29	International Business Machines ("IBM") (100%)
30 Saw Mill River Road	18.00	IBM (100%)

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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	Percentage of 1996 Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
<S>	<C>	<C>	<C>	<C>	<C>
RM Office Properties(cont.)					
YONKERS, WESTCHESTER COUNTY, NY					
1 Executive Boulevard	1982	112,000	82.5	1,958	3.32
3 Executive Boulevard	1987	58,000	95.0	1,100	1.87
TARRYTOWN, WESTCHESTER COUNTY, NY					
200 White Plains Road	1982	89,000	91.3	1,588	2.69
220 White Plains Road......	1984	89,000	96.2	1,772	3.01
WHITE PLAINS, WESTCHESTER COUNTY, NY					
1 Barker Avenue	1975	68,000	100.0	1,461	2.48
3 Barker Avenue	1983	65,300	98.9	1,216	2.06
1 Water Street	1979	45,700	100.0	874	1.48

11 Martine Avenue	1987	180,000	100.0	4,224	7.17
50 Main Street	1985	309,000	96.7	7,039	11.95
Total RM Office Properties		1,584,800	95.9	$30,539	51.84

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Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
<S>	<C>	<C>
RM Office Properties(cont.)		
YONKERS, WESTCHESTER COUNTY, NY		
1 Executive Boulevard	21.19	Wise/Contact US (14%)
3 Executive Boulevard	19.97	GMAC/MIC (47%), Metropolitan Life (22%)
TARRYTOWN, WESTCHESTER COUNTY, NY		
200 White Plains Road	19.53	Independent Health (28%), Allmerica Finance (17%), NYS Dept. of Environmental Services(13%)
220 White Plains Road......	20.70	Stellare Management (11%)
WHITE PLAINS, WESTCHESTER COUNTY, NY		
1 Barker Avenue	21.49	O'Connor, McGuinn (19%), United Skys Realty Corp. (19%)
3 Barker Avenue	18.82	Bernard C. Harris (56%)
1 Water Street	19.13	Trigen Energy (37%), Stewart Title (15%)
11 Martine Avenue	23.47	KPMG Peat Marwick (14%), McCarthy Fingar (11%), David Worby (11%)
50 Main Street	23.57	National Economic Research Assoc. (10%)
Total RM Office Properties	20.10	

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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	Percentage of 1996 Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
<S>	<C>	<C>	<C>	<C>	<C>
RM Office/Flex Properties					
ELMSFORD, WESTCHESTER COUNTY, NY					
1 Westchester Plaza	1967	25,000	100.0	282	0.48
2 Westchester Plaza	1968	25,000	100.0	387	0.66
3 Westchester Plaza	1969	93,500	100.0	1,088	1.85

4 Westchester Plaza	1969	44,700	86.6	520	0.88
5 Westchester Plaza	1969	20,000	100.0	229	0.39
6 Westchester Plaza	1968	20,000	76.5	196	0.33
7 Westchester Plaza	1972	46,200	100.0	619	1.05
8 Westchester Plaza	1971	67,200	68.5	711	1.21

<CAPTION>

Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
<S>	<C>	<C>
RM Office/Flex Properties		
ELMSFORD, WESTCHESTER COUNTY, NY		
1 Westchester Plaza	11.30	KCI Therapeutic (40%), Thin Film Concepts (20%), RS Knapp(20%), American Greeting (20%)
2 Westchester Plaza	15.50	Board of Cooperation (78%), Kin-Tronics (12%), Squires Production (10%)
3 Westchester Plaza	11.63	Apria Healthcare (32%), Kangol Headware (27%), V-Band Corp. (16%), Dental Concepts (12%)
4 Westchester Plaza	13.43	Metropolitan Life (38%), EEV Inc. (34%)
5 Westchester Plaza	11.45	Kramer Scientific (26%), Rokonet Industries (25%), UA Plumbers Education (25%), Furniture Etc. (13%), Fujitsu (13%)
6 Westchester Plaza	12.80	Xerox (27%), Signacon Control (27%), PC Technical (23%), Girard Rubber Co. (12%)
7 Westchester Plaza	13.41	Emigrant Savings (56%), Fire-End Croker (22%), Health Maintenance (10%)
8 Westchester Plaza	15.46	Westchester Library (19%), Mamiya America (16%), Self Powered Lighting (13%)

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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	Percentage of 1996 Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
<S>	<C>	<C>	<C>	<C>	<C>
RM Office/Flex Properties(cont.)					

ELMSFORD, WESTCHESTER COUNTY, NY(cont.)					
11 Clearbrook Road	1974	31,800	100.0	267	0.45
75 Clearbrook Road	1990	32,720	100.0	665	1.13
150 Clearbrook Road	1975	74,900	100.0	939	1.59
175 Clearbrook Road	1973	98,900	97.6	1,191	2.02
200 Clearbrook Road	1974	94,000	100.0	946	1.61
250 Clearbrook Road	1973	155,000	84.1	1,206	2.05
50 Executive Boulevard ...	1969	45,200	98.1	386	0.66
77 Executive Boulevard ...	1977	13,000	100.0	169	0.29
85 Executive Boulevard ...	1968	31,000	100.0	287	0.49

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Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
<S>	<C>	<C>
RM Office/Flex Properties(cont.)		
ELMSFORD, WESTCHESTER COUNTY, NY(cont.)		
11 Clearbrook Road	8.41	Eastern Jungle (27%), Treetops Inc. (21%) MCS Marketing (18%), Creative Medical (14%), Puig Perfumes (14%)
75 Clearbrook Road	20.33	Evening Out (100%)
150 Clearbrook Road	12.54	Court Sports I(24%), Philips Medical (18%), Transwestern Pub (12%)
175 Clearbrook Road	12.34	Midland Avenue (35%), Hypres (12%)
200 Clearbrook Road	10.06	Midland Avenue (22%), Proftech Corp. (20%), IR Industries (18%), Wyse Technology (14%)
250 Clearbrook Road	9.25	AFP Imaging (42%), The Artina Group (14%)
50 Executive Boulevard ...	8.71	MMO Music Group (69%), Medical Billing (22%)
77 Executive Boulevard ...	13.03	Bright Horizons (55%), WNN Corporation (35%)
85 Executive Boulevard ...	9.25	Vrex Inc. (49%), Westhab Inc,. (18%), Saturn II Systems (11%), John Caulfields (13%)

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Percentage
of 1996

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
RM Office/Flex Properties(cont.)					
ELMSFORD, WESTCHESTER COUNTY, NY(cont.)					
300 Executive Blvd	1970	60,000	100.0	514	0.87
350 Executive Blvd	1970	15,400	100.0	238	0.40
399 Executive Blvd	1962	80,000	100.0	926	1.57
400 Executive Blvd	1970	42,200	100.0	550	0.93
500 Executive Blvd	1970	41,600	100.0	566	0.96
525 Executive Blvd	1972	61,700	100.0	752	1.28
HAWTHORNE, WESTCHESTER COUNTY, NY					
4 Skyline Drive	1987	80,600	100.0	1,082	1.84
8 Skyline Drive	1985	50,000	100.0	487	0.83
10 Skyline Drive	1985	20,000	81.0	215	0.36

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Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
RM Office/Flex Properties(cont.)		
ELMSFORD, WESTCHESTER COUNTY, NY(cont.)		
300 Executive Blvd	8.57	Varta Batteries (44%), Princeton Ski Outlet (43%), LMG International (12%)
350 Executive Blvd	15.45	Ikon Office (100%)
399 Executive Blvd	11.57	American Banknote (72%), Kaminstein Imports (28%)
400 Executive Blvd	13.03	Singer Holding Corp. (38%), North American Van Lines (24%)
500 Executive Blvd	13.61	Original Consurmer (36%), Dover Elevator (16%), CommerceOverseas(16%), Charles Martine (13%), Olsten Home Health (13%)
525 Executive Blvd	12.18	Vie de France (57%), New York Blood Center (21%)
HAWTHORNE, WESTCHESTER COUNTY, NY		
4 Skyline Drive	13.43	GEC Alsthom (50%), RMI Direct Marketing (10%)

8 Skyline Drive	9.75	Cityscape (34%), Reveco Inc. (29%), Stratasys Inc. (12%)
10 Skyline Drive	13.27	DX Communications (65%), Galson Corp. (17%)

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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	Percentage of 1996 Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
<S>	<C>	<C>	<C>	<C>	<C>
RM Office/Flex Properties(cont.)					
HAWTHORNE, WESTCHESTER COUNTY, NY(cont.)					
11 Skyline Drive	1989	45,000	100.0	679	1.15
15 Skyline Drive	1989	55,000	100.0	902	1.53
200 Saw Mill River Road ...	1965	51,100	100.0	611	1.04
YONKERS, WESTCHESTER COUNTY, NY					
100 Corporate Boulevard ...	1987	78,000	100.0	1,260	2.14
4 Executive Plaza	1986	80,000	83.6	704	1.19
6 Executive Plaza	1987	80,000	100.0	962	1.63
1 Odell Plaza	1980	106,000	98.2	1,099	1.87
5 Odell Plaza	1983	38,400	100.0	439	0.74
7 Odell Plaza.............	1984	42,600	100.0	587	1.00

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Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
<S>	<C>	<C>
RM Office/Flex Properties(cont.)		
HAWTHORNE, WESTCHESTER COUNTY, NY(cont.)		
11 Skyline Drive	15.09	Cube Computer (40%), Steri Pharmacy (19%), Bowthorpe Holdings (18%), Planned Parenthood (11%)
15 Skyline Drive	16.40	U.P.S. (61%), Emisphere Technology (23%), Minolta Copier (16%)
200 Saw Mill River Road ...	11.96	Walter Degruyter (21%), Xerox (17%), Argents Air Express(12%), SI Industrial (10%), AAR Hardware (10%)

YONKERS, WESTCHESTER COUNTY, NY		
100 Corporate Boulevard ...	16.15	Bank of New York (28%), Montefore (19%), Xerox (13%), Quality Lifestyle (12%), Medigene (11%)
4 Executive Plaza	10.52	O K Industries (43%), Minami International (11%)
6 Executive Plaza	12.02	Cablevision System (39%), KVL Audio Visual (12%), Empire Managed (10%)
1 Odell Plaza	10.55	Court Sports II (19%), Gannett Satellite (11%), Crown Trophy (10%)
5 Odell Plaza	11.42	Voyetra Technology (45%), Photo Fili Inc. (34%), Premier Pharmacy (22%)
7 Odell Plaza.............	13.78	US Post Office (41%), Bright Horizons (16%), TT Systems Corp. (12%), CP Bourg (12%)

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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	Percentage of 1996 Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
<S>	<C>	<C>	<C>	<C>	<C>
RM Office/Flex Properties(cont.)					
STAMFORD, FAIRFIELD COUNTY, CT					
419 West Avenue	1986	88,000	100.0	1,333	2.26
500 West Avenue	1988	25,000	100.0	320	0.54
550 West Avenue	1990	54,000	100.0	721	1.22
Total RM Office/Flex Properties		2,112,720	96.3	25,035	42.49

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Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
<S>	<C>	<C>
RM Office/Flex Properties(cont.)		
STAMFORD, FAIRFIELD COUNTY, CT		
419 West Avenue	15.15	Smith Industries (81%)
500 West Avenue	12.80	TNT Skypac (26%), Stamford Associates (26%), Lead Trackers(21%), Delecor USA (17%), M. Cohen & Sons (11%)
550 West Avenue	13.35	Lifecodes Corp. (44%), Davidoff of Geneva (39%)
Total RM Office/Flex Properties	12.31	

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Percentage

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/96 (%)(1)	1996 Base Rent ($000)(2)	of 1996 Total Office, Office/Flex and Industrial/Warehouse Base Rent (%)
<S>	<C>	<C>	<C>	<C>	<C>
Industrial/Warehouse Properties					
ELMSFORD, WESTCHESTER COUNTY, NY					
1 Warehouse Lane	1957	6,600	100.0	42	0.07
2 Warehouse Lane	1957	10,900	95.9	109	0.19
3 Warehouse Lane	1957	77,200	100.0	249	0.42
4 Warehouse Lane	1957	195,500	80.0	1,758	2.99
5 Warehouse Lane	1957	75,100	100.0	737	1.25
6 Warehouse Lane	1982	22,100	100.0	445	0.75
Total Industrial/Warehouse Prop.		387,400	89.8	3,340	5.67
Total RM Office, Office/Flex and Industrial/Warehouse Properties		4,084,920	95.5	58,914	100.00

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Property Location	1996 Average Base Rent per Sq. Ft. ($)(3)	Tenants Leasing 10% or More of Net Rentable Area per Property as of 12/31/96(4)
<S>	<C>	<C>
Industrial/Warehouse Properties		
ELMSFORD, WESTCHESTER COUNTY, NY		
1 Warehouse Lane	6.38	JP Trucking Service(100%)
2 Warehouse Lane	10.48	RJ Bruno Roofing (55%), Savin Engineering (41%)
3 Warehouse Lane	3.23	United Parcel Service, Inc. (100%)
4 Warehouse Lane	11.24	San Mar Laboratory (55%), Marcraft Clothes (18%), 2 Westchester Medical (11%)
5 Warehouse Lane	9.82	Metbev Inc. (42%), E&H Tire Buying (19%), Backstage Exclusive Knitwear (16%), Conway Import Co.(10%)
6 Warehouse Lane	20.12	Conway General (96%)
Total RM Industrial/ Warehouse Properties	9.60	
Total RM Office, Office/Flex and Industrial/Warehouse Properties	15.10	

See footnotes on subsequent page.
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(1) Based on all leases in effect as of December 31, 1996.

(2) Total base rent for RM, as recorded in 1996, determined in accordance with Generally Accepted Accounting Principles ("GAAP"). Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass through of charges for electrical usage.

(3) Base rent for 1996 divided by net rentable square feet leased at December 31, 1996.

(4) Excludes office space leased by RM as of December 31, 1996.

Retail Properties.

The Company obtained two stand-alone retail properties in the RM Acquisition, described as follows:

The Company acquired an 8,000 square foot restaurant, constructed in 1986, located in the South Westchester Executive Park in Yonkers, Westchester County, New York. The restaurant is 100 percent leased to Magic at Yonkers, Inc. for use as a Red Robin restaurant under a 25-year lease. The lease currently provides for fixed annual rent of $230,000, with fully-reimbursed real estate taxes, and operating expenses escalated based on CPI over a base year CPI. The lease, which expires on June 30, 2012, includes scheduled rent increases in July 1997 to approximately $265,000 annually, and in July 2002 to approximately $300,000 annually. The lease also provides for additional rent calculated as a percentage of sales over a specified sales amount, as well as for two five-year renewal options. 1996 base rental revenue, calculated in accordance with GAAP, to RM was approximately $198,000.

The Company also acquired a 9,300 square foot restaurant, constructed in 1984, located at 230 White Plains Road, Tarrytown, Westchester County, New York. The restaurant is 100 percent leased to TGI Fridays under a 10-year lease which provides for fixed annual rent of approximately $195,000, with fully-reimbursed real estate taxes, and operating expenses escalated based on CPI over a base year CPI. The lease, which expires on August 31, 2004, also provides for additional rent calculated as a percentage of sales over a specified sales amount, as well as for four five-year renewal options. 1996 base rental revenue, calculated in accordance with GAAP, to RM was approximately $195,000.

Land Leases.

The Company obtained two land leases in the RM Acquisition, described as follows:

The Company has land leased to Star Enterprises, where a 2,264 square foot Texaco Gas Station was constructed, located at 1 Enterprise Boulevard in Yonkers, Westchester County, New York. The 15-year, triple-net land lease provides for annual rent of approximately $125,000 through January 1998, with an increase to approximately $145,000 annual rent through April 30, 2005. The lease also provides for two five-year renewal options. 1996 base rental revenue, calculated in accordance with GAAP, to RM was approximately $135,000.

The Company also leases five acres of land to Rake Realty, where a 103,500 office building exists, located at 700 Executive Boulevard, Elmsford, Westchester County, New York. The 22-year, triple-net land lease provides for fixed annual rent plus a CPI adjustment every five years, and expires on November 30, 2000. RM's 1996 base rent, calculated in accordance with GAAP, under this lease was approximately $97,000. The lease also provides for several renewal options which could extend the lease term for an additional 30 years.

Multi-family Residential Property.

The Company acquired a multi-family residential property, located at 25 Martine Avenue, Yonkers, Westchester County, New York, which was completed in 1987. The property contains 124 units, comprised of 18 studio units, 71 one-bedroom units and 35 two-bedroom units, with an average size of approximately 722 square feet per unit. The property had an average monthly rental rate of approximately $1,488 per unit during 1996 and was 100.0 percent leased as of December 31, 1996. The property had 1996 total base rent of approximately $2.1 million which represented approximately 3.5 percent of the RM Properties' 1996 total base rent. The average occupancy rate for the property in each of 1996, 1995 and 1994 was 96.0 percent, 93.5 percent and 94.8 percent, respectively.

The following table sets forth a schedule of RM's ten largest tenants as of December 31, 1996, based upon contractual base rents for the month of December 1996 annualized.

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                                                                                Tenant             Average
Percentage     Lease
Tenant                                                          Leased        Annualized Base       Rent per     of RM's
Total   Expir.
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Name	Sq.Ft.	Rent Revenue($)(1)	Sq.Ft.($)(2)	Base Rent(%)	Date
IBM	333,399	5,703,682	17.11	8.46	12/31/00
San Mar Laboratories, Inc.	108,600	1,168,536	10.76	1.73	3/31/04
Lear Siegler Inc.	70,750	1,271,777	17.98	1.89	6/30/01
Evening Out Inc.	32,720	734,640	22.45	1.09	2/28/06
American Banknote Holographics Inc.	58,934	729,827	12.38	1.08	12/31/07
Bernard C. Harris Publishing Company Inc.	36,789	717,386	19.50	1.06	7/31/01
National Economic Research Associates Inc.	31,514	677,551	21.50	1.00	4/30/01
The Conrand Stores Inc.	22,500	618,000	27.47	0.92	7/31/01
United Parcel Service Inc.	34,360	611,608	17.80	0.91	10/31/00
AFP Imaging Corp.	64,837	552,487	8.52	0.82	12/31/00

</TABLE>

(1) Annual base rental revenue is based on actual December 1996 billings annualized and is not derived from historical GAAP results. The historical results for the 12 months ended December 31, 1996 may differ from those set forth above.

(2) Represents tenants' annualized base rent divided by the respective tenant's leased square feet.

RM Office Properties: Schedule of Lease Expirations

The following table sets forth a schedule of the lease expirations for the RM Office Properties beginning with 1997, assuming that none of the tenants exercises renewal options:

<TABLE>
<CAPTION>

Year of Expiration	Number of Leases Expiring(1)	Net Rentable Area Subject to Expiring Leases (Sq. Ft.)	Percentage of Total Leased Square Feet Represented by Expiring Leases(%)(2)	Annual Base Rent Under Expiring Leases ($000)(3)	Average Annual Rent per Net Rentable Square Foot Represented By Expiring Leases($)
1997	76	262,279	17.77	5,422	20.67
1998	51	204,357	13.85	4,473	21.89
1999	61	185,156	12.55	3,840	20.74
2000	29	468,778	31.77	8,282	17.67
2001	28	193,965	13.14	4,237	21.85
2002	10	49,716	3.37	1,034	20.79
2003	6	61,267	4.15	1,349	22.02
2004	2	5,470	0.37	124	22.62

2005	4	37,015	2.51	840	22.71
2006	1	6,108	0.41	153	25.00
2007 & Thereafter	1	1,667	0.11	31	18.50
	---	---------	------	------	-----
Total/Weighted Average	269	1,475,778	100.00	29,785	20.18
	===	=========	======	======	-----

</TABLE>

- ------------------------

(1) Includes office tenants only. Excludes leases for amenity, retail, parking and month-to-month office tenants. Some tenants have multiple leases.

(2) Excludes all space vacant as of December 31, 1996.

(3) Based upon aggregate base rent to RM, determined in accordance with GAAP, including all leases dated on or before December 31, 1996.

RM Office/Flex Properties: Schedule of Lease Expirations

The following table sets forth a schedule of the lease expirations for the RM Office/Flex Properties, beginning with 1997, assuming that none of the tenants exercises renewal options:

<TABLE>
<CAPTION>

Year of Expiration	Number of Leases Expiring(1)	Net Rentable Area Subject to Expiring Leases (Sq. Ft.)	Percentage of Total Leased Square Feet Represented by Expiring Leases(%)(2)	Annual Base Rent Under Expiring Leases ($000)(3)	Average Annual Rent per Net Rentable Square Foot Represented By Expiring Leases($)
<S>	<C>	<C>	<C>	<C>	<C>
1997	37	215,598	10.70	2,528	11.73
1998	61	349,817	17.37	4,319	12.35
1999	45	290,765	14.44	3,329	11.45
2000	34	344,358	17.10	4,190	12.17
2001	41	450,701	22.38	5,481	12.16
2002	15	168,364	8.36	2,038	12.10
2003	2	31,871	1.58	422	13.23
2006	4	88,699	4.40	1,351	15.23
2007 & Thereafter	2	73,934	3.67	1,080	14.61
	---	---------	------	------	-----
Total/Weighted Average	241	2,014,107	100.00	24,738	12.28
	===	=========	======	======	-----

</TABLE>

- ------------------------

(1) Includes office/flex tenants only. Excludes leases for amenity, retail, parking and month-to-month office tenants. Some tenants have multiple leases.

(2) Excludes all space vacant as of December 31, 1996.

(3) Based upon aggregate base rent to RM, determined in accordance with GAAP, including all leases dated on or before December 31, 1996.

RM Industrial/Warehouse Properties: Schedule of Lease Expirations

The following table sets forth a schedule of the lease expirations for the RM Industrial/Warehouse Properties, beginning with 1997, assuming that none of the tenants exercises renewal options:

Year of Expiration	Number of Leases Expiring(1)	Net Rentable Area Subject to Expiring Leases (Sq. Ft.)	Percentage of Total Leased Square Feet Represented by Expiring Leases(%)(2)	Annual Base Rent Under Expiring Leases ($000)(3)	Average Annual Rent per Net Rentable Square Foot Represented By Expiring Leases($)
1997	4	31,500	9.18	272	8.65
1998	5	150,803	43.94	923	6.12
2000	2	18,504	5.39	207	11.18
2001	3	33,778	9.84	592	17.52
2004	1	108,600	31.65	1,112	10.24
Total/Weighted Average	15	343,185	100.00	3,106	9.05

(1) Includes industrial/warehouse tenants only. Excludes leases for amenity, retail, parking and month-to-month office tenants. Some tenants have multiple leases.

(2) Excludes all space vacant as of December 31, 1996.

(3) Based upon aggregate base rent to RM, determined in accordance with GAAP, including all leases dated on or before December 31, 1996.

50 Main Street, White Plains, Westchester County, New York

As the book value of 50 Main Street, White Plains, Westchester County, New York ("50 Main") was in excess of 10 percent of RM's combined total assets at December 31, 1996, the Company has elected to present the following additional information regarding 50 Main.

50 Main is located in the Central Business District of White Plains in Westchester County, New York. Built in 1985, it contains 309,000 net rentable square feet; 20,000 square feet on the ground floor and mezzanine levels that have been set aside for convenience shops, service businesses and restaurants, in addition to approximately 4,000 square feet of retail store fronts. The remaining 13 floors each contain approximately 22,000 square feet of office space.

50 Main is adjacent to a network of transportation facilities unmatched anywhere else in Westchester County. The White Plains Railroad Station, and both regional and local bus terminals are located across the street. Grand Central Station is reached in approximately 35 minutes via frequent express train service. Automobile travel is facilitated by 1,000 on-site parking spaces and the adjacent 3,000 car municipal garage. The building is in close proximity to the

Bronx River Parkway and Cross Westchester Expressway.

50 Main's exterior is faced with precast panels with decorative stone aggregate, double-glazed solar bronze, butt-glazed windows and duranodic metal framing. The lobby has two-tone granite walls with thermal granite floors. A two-story atrium features a mezzanine served by a floating stairway from the main floor. It houses the Robert Martin Gallery, an art gallery open to the public. There are six 3,500 pound, 450 feet-per-minute, gearless variable voltage elevators. Two supplementary elevators serve below ground parking areas. There are independent self-contained HVAC units on each floor, with variable volume ducted distribution systems. The heating system is a perimeter hot water baseboard heating system served by central hot water boilers.

The following table sets forth certain information (on a per net rentable square foot basis unless otherwise indicated) about 50 Main since January 1, 1992 (based upon an average of all lease transactions during the respective periods):

	Year Ended December 31,				
	1992	1993	1994	1995	1996
Number of leases signed during period(1)	17	5	13	15	14
Rentable square footage leased during period(1)	60,296	19,455	40,588	55,843	88,551
Base rent($)(1)(2)	22.55	25.05	21.54	24.99	25.61
Tenant improvements($)(3)	11.91	17.95	8.34	10.89	6.65
Leasing commissions($)(4)	3.44	2.37	2.52	3.52	1.90
Other concessions($)(5)	--	--	0.60	0.07	--
Effective rent($)(6)	20.15	20.81	18.58	22.73	23.96
Expense stop($)(7)	5.84	5.91	6.33	6.46	6.46
Effective equivalent triple net rent($)(8)	14.31	14.90	12.25	16.27	17.50
Occupancy rate at end of period(%)(1)	78.18	87.48	99.00	99.14	98.33

See footnotes on subsequent page.

(1) Includes only office tenants with lease terms of 12 months or longer. Excludes leases for amenity, parking, retail and month-to-month office tenants.

(2) Equals aggregate base rent received over their respective terms from all lease transactions during the period, divided by the terms in months for such leases during the period, multiplied by 12, divided by the total net rentable square feet leased under all lease transactions during the period.

(3) Equals work letter cost net of estimated provision for profit and overhead, or costs incurred by the Company in connection with tenant improvements allowances per the respective lease agreement. Actual cost tenant improvements may differ from estimated work letter costs.

(4) Equals an aggregate of leasing commissions payable to employees and third parties based on standard commission rates and excludes negotiated commission discounts obtained from time to time.

(5) Includes moving expenses, furniture allowances and other concessions.

(6) Equals aggregate base rent to be received over their respective terms from all lease transactions during the period minus all tenant improvements, leasing commissions and other concessions from all lease transactions during the period, divided by the terms in months for such leases, multiplied by 12, divided by the total net rentable square feet leased under all lease transactions during the period.

(7) Equals the aggregate of each base year tax and common area maintenance expense pool multiplied by the respective pro rata share for all lease transactions during the period, divided by the total net rentable square feet leased under all lease transactions during the period.

(8) Equals effective rent minus expense stop.

The following table sets forth the average percentage leased and average annual rental per leased square foot (excluding storage space) for the past five years for 50 Main.

Year	Average Percentage Leased(%)(1)	Average Annual Rental per Leased Square Foot($)(2)
1996	98.7	23.07
1995	99.1	22.04
1994	93.5	21.42
1993	83.6	21.41

1992	88.1	25.21

</TABLE>

- -------------------------

(1) Average of beginning and end of year aggregate percentage leased.

(2) Total base rents for the year, determined in accordance with GAAP, divided by average of beginning and end of year aggregate net rentable area leased.

A tenant at 50 Main occupied approximately 10 percent of the net rentable square feet in the aggregate at December 31, 1996. As of December 31, 1996, National Economic Research Assoc. ("NER"), an economics consulting firm, occupied 31,514 square feet, pursuant to a lease which expires April 2001, with a five-year renewal option. Total rental income to RM (including escalations and recoveries from tenants) from NER in 1996 was approximately $787,000 (excluding lobby and storage space). NER also has options to expand its square feet leased at 50 Main by up to 12,900 square feet.
The following table sets forth a schedule of the lease expirations for 50 Main, assuming that none of the tenants exercises renewal options:
<TABLE>
<CAPTION>

Year of Expiration	Number of Leases Expiring(1)	Net Rentable Area Subject to Expiring Leases (Sq. Ft.)	Percentage of Total Leased Square Feet Represented By Expiring Leases(%)(2)	Annual Base Rent Under Expiring Leases ($000)(3)	Average Annual Rent Per Net Rentable Square Foot Represented By Expiring Leases($)
<S>	<C>	<C>	<C>	<C>	<C>
1997	16	57,602	19.47	1,311	22.76
1998	9	31,358	10.60	706	22.52
1999	12	44,278	14.96	1,048	23.66
2000	3	6,670	2.25	163	24.43
2001	7	91,570	30.94	2,178	23.79
2002	1	1,500	0.51	22	14.67
2003	4	37,957	12.83	798	21.02
2005	3	17,215	5.82	394	22.91
2006	1	6,108	2.06	153	25.00
2007 and Thereafter	1	1,667	0.56	31	18.50
Total/Weighted Average.......	57	295,925	100.00	6,804	22.99

</TABLE>

- -------------------------

(1) Includes office tenants only. Excludes leases for amenity, retail, parking and month-to-month office tenants. Some tenants have multiple leases.

(2) Excludes all space vacant as of December 31, 1996.

(3) Based upon aggregate base rent, determined in accordance with GAAP, including all leases dated on or before December 31, 1996.

The aggregate tax basis of depreciable real property at 50 Main for federal income tax purposes was approximately $11.4 million as of December 31, 1996. Depreciation and amortization is computed using the allowable straight-line methods over the estimated useful life of the real property which range from 19 to 40 years.

CALI REALTY CORPORATION
Index to Financial Statements

- --

Robert Martin Group

Combined Financial Statements

December 31, 1996, 1995 and 1994

Robert Martin Group

Combined Financial Statements

Years Ended December 31, 1996, 1995, and 1994

Contents

Report of Independent Auditors

To the Owners of
Robert Martin Group

We have audited the accompanying combined balance sheets of Robert Martin Group (the "Company"), a non-legal entity more fully described in note 2 as of December 31, 1996 and 1995, and the related combined statements of operations, owners' deficit and cash flows for the three years ended December 31, 1996. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Robert Martin Group as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/Ernst & Young LLP

Ernst & Young LLP

New York, New York
February 21, 1997

<TABLE>
<CAPTION>

Robert Martin Group

Combined Balance Sheets
(amounts in thousands)

	December 31, 1996	December 31, 1995
<S>	<C>	<C>
Assets		

Rental property (Notes 3 and 4)		
Land and improvements	$ 33,749	$ 33,749
Building and improvements	267,112	266,942
Tenant improvements	99,768	95,737
Furniture, fixtures and equipment	14	44
	400,643	396,472
Less - accumulated depreciation and amortization	(162,459)	(150,716)
Total rental property	238,184	245,756
Cash and cash equivalents	5,801	3,871
Unbilled rents receivable (Note 5)	7,119	8,319
Deferred charges, net and other assets (Note 6)	6,395	6,252
Restricted cash	15,554	12,936
Receivables, net of allowance for doubtful accounts of $566 and $926, respectively (Note 5)	285	1,671
Related party receivable (Notes 4 and 8)	5,691	4,600
Total assets	$ 279,029	$ 283,405
Liabilities and owners' deficit		
Mortgage loans payable (Note 4)	$ 389,684	$ 390,554
Deferred interest (Note 4)	27,747	24,940
Accounts payable and accrued expenses	4,082	4,358
Rents in advance and security deposits	6,360	6,426
Accrued interest payable	2,330	2,392
Other liabilities	2,151	80
Total liabilities	432,354	428,750
Commitments and contingencies (Notes 4, 5, 7, and 9) .	--	--
Owners' deficit	(153,325)	(145,345)
Total liabilities and owners' deficit	$ 279,029	$ 283,405

</TABLE>
See accompanying notes.
<TABLE>
<CAPTION>

Robert Martin Group

Combined Statements of Operations
(amounts in thousands)

<S>	1996 <C>	1995 <C>	1994 <C>
	Years Ended December 31,		
Revenues			
Base rent	$ 61,673	$ 59,188	$ 60,505
Escalations and recoveries from tenants	5,483	5,810	4,369
Parking and other income	4,393	5,251	5,243
Interest income (Note 4)	734	504	405
Total revenues	72,283	70,753	70,522
Expenses			
Real estate taxes	9,870	10,335	10,518
Utilities	4,943	4,478	4,780
Operating services	9,876	8,686	8,846
General and administrative expenses ..	3,910	4,176	2,987
Depreciation and Amortization	15,079	16,641	18,011
Interest expense (Note 4)	32,772	28,278	34,133
Ground rent	87	116	116
Total expenses	76,537	72,710	79,391
Net loss	$ (4,254)	$ (1,957)	$ (8,869)

</TABLE>
See accompanying notes.
<TABLE>
<CAPTION>

Robert Martin Group

Combined Statements of Owners' Deficit

Years Ended December 31, 1996, 1995 and 1994
(amounts in thousands)

<S> <C>

Balance at January 1, 1994	$(137,426)
Owners' contributions	8,504
Owners' distributions	(1,382)
Net loss	(8,869)
Balance at December 31, 1994	(139,173)
Owners' contributions	243
Owners' distributions	(4,458)
Net loss	(1,957)
Balance at December 31, 1995	(145,345)
Owners' contributions	4,956
Owners' distributions	(8,682)
Net loss	(4,254)
Balance at December 31, 1996	$(153,325)

</TABLE>

See accompanying notes.

<TABLE>
<CAPTION>

Robert Martin Group

Combined Statements of Cash Flows
(amounts in thousands)

	Years Ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Operating activities			
Net loss	$ (4,254)	$ (1,957)	$ (8,869)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	15,079	16,641	18,011
Bad debt expense	566	926	556
Changes in assets and liabilities:			
Accounts receivable	819	(747)	(1,592)
Related party receivable	(1,090)	--	--
Unbilled receivable	76	(47)	(1,060)
Rents received in advance and security deposits	(66)	(177)	(467)
Deferred charges and other assets	(2,353)	(1,733)	(1,862)
Accounts payable and accrued expenses	(276)	(2,228)	(2,446)
Other liabilities	2,071	(22)	21
Accrued interest payable	(61)	862	(356)
Deferred interest	2,806	3,215	4,493
Net cash flows provided by operating activities	13,317	14,733	6,429

Investing activities			
Additions to rental properties	(4,173)	(5,358)	(6,836)
Restricted cash	(2,619)	(2,875)	(2,424)
	--------	--------	--------
Net cash flows used in investing activities	(6,792)	(8,233)	(9,260)
	========	========	========
Financing activities			
Repayment of mortgage notes payable	(869)	(2,509)	(2,611)
Owners' contributions	4,956	243	8,504
Owners' distributions	(8,682)	(4,458)	(1,382)
	--------	--------	--------
Net cash flows (used in) provided by financing activities	(4,595)	(6,724)	4,511
	========	========	========
Increase (decrease) in cash	1,930	(224)	1,680
Cash and cash equivalents, beginning of year	3,871	4,095	2,415
	--------	--------	--------
Cash and cash equivalents, end of year	$ 5,801	$ 3,871	$ 4,095
	========	========	========

</TABLE>

See accompanying notes.

Robert Martin Group

Notes to Combined Financial Statements
(amounts in thousands)

Years Ended December 31, 1996, 1995 and 1994

1. Organization

Robert Martin Group ("RMG" or "Company") was engaged in the ownership, operation, leasing, development and management of flex, industrial, and office properties. RMG owned and operated 65 buildings located in Westchester County, New York and Fairfield, Connecticut.

2. Summary of Significant Accounting Policies

Principles of Combination and Basis of Presentation

RMG was not a legal entity but rather a combination of commercial real estate properties and affiliated development and management companies under common control. All material intercompany transactions and balances have been eliminated. Certain assets and liabilities included herein have been conveyed to Cali Realty L.P. (See Note 10)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Real Estate Assets

During 1996, the Company adopted Statement of Financial Accounting Standards No. 121 ("FASB 121"), Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. FASB 121 requires that the Company review real estate assets for impairment wherever events or changes in circumstances indicate that the carrying value of assets to be held and used may not be recoverable. Impaired assets are reported at the lower of cost or fair value. Management has determined that none of the properties have experienced impairment. Assets to be disposed of are reported at the lower of cost or fair value less cost to sell.

2. Summary Of Significant Accounting Policies (continued)

Real Estate Assets (continued)

Prior to the adoption of FAS 121, real estate assets were stated at the lower of cost or net realizable value. All expenditures related to the improvement or replacement of commercial real estate properties are capitalized. In addition, interest and real estate taxes incurred during the construction period are capitalized.

Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments are capitalized and depreciated over their estimated useful lives. Depreciation is computed by the straight-line method over the estimated useful life of 40 years for buildings and five to seven years for furniture and equipment. Tenant improvements are amortized by the straight-line method over the average life of respective leases which range from five to ten years.

Rental Income

Rental income includes the base rent that each tenant is required to pay in accordance with the terms of their respective lease reported on a straight line basis over the life of the non cancelable lease term. Additionally, the leases generally require the tenants to reimburse the Company for increases in real estate taxes and various other operating expenses applicable to their leased premises over a base-year amount defined in each tenant's lease. These reimbursements and applicable costs have been reflected in the combined statements of operations as escalations and recoveries from tenants and expenses.

Income Taxes

No provision has been made for income taxes because the commercial real estate properties and development and management companies are owned by limited liability companies ("LLC") and partnerships whose members and partners are required to include their respective share of the LLCs' and partnerships' profits or loss in their individual tax returns.

Deferred Leasing and Financing Costs

Costs incurred to obtain initial tenant leases and long-term financing are included in deferred charges in the accompanying balance sheets and are amortized on a straight-line basis over the terms of the related leases and debt agreements, as applicable.

Robert Martin Group

Notes to Combined Financial Statements (continued)
(amounts in thousands)

Summary Of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Company considers all highly liquid instruments purchased with a remaining term of three months or less to be cash equivalents. Restricted cash represents tenant security deposit and escrow accounts required by certain mortgage agreements (See Note 4).

Owners' Contributions and Distributions

A portion of the owners' contributions and distributions represent the transfer of cash to and from affiliates of RMG, which have the same ownership as RMG. In 1996, 1995 and 1994 the cash transfers to affiliates classified as (distribution) contribution amounted to $(6,542), $(3,455), and $7,217, respectively.

Cost Allocation

Certain executive and administrative salaries and related payroll costs have been allocated between the Company and its affiliates. The allocation was based on management's estimate of the time the individual employees incurred in managing and operating the Company.

Concentration of Revenue and Credit Risk

Approximately 12%, 13% and 12% of RMG's revenues for the years ended December

(amounts in thousands)

31, 1996, 1995 and 1994, respectively, were derived from one building, 50 Main Street. The loss of this building or a decrease in revenue from this building for any reason may have a material adverse effect on RMG.

Management of RMG performs ongoing credit evaluations of their tenants and requires certain tenants to provide security deposits. Although RMG properties are primarily located in Westchester County, New York the tenants operate in diverse industries. There is no dependence upon any single tenant.

2. Summary Of Significant Accounting Policies (continued)

Financial Instruments

The carrying amount of RMG's financial instruments which consist of cash, cash equivalents, restricted cash, accounts receivable, security deposits, accounts payable, and mortgage loans payable approximates their fair-value.

3. Real Estate Assets

At December 31, 1996 and 1995, RMG owned and operated the following types of commercial properties which are recorded at cost:
<TABLE>
<CAPTION>

	Land & Improvements	Building & Tenant Improvements	Furniture, Fixtures and Equipment	Total	Accumulated Depreciation	Net Rental Property
<S>	<C>	<C>	<C>	<C>	<C>	<C>
December 31, 1996						
Office & Office/Flex Properties	$ 31,834	$ 339,114	$ -	$ 370,948	$ 150,955	$ 219,993
Industrial/Warehouse Properties	59	10,524	-	10,583	6,504	4,079
Retail Properties	165	3,392	-	3,557	1,609	1,948
Residential Property	146	13,850	-	13,996	3,055	10,941
Land	1,545	-	-	1,545	333	1,212
Other	-	-	14	14	3	11
Total	$ 33,749	$ 366,880	$ 14	$ 400,643	$ 162,459	$ 238,184
December 31, 1995						
Office & Office/Flex Properties	$ 31,834	$ 335,512	$ -	$ 367,346	$ 139,729	$ 227,617
Industrial/Warehouse Properties	59	9,945	-	10,004	6,077	3,927
Retail Properties	165	3,393	-	3,558	1,530	2,028
Residential Property	146	13,829	-	13,975	3,047	10,928
Land	1,545	-	-	1,545	300	1,245
Other	-	-	44	44	33	11
Total	$ 33,749	$ 362,679	$ 44	$ 396,472	$ 150,716	$ 245,756

</TABLE>

4. Mortgage Loans Payable

Mortgage loans payable, which are collateralized by substantially all assets, are summarized as follows:
<TABLE>
<CAPTION>

	December 31, 1996	December 31, 1995
<S>	<C>	<C>
Teachers Insurance and Annuity Association	$285,247	$285,574
The Prudential Insurance Company of America	80,000	80,000
Others	24,437	24,980
	$389,684	$390,554

</TABLE>

(amounts in thousands)

Teachers Insurance and Annuity Association Debt

The Company has a series of mortgage loans payable to Teachers Insurance and Annuity Association ("TIAA"). These mortgage loans are non-recourse and cross-collateralized by certain property located in Westchester County, New York and mature on December 31, 2003.

Mortgage loans amounting to $267,742 require interest only payments through January 31, 1999, after which the principal balance will be amortized on a thirty-year schedule. Mortgage loans amounting to $16,155 are due in monthly installments of principal and interest amortized on a thirty year schedule. A second mortgage loan that amounts to $1,350 and is collateralized by the properties securing the first mortgages mentioned above is due in monthly installments of principal and interest. Fixed Interest, as defined, under these loans was paid at various interest rates ranging from 7.0% to 8.0% during 1996, 1995 and 1994.

In addition to Fixed Interest as defined, these loans required the Company to pay Yield Maintenance Interest ("YMI") or Final Additional Interest ("FAI"). YMI and FAI have been structured to result in TIAA receiving an internal rate of return of 8% to 9% and 9.5% per annum, respectively, compounded monthly, for the period from inception of the loan through the repayment date. As of December 31, 1996 and 1995, deferred interest, representing the excess of YMI and FAI over the Fixed Interest amounted to $19,190 and $14,595, respectively.

4. Mortgage Loans Payable (continued)

The Prudential Insurance Company of America

On August 24, 1995, mortgage loans payable aggregating $92,841 due to Prudential Insurance Company of America ("Prudential") were modified. These mortgage loans payable comprise three separate nonrecourse mortgage loans which are secured by certain properties located in Westchester, New York. Prudential agreed to reduce the aggregate principal balance to $80,000, extend the final maturity date to December 31, 2000 and reduce the interest rate on the new amount. The interest for 1996 and 1995 was paid at rates ranging between 6.25% and 6.14%.

The principal secured by the RMG properties ($12,070) that Prudential has forgiven has been included in deferred interest and has been amortized as a reduction of interest cost on an effective yield basis over the remaining term of the modified Prudential Mortgages. At December 31, 1996 and 1995 the net balance of the deferred interest was $8,557 and $10,345, respectively.

A portion of the related party receivable represents the amount of the Prudential debt ($4,600) which is collateralized by a property not included in the RMG combined financial statements. Included in interest income is $283 for the portion of the interest expense attributed to the non RMG asset.

Others

The other mortgage loans payable to various lenders aggregated $24,437 and $24,980 at December 31, 1996 and 1995 respectively. The loans are secured by properties located in New York and Connecticut and are principally nonrecourse. The notes bear interest at rates ranging from prime plus 2% to 10.25% and mature from 1997 to 1999.

Interest paid on mortgage notes payable amounted to $29,968, $27,547 and $29,996 for the years ended December 31, 1996, 1995 and 1994, respectively.

4. Mortgage Loans Payable (continued)

Deferred Interest

The deferred interest is summarized as follows:
<TABLE>
<CAPTION>

	December 31, 1996	December 31, 1995
<S>	<C>	<C>
Teachers Insurance and Annuity Association	$19,190	$14,595

(amounts in thousands)

The Prudential Insurance Company of America	8,557	10,345
	$27,747	$24,940

On January 31, 1997 in connection with the contribution of certain assets and liabilities of RMG to Cali Realty L.P. (See Note 10) the Prudential and other mortgages were paid in full. In addition, $100,000 of the TIAA mortgage was paid and the remaining $185,000 was assumed by Cali Realty L.P. The deferred interest amounts are no longer obligations of the Company.

5. Operating Leases

The spaces leased to tenants in the buildings expire from 1997 to 2018. The leases generally provide for minimum lease payments and for operating and tax escalations to cover increases in the operating expenses or to reflect increases in the Consumer Price Index based on the terms of the lease agreements.

At December 31, 1996 and 1995, deferred receivables aggregating $7,119 and $8,319 respectively, represent rents reported on a straight line basis in excess of rental payments required under these leases, including rent concessions of $1,767 and $2,602, respectively. The minimum future rentals presented below include amounts applicable to the repayment of these deferred receivables.

5. Operating Leases (continued)

At December 31, 1996, minimum future rentals on non-cancelable leases, which include payments against the deferred receivables referred to above, are as follows:

1997	$ 57,784
1998	47,148
1999	37,181
2000	29,948
2001	13,942
Thereafter	10,602
	$196,605

6. Deferred Charges and Other Assets

Deferred charges are summarized as follows:

	December 31, 1996	December 31, 1995
Deferred lease costs	$ 17,292	$ 15,524
Deferred financing costs	223	146
Total deferred charges	17,515	15,670
Less accumulated amortization	(11,796)	(9,594)
Total deferred charges, net	5,719	6,076
Other assets	676	176
Total deferred changes, net and other assets	$ 6,395	$ 6,252

Included in the deferred lease cost are internal leasing costs which are comprised of salaries and related payroll costs. For the years ended December 31, 1996 and December 31, 1995, such costs capitalized and amortized approximated $1,111 and $1,013, respectively.

7. Environmental Matters

Management believes that the Company's properties are in compliance in all material respects with applicable Federal, State and Local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that management believes would have a material adverse impact on the Company's financial position or results of operations or cash flows. Management is unaware of any instances in which it would incur significant environmental cost if any of the properties were sold, disposed of or abandoned.

8. Related Party Transactions

RMG performs management and construction services for affiliates. The management and construction fees were received from non combined affiliates and joint ventures which are related by means of common ownership and amounted to $1,170, $303 and $198 for the years ended December 31, 1996, 1995 and 1994. At December 31, 1996 $1,091 of such fees are included in related party receivable.

9. Contingencies

RMG is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against RMG on its properties, other than routine litigation arising in the ordinary course of business. Management believes the costs, if any, incurred by the Company related to this litigation will not materially affect the financial position, operating results or liquidity of the Company.

10. Conveyance of Assets

On January 31, 1997, the owners of RMG conveyed the rental properties and certain other assets and liabilities of RMG to Cali Realty, L.P. as outlined in the Contribution and Exchange Agreement dated January 24, 1997 between Robert Martin Company, LLC and Cali Realty, L.P. In exchange for the conveyed assets and liabilities Cali Realty, L.P. assumed $185,000 of the TIAA mortgage loans and paid the owners of RMG cash of $210,000 and issued operating partnership units of Cali Realty, L.P. which had a market value of $43,800. The majority of the cash received by RMG was used to retire the Prudential and other mortgages and a portion of the TIAA mortgages. (See Note 4.)

CALI REALTY CORPORATION
Pro Forma Condensed Consolidated Balance Sheet (unaudited)
As of December 31, 1996 (in thousands)

The following unaudited pro forma condensed consolidated balance sheet is presented as if the RM Acquisition occurred on December 31, 1996. This unaudited pro forma condensed consolidated balance sheet should be read in conjunction with the pro forma condensed consolidated statement of operations of the Company and the historical financial statements and notes thereto of the Company included in the Company's Form 10-K for the year ended December 31, 1996.

The pro forma condensed consolidated balance sheet is unaudited and is not necessarily indicative of what the actual financial position of the Company would have been had the aforementioned transactions actually occurred on December 31, 1996, nor does it purport to represent the future financial position of the Company.

<TABLE>
<CAPTION>

ASSETS	Company Historical	Pro Forma Adjustments	Company Pro Forma (unaudited)
<S>	<C>	<C>	<C>
Rental property, net	$ 784,742	$450,000(a)	$1,234,742
Cash and cash equivalents	204,807	(204,807)(b)	--
Unbilled rents receivable	19,705	--	19,705
Restricted cash	3,160	4,631(c)	7,791
Other assets	13,914	11,600(d)	25,514
Total assets	$1,026,328	$261,424	$1,287,752

<CAPTION>

CALI REALTY CORPORATION
Pro Forma Condensed Consolidated Balance Sheet (unaudited)
As of December 31, 1996 (in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	Company Historical	Pro Forma Adjustments	Company Pro Forma (unaudited)
<S>	<C>	<C>	<C>
Mortgages and loans payable	$ 268,010	$211,801(e)	$ 479,811
Dividends and distributions payable	17,554	--	17,554
Accounts payable and accrued expenses	5,068	--	5,068
Rents received in advance and security deposits	6,025	5,835(f)	11,860
Accrued interest payable	1,328	--	1,328

Total liabilities	297,985	217,636	515,621
Minority interest of unitholders in Operating Partnership	26,964	43,788(g)	70,752
Common stock, $.01 a value	363	--	363
Additional paid in capital	701,016	--	701,016
Retained earnings	--	--	--
Total stockholders' equity	701,379	--	701,379
Total liabilities and stockholders' equity	$1,026,328	$261,424	$1,287,752

</TABLE>

See footnotes on subsequent page.

CALI REALTY CORPORATION
Notes to Pro Forma Condensed Consolidated Balance Sheet
As of December 31, 1996

(a) Represents the approximate aggregate cost of the RM Acquisition.

(b) Represents pro forma cash reserves used as a component of the RM Acquisition.

(c) Represents cash received with the RM closing for the assumption of the RM tenant security deposits.

(d) Represents the Mortgage Receivable provided to entities controlled by the principals of RM.

(e) Represents the assumption of the TIAA Mortgage ($185,283) and the pro forma drawing on the Company's credit facility ($26,518) as components of the RM Acquisition.

(f) Represents the issuance of 1,401,225 Units at a price of $31.25 per Unit as a component of the RM Acquisition.

(g) Represents rents received in advance and tenant security deposits liability assumed with the RM closing.

CALI REALTY CORPORATION
Pro Forma Condensed Consolidated Statement of Operations (unaudited)
For the Year Ended December 31, 1996

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

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

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

<TABLE>
<CAPTION>

CALI REALTY CORPORATION

Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 1996
(in thousands, except per share amount)

(unaudited)

REVENUES	Company Historical	Pro Forma Adj. for 1996 Events (a)	Sub-total	Pro Forma For RM Acquisition	Adj. Company (b)	Pro Forma
<S>	<C>	<C>	<C>	<C>	<C>	
Base rents	$ 76,922	$ 49,087	$126,009	$ 63,083		$189,092
Escalations and recoveries from tenants	14,429	8,870	23,299	5,483		28,782
Parking and other	2,204	190	2,394	4,393		6,787
Interest income	1,917	--	1,917	--		1,917
Total revenues	95,472	58,147	153,619	72,959		226,578
EXPENSES						
Real estate taxes	9,395	5,144	14,539	9,870		24,409
Utilities	8,138	3,313	11,451	4,944		16,395
Operating services	12,129	6,452	18,581	9,876		28,457
General and administrative	5,800	3,020	8,820	3,997		12,817
Depreciation and amortization	15,812	8,133	23,945	10,125		34,070
Interest expense (c)	12,677	6,623	19,300	14,963		34,263
Total expense	63,951	32,685	96,636	53,775		150,411
Income before gain on sale of rental property, minority interest and extraordinary item	31,521	25,462	56,983	19,184		76,167
Gain on sale of rental property	5,658	(5,658)	--	--		--
Income before minority interest and extraordinary item	37,179	19,804	56,983	19,184		76,167
Minority interest (d)	4,760	283	5,043	2,726		7,769
Income before extraordinary item	$ 32,419	$ 19,521	$ 51,940	$ 16,458		$ 68,398
Pro forma weighted average common shares outstanding (e)			27,916			36,201
Pro forma income before extraordinary item per common share			$1.86			$1.89

</TABLE>

CALI REALTY CORPORATION
Notes to Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 1996

(in thousands)

(a) Reflects:

Revenues and expenses of the properties acquired in 1996 for the period January 1, 1996 through the dates of acquisition, as follows:

Property	Date	Base Rents (1)	Escalations/ Recoveries	Other Income	Real Estate Taxes	Utilities	Operating Services
Carnegie	March 20, 1996	$386	$31	$ --	$ 54	$ 56	$ 58
Rose Tree	May 2, 1996	1,312	115	--	165	180	179
Mount Airy Buildings	July 23, 1996	665	101	--	101	--	4
Harborside	November 4, 1996	30,884	7,037	166	3,096	906	3,633
Five Sentry	November 7, 1996	1,663	--	--	148	32	325
Whiteweld	December 10, 1996	3,890	326	--	430	748	543
One Bridge	December 16, 1996	3,597	293	--	420	412	659
Airport Center	December 17, 1996	6,953	1,004	24	780	1,035	1,129
Total Pro Forma Adj. for 1996 property acquis.		$49,350	$8,907	$190	$5,194	$3,369	$6,530

Property	Date	General and Administrative	Depreciation (2)
Carnegie	March 20, 1996	$ 11	$ 49
Rose Tree	May 2, 1996	43	215
Mount Airy Buildings	July 23, 1996	51	107
Harborside	November 4, 1996	2,048	5,332
Five Sentry	November 7, 1996	88	246
Whiteweld	December 10, 1996	158	733
One Bridge	December 16, 1996	237	585
Airport Center	December 17, 1996	395	953
Total Pro Forma Adj. for 1996 property acquis.		$3,031	$ 8,220

CALI REALTY CORPORATION
Notes to Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 1996

(in thousands)

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

Property	Date	Base Rents (1)	Escalations/ Recoveries	Other Income	Real Estate Taxes	Utilities	Operating Services
Essex Road	March 20, 1996	($263)	($37)	--	($50)	($56)	($78)

Property	Date	General and Administrative	Depreciation (2)

Essex Road	March 20, 1996	($11)	($81)

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

Property	Date	Base Rents (1)	Escalations/ Recoveries	Other Income	Real Estate Taxes	Utilities	Operating Services
Partial Prepayment	March 12, 1996	--	--	--	--	--	--
TOTALS		$49,087	$8,870	$190	$5,144	$3,313	$6,452

Property	Date	General and Administrative	Depreciation (2)
Partial Prepayment	March 12, 1996	--	($6)
TOTALS		$3,020	$8,133

See accompanying footnotes on the subsequent page.

CALI REALTY CORPORATION
Notes to Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 1996

(in thousands)

(b) Reflects revenues and expenses of the RM Acquisition for the year ended December 31, 1996, as follows:

	Acquisition Date	Base Rents (1)	Escalations/ Recoveries	Other Income	Real Estate Taxes	Utilities	Operating Services
RM Acquisition	January 31, 1997	$63,083	$5,483	$4,393	$9,870	$4,944	$9,876

	Acquisition Date	General and Administrative	Depreciation (2)
RM Acquisition	January 31, 1997	$3,997	$10,125

(1) Pro forma base rents are presented on a straight-line basis.

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

CALI REALTY CORPORATION
Notes to Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 1996

(in thousands)

(c) The pro forma adjustments to interest expense reflect interest on mortgage debt assumed with certain acquisitions and the use of proceeds from the 1996 Offerings to pay down outstanding borrowings on the Company's credit facilities. Pro forma interest expense is computed as follows:

<TABLE>
<CAPTION>

	1996 Int Exp- 1996 Events	1996 Int Exp.- RM Acquis.
Interest expense on the Initial Mortgage Financing, after the Partial Pre-payment (fixed interest rate of 8.02 percent on $44,313 and variable rate of 30-day LIBOR plus 100 basis points on $20,195; weighted average interest rate used is 6.50 percent)	$ 4,867	$ 4,867
Interest expense on loan assumed with Fair Lawn acquisition on March 3, 1995 (fixed interest rate of 8.25 percent on average outstanding principal balance of approximately $18,605)	1,538	1,538
Interest expense on mortgages assumed with Harborside acquisition on November 4, 1996 (fixed interest rate of 7.32 percent on $107,912 and initial rate of 6.99 percent on $42,088)	10,840	10,840
Interest expense on outstanding borrowings on the Company's credit lines (a variable rate of 30-day LIBOR plus 150 basis points during the period on $29,805 (1996 Events) & $53,887 (RM Acquis.); weighted average interest rate used is 6.87 percent)	2,055	3,715
Interest expense on Teachers Mortgage assumed with the RM Acquisition on January 31, 1997 (fixed interest rate of 7.18 percent on $185,283)	--	13,303
Total pro forma interest expense for year ended December 31, 1996:	$19,300	$34,263

</TABLE>

Interest expense can be effected by increases and decreases in the variable interest rates under the Company's various floating rate debt. For example, a one-eighth percent change in such variable interest rates will result in a $62 change (after 1996 Events) and $92 change (after RM Acquisitions) for the year ended December 31, 1996.

(in thousands)

(d) Represents pro forma income allocated to the pro forma weighted average minority interest (Units) in Cali Realty L.P. (the Operating Partnership) - 8.85 percent after the 1996 Events Adj. and 10.2 percent after the RM Acquisition Adj.

(e) Pro forma weighted average shares outstanding is computed assuming that the 1996 Offerings occurred as of January 1, 1996 and assuming that any excess cash generated (i.e. cash not used for purchase of the 1996 acquisitions or to pay down the outstanding borrowings on the credit facilities, in the case of the 1996 Events) was not raised, and the corresponding shares not issued.

SIGNATURES

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

CALI REALTY CORPORATION

March 28, 1997	By: /s/Thomas A. Rizk

	Thomas A. Rizk President & Chief Executive Officer
March 28, 1997	By: /s/Barry Lefkowitz

	Barry Lefkowitz Chief Financial Officer

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 33-96538) and related Prospectus of Cali Realty Corporation, as amended on October 6, 1995, the Registration Statement (Form S-3 No. 33-96542) and related Prospectus of Cali Realty Corporation, as amended on October 10, 1995, the Registration Statement (Form S-3 No. 333-09081) and related Prospectus of Cali Realty Corporation, as amended on August 9, 1996, the Registration Statement (Form S-3 No. 333-09875) and related Prospectus of Cali Realty Corporation dated August 9, 1996, and the Registration Statement (Form S-8 No. 33-91822) pertaining to the 1994 Employee and Director Stock Option Plans, as amended on September 29, 1996, the Registration Statement (Form S-3 No. 333-19101) of Cali Realty Corporation dated December 31, 1996, the registration statement (Form S-8 No. 333-19831) dated January 15, 1997, pertaining to the Cali Realty Corporation Restricted Stock Award Plan for Senior Executives and Officers in the Cali Realty Corporation Stock Purchase Program for Senior Executives and Officers of our report dated February 21, 1997, with respect to the Combined Financial Statements of the Robert Martin Group as of December 31, 1996 and 1995 and for the years ended December 31, 1996, 1995 and 1994 included in the Current Report on Form 8-K of Cali Realty Corporation dated March 25, 1997, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Ernst & Young LLP

New York, New York
March 25, 1997