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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

OR

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

For the transition period from.....to.....
Commission file number: 1-13274

Mack-Cali Realty Corporation

(Exact name of registrant as specified in its charter)

Maryland	**22-3305147**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
11 Commerce Drive, Cranford, New Jersey	**07016-3501**
(Address of principal executive office)	(Zip Code)

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES X NO __

As of October 29, 2004, there were 60,857,513 shares of the registrant's Common Stock, par value $0.01 per share, outstanding.

MACK-CALI REALTY CORPORATION

FORM 10-Q

INDEX

MACK-CALI REALTY CORPORATION

Part I – Financial Information

Item 1. Financial Statements

The accompanying unaudited consolidated balance sheets, statements of operations, of changes in stockholders' equity, and of cash flows and related notes thereto, have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. The financial statements reflect all adjustments consisting only of normal, recurring adjustments, which are, in the opinion of management, necessary for a fair presentation for the interim periods.

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in Mack-Cali Realty Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

The results of operations for the three and nine month periods ended September 30, 2004 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS *(in thousands, except per share amounts)*

ASSETS	September 30, 2004 (unaudited)	December 31, 2003
Rental property		
Land and leasehold interests	$ 575,811	$ 552,287
Buildings and improvements	3,200,612	3,176,236
Tenant improvements	248,705	218,493
Furniture, fixtures and equipment	7,628	7,616
	4,032,756	3,954,632
Less - accumulated depreciation and amortization	(613,087)	(546,007)
	3,419,669	3,408,625
Rental property held for sale, net	92,703	--
Net investment in rental property	3,512,372	3,408,625
Cash and cash equivalents	11,562	78,375
Investments in unconsolidated joint ventures	42,027	48,624
Unbilled rents receivable, net	82,604	74,608
Deferred charges and other assets, net	149,935	126,791
Restricted cash	7,921	8,089
Accounts receivable, net of allowance for doubtful accounts of $1,618 and $1,392	3,685	4,458
Total assets	$ 3,810,106	$ 3,749,570

LIABILITIES AND STOCKHOLDERS' EQUITY

Senior unsecured notes	$ 1,030,902	$ 1,127,859
Revolving credit facilities	140,000	--
Mortgages, loans payable and other obligations	524,840	500,725
Dividends and distributions payable	47,570	46,873
Accounts payable, accrued expenses and other liabilities	47,533	41,423
Rents received in advance and security deposits	42,990	40,099
Accrued interest payable	11,117	23,004
Total liabilities	1,844,952	1,779,983
Minority interest in Operating Partnership	422,053	428,099
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 5,000,000 shares authorized, 10,000 and 10,000 shares outstanding, at liquidation preference	25,000	25,000
Common stock, $0.01 par value, 190,000,000 shares authorized, 60,730,128 and 59,420,484 shares outstanding	607	594
Additional paid-in capital	1,640,787	1,597,785
Dividends in excess of net earnings	(119,122)	(74,721)
Unamortized stock compensation	(4,171)	(7,170)
Total stockholders' equity	1,543,101	1,541,488
Total liabilities and stockholders' equity	$ 3,810,106	$ 3,749,570

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS *(in thousands, except per share amounts) (unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
REVENUES	**2004**	**2003**	**2004**	**2003**
Base rents	$131,076	$122,006	$381,427	$367,636
Escalations and recoveries from tenants	17,278	15,999	48,849	45,381
Parking and other	3,417	4,933	9,382	14,004
Total revenues	151,771	142,938	439,658	427,021
EXPENSES				
Real estate taxes	18,520	16,196	51,953	47,290
Utilities	11,441	11,253	32,395	30,871
Operating services	18,623	16,437	55,711	53,005
General and administrative	7,568	8,615	22,664	22,220
Depreciation and amortization	33,115	28,588	95,665	85,203
Interest expense	27,321	28,734	82,870	86,598
Interest income	(99)	(244)	(1,039)	(836)
Loss on early retirement of debt, net	--	--	--	2,372
Total expenses	116,489	109,579	340,219	326,723
Income from continuing operations before minority interest and equity in earnings of unconsolidated joint ventures	35,282	33,359	99,439	100,298
Minority interest in Operating Partnership	(7,431)	(7,354)	(21,600)	(22,193)
Equity in earnings of unconsolidated joint ventures (net of minority interest), net	(611)	3,151	511	11,250
Gain on sale of investment in unconsolidated joint ventures (net of minority interest)	--	20,392	637	20,392
Income from continuing operations	27,240	49,548	78,987	109,747
Discontinued operations (net of minority interest):				
Income from discontinued operations	1,376	1,344	3,206	4,221
Realized gains (unrealized losses) on disposition of rental property, net	--	--	(10,501)	1,165
Total discontinued operations, net	1,376	1,344	(7,295)	5,386
Net income	28,616	50,892	71,692	115,133

Preferred stock dividends	(500)	(500)	(1,500)	(1,172)
Net income available to common shareholders	$ 28,116	$ 50,392	$ 70,192	$113,961
Basic earnings per common share:				
Income from continuing operations	$ 0.44	$ 0.85	$ 1.29	$ 1.89
Discontinued operations	0.02	0.02	(0.12)	0.09
Net income available to common shareholders	$ 0.46	$ 0.87	$ 1.17	$ 1.98
Diluted earnings per common share:				
Income from continuing operations	$ 0.44	$ 0.82	$ 1.28	$ 1.88
Discontinued operations	0.02	0.02	(0.12)	0.08
Net income available to common shareholders	$ 0.46	$ 0.84	$ 1.16	$ 1.96
Dividends declared per common share	$ 0.63	$ 0.63	$ 1.89	$ 1.89
Basic weighted average shares outstanding	60,492	57,870	60,228	57,545
Diluted weighted average shares outstanding	68,851	72,465	68,596	71,943

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2004 *(in thousands) (unaudited)*

	Shares	Preferred Amount	Shares	Common Par Value	Additional Paid-In Capital	Dividends Excess of Net Earnings	Unamortized Stock Compensation	Total Stockholders' Equity
Balance at January 1, 2004	10	$ 25,000	59,420	$ 594	$ 1,597,785	$ (74,721)	$ (7,170)	$ 1,541,488
Net income	--	--	--	--	--	71,692	--	71,692
Preferred stock dividends	--	--	--	--	--	(1,500)	--	(1,500)
Common stock dividends	--	--	--	--	--	(114,593)	--	(114,593)
Redemption of common units for shares of common stock	--	--	16	--	425	--	--	425
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	9	--	364	--	--	364
Proceeds from stock options exercised	--	--	1,153	12	36,985	--	--	36,997
Proceeds from stock warrants exercised	--	--	149	1	4,924	--	--	4,925
Stock options expense	--	--	--	--	374	--	--	374
Deferred compensation plan for directors	--	--	--	--	197	--	--	197
Issuance of Restricted Stock Awards	--	--	2	--	76	--	(76)	--
Amortization of stock compensation	--	--	--	--	--	--	2,732	2,732
Adjustment to fair value of Restricted Stock Awards	--	--	--	--	232	--	(232)	--
Cancellation of Restricted Stock Awards	--	--	(19)	--	(575)	--	575	--
Balance at September 30, 2004	10	$ 25,000	60,730	$ 607	$ 1,640,787	$ (119,122)	$ (4,171)	$ 1,543,101

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS ***(in thousands) (unaudited)***

CASH FLOWS FROM OPERATING ACTIVITIES	Nine Months Ended September 30, 2004	2003
Net income	$ 71,692	$ 115,133
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	95,665	85,203
Depreciation and amortization on discontinued operations	1,783	2,919
Stock options expense	374	139
Amortization of stock compensation	2,732	1,583
Amortization of deferred financing costs and debt discount	3,249	3,603
Write-off of unamortized interest rate contract	--	1,540
Discount on early retirement of debt	--	(2,008)
Equity in earnings of unconsolidated joint venture (net of minority interest), net	(511)	(11,250)
Gain on sale of investment in unconsolidated joint venture (net of minority interest)	(637)	(20,392)
Realized gains (unrealized losses) on disposition of rental property (net of minority interest)	10,501	(1,165)
Minority interest in Operating Partnership	21,600	22,193
Minority interest in income from discontinued operations	414	574
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable, net	(7,996)	(5,904)
Increase in deferred charges and other assets, net	(37,674)	(18,031)
Decrease in accounts receivable, net	773	1,322
Increase (decrease) in accounts payable, accrued expenses and other liabilities	6,110	(2,627)
Increase in rents received in advance and security deposits	2,891	2,159
Decrease in accrued interest payable	(11,887)	(14,241)
Net cash provided by operating activities	$ 159,079	$ 160,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to rental property	$(110,190)	$ (88,689)
Repayment of mortgage note receivable	850	3,542
Investment in unconsolidated joint ventures	(18,042)	(12,851)
Distributions from unconsolidated joint ventures	25,217	14,339
Proceeds from sale of investment in unconsolidated joint venture	720	164,867
Proceeds from sales of rental property	--	5,469
Funding of note receivable	(11,516)	--
Decrease (increase) in restricted cash	168	(3)
Net cash (used in) provided by investing activities	$(112,793)	$ 86,674
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from senior unsecured notes	$ 202,363	$ 124,714
Borrowings from revolving credit facility	425,475	297,852
Repayment of senior unsecured notes	(300,000)	(95,284)
Repayment of revolving credit facility	(285,475)	(370,852)
Repayment of mortgages, loans payable and other obligations	(53,349)	(76,124)
Net proceeds from preferred stock issuance	--	24,836
Repurchase of common stock	--	(1,030)
Payment of financing costs	(2,208)	(577)
Proceeds from stock options exercised	36,997	17,238
Proceeds from stock warrants exercised	4,925	2,227
Payment of dividends and distributions	(141,827)	(136,297)
Net cash used in financing activities	$(113,099)	$(213,297)
Net (decrease) increase in cash and cash equivalents	$ (66,813)	$ 34,127
Cash and cash equivalents, beginning of period	78,375	1,167
Cash and cash equivalents, end of period	$ 11,562	$ 35,294

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(dollars in thousands, except per share/unit amounts)*

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION
Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively, the "Company"), is a fully-integrated, self-administered, self-managed real estate investment trust ("REIT") providing leasing, management, acquisition, development, construction and tenant-related services for its properties. As of September 30, 2004, the Company owned or had interests in 268 properties plus developable land (collectively, the "Properties"). The Properties aggregate approximately 29.6 million square feet, which are comprised of 160 office buildings and 97 office/flex buildings, totaling approximately 29.2 million square feet (which include three office buildings and one office/flex building aggregating 836,000 square feet owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two retail properties totaling approximately 17,300 square feet, one hotel (which is owned by an unconsolidated joint venture in which the Company has an investment interest) and two parcels of land leased to others. The Properties are located in nine states, primarily in the Northeast, plus the District of Columbia.

BASIS OF PRESENTATION
The accompanying consolidated financial statements include all accounts of the Company, its majority-owned and/or controlled subsidiaries, which consist principally of Mack-Cali Realty, L.P. (the "Operating Partnership") and variable interest entities for which the Company has determined itself to be the primary beneficiary, if any. See Investments in Unconsolidated Joint Ventures in Note 2 for the Company's treatment of unconsolidated joint venture interests. Intercompany accounts and transactions have been eliminated.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Rental Property
Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Included in total rental property is construction and development in-progress of $97,839 and $84,105 (including land of $52,260 and $49,045) as of September 30, 2004 and December 31, 2003, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

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

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

Upon acquisition of rental property, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their relative fair values. In estimating the fair value of the tangible and intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Above-market and below-market lease values for acquired properties are recorded based on the present value, (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values, which are based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Company's existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles are amortized to expense over the anticipated life of the relationships.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Company's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and

market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. Management does not believe that the value of any of the Company's rental properties is impaired.

Rental Property Held for Sale and Discontinued Operations
When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented. See Note 6 –Discontinued Operations.

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

Investments in Unconsolidated Joint Ventures, Net
On January 17, 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"), the primary objective of which is to provide guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and to determine when and which business enterprise should consolidate the VIE (the "primary beneficiary"). In December 2003, the FASB issued a revised FIN 46 which modifies and clarifies various aspects of the original Interpretation. FIN 46 applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (2) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support or (3) the equity investors have voting rights that are not proportionate to their economic interests, and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. In addition, FIN 46 requires additional disclosures.

FIN 46 is effective immediately for VIEs created after January 31, 2003, and to VIEs in which an enterprise obtains an interest after that date. For variable interests in a VIE created or obtained prior to February 1, 2003, FIN 46 is effective for periods ending after March 15, 2004. As of September 30, 2004, the Company has evaluated its joint ventures with regards to FIN 46. The Company has identified its Meadowlands Xanadu joint venture with the Mills Corporation as a VIE, but is not consolidating such venture as the Company is not the primary beneficiary. Disclosure about this VIE is included in Note 4 –Investments in Unconsolidated Joint Ventures.

The Company accounts for its investments in unconsolidated joint ventures (for which FIN 46 does not apply) under the equity method of accounting as the Company exercises significant influence, but does not control these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the value of the investment. Management does not believe that the value of any of the Company's investments in unconsolidated joint ventures is impaired. See Note 4 – Investments in Unconsolidated Joint Ventures.

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

Deferred Financing Costs
Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs is included in interest expense and was $1,155 and $1,118 for the three months ended September 30, 2004 and 2003, respectively, and $3,249 and $3,603 for the nine months ended September 30, 2004 and 2003, respectively.

Deferred Leasing Costs
Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Company are compensated for providing leasing services to the Properties. The portion of such compensation, which is capitalized and amortized, approximated $1,409 and $821 for the three months ended September 30, 2004 and 2003, respectively, and $4,365 and $2,313 for the nine months ended September 30, 2004 and 2003, respectively.

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

Revenue Recognition
Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases. Parking and other revenue includes income from parking spaces leased to tenants, income from tenants for additional services provided by the Company, income from tenants for early lease terminations and income from managing and/or leasing properties for third parties. Escalations and recoveries are received from tenants for certain costs as provided in the

lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 13 – Tenant Leases.

Allowance for Doubtful Accounts
Management periodically performs a detailed review of amounts due from tenants to determine if accounts receivable balances are impaired based on factors affecting the collectibility of those balances. Management's estimate of the allowance for doubtful accounts requires management to exercise significant judgment about the timing, frequency and severity of collection losses, which affects the allowance and net income.

Income and Other Taxes
The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company generally will not be subject to corporate federal income tax (including alternative minimum tax) on net income that it currently distributes to its shareholders, provided that the Company satisfies certain organizational and operational requirements including the requirement to distribute at least 90 percent of its REIT taxable income to its shareholders. The Company has elected to treat certain of its corporate subsidiaries as taxable REIT subsidiaries (each a "TRS"). In general, a TRS of the Company may perform additional services for tenants of the Company and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the providing to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The Company is subject to certain state and local taxes.

Earnings Per Share
The Company presents both basic and diluted earnings per share ("EPS"). Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount.

Dividends and Distributions Payable
The dividends and distributions payable at September 30, 2004 represents dividends payable to preferred shareholders (10,000 shares), common shareholders (60,750,128 shares), distributions payable to minority interest common unitholders (7,759,360 common units) and preferred distributions payable to preferred unitholders (215,018 preferred units) for all such holders of record as of October 5, 2004 with respect to the third quarter 2004. The third quarter 2004 preferred stock dividends of $50.00 per share, common stock dividends and common unit distributions of $0.63 per common share and unit, as well as the third quarter 2004 preferred unit distributions of $18.1818 per preferred unit, were approved by the Board of Directors on September 14, 2004. The preferred stock dividends payable were paid on October 15, 2004. The common stock dividends and common and preferred unit distributions payable were paid on October 18, 2004.

The dividends and distributions payable at December 31, 2003 represents dividends payable to preferred shareholders (10,000 shares), common shareholders (59,606,504 shares), distributions payable to minority interest common unitholders (7,795,498 common units) and preferred distributions payable to preferred unitholders (215,018 preferred units) for all such holders of record as of January 6, 2004 with respect to the fourth quarter 2003. The fourth quarter 2003 preferred stock dividends of $50.00 per share, common stock dividends and common unit distributions of $0.63 per common share and unit, as well as the fourth quarter preferred unit distributions of $18.1818 per preferred unit, were approved by the Board of Directors on December 17, 2003. The preferred stock dividends payable were paid on January 15, 2004. The common stock dividends and common and preferred unit distributions payable were paid on January 16, 2004.

Costs Incurred For Preferred Stock Issuances
Costs incurred in connection with the Company's preferred stock issuances are reflected as a reduction of additional paid-in capital.

Stock Compensation
The Company accounts for stock options and restricted stock awards granted prior to 2002 using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations ("APB No. 25"). Under APB No. 25, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted closing market price of the Company's stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized under the Company's stock option plans for the granting of stock options made prior to 2002. Restricted stock awards granted prior to 2002 are valued at the vesting dates of such awards with compensation cost for such awards recognized ratably over the vesting period.

In 2002, the Company adopted the provisions of FASB No. 123, which requires, on a prospective basis, that the estimated fair value of restricted stock ("Restricted Stock Awards") and stock options at the grant date be amortized ratably into expense over the appropriate vesting period. For the three month periods ended September 30, 2004 and 2003, the Company recorded restricted stock and stock options expense of $762 and $590, respectively, and $3,106 and $1,489 for the nine month period ended September 30, 2004 and 2003, respectively, for restricted stock and stock options granted or modified in 2003 and 2004. FASB No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure, was issued in December 2002 and amends FASB No. 123, Accounting for Stock Based Compensation. FASB No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock based compensation. In addition, this Statement amends the disclosure requirements of FASB No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. FASB No. 148 disclosure requirements are presented as follows:

The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all outstanding and unvested stock awards in each period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	Basic EPS	Basic EPS	Basic EPS	Basic EPS
Net income, as reported	$ 28,616	$ 50,892	$ 71,692	$ 115,133
Add: Stock-based compensation expense included in reported net income (net of minority interest)	675	520	2,750	1,311
Deduct: Total stock-based compensation expense determined under fair value based method for all awards	(940)	(930)	(3,777)	(2,584)
Add: Minority interest on stock-based compensation expense under fair value based method	107	110	433	309
Pro forma net income	28,458	50,592	71,098	114,169
Deduct: Preferred stock dividends	(500)	(500)	(1,500)	(1,172)
Pro forma net income available to common shareholders - basic	$ 27,958	$ 50,092	$ 69,598	$ 112,997
Earnings Per Share:				
Basic - as reported	$ 0.46	$ 0.87	$ 1.17	$ 1.98
Basic - pro forma	$ 0.46	$ 0.87	$ 1.16	$ 1.96
Diluted - as reported	$ 0.46	$ 0.84	$ 1.16	$ 1.96
Diluted - pro forma	$ 0.46	$ 0.84	$ 1.15	$ 1.95

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

3. REAL ESTATE PROPERTY TRANSACTIONS

Property Acquisitions
The Company acquired the following office properties during the nine months ended September 30, 2004:

Acquisition Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a) *(in thousands)*
04/14/04	5 Wood Hollow Road (b)	Parsippany, Morris County, NJ	1	317,040	$ 34,187
05/12/04	210 South 16th Street (c)	Omaha, Douglas County, NE	1	318,224	8,507
06/01/04	30 Knightsbridge Road (d)	Piscataway, Middlesex County, NJ	4	680,350	49,618
06/01/04	412 Mt. Kemble Avenue (d)	Morris Township, Morris County, NJ	1	475,100	40,155
Total Property Acquisitions:			7	1,790,714	$ 132,467

(a) Amounts are as of September 30, 2004.

(b) Transaction was funded primarily through borrowing on the Company's revolving credit facility.

(c) Property was acquired through Company's receipt of a deed in lieu of foreclosure in satisfaction of the Company's mortgage note receivable, which was collateralized by the acquired property.

(d) Properties were acquired from AT&T Corporation ("AT&T"), a tenant of the Company, for cash and assumed obligations, as follows:

(1) Acquired 30 Knightsbridge Road, a four-building office complex, aggregating 680,350 square feet and located in Piscataway, New Jersey. AT&T, which currently occupies the entire complex, has leased back from the Company two of the buildings in the complex, totaling 275,000 square feet, for 10 years and seven months, and has leased back the remaining 405,350 square feet of the complex pursuant to a four-month lease with certain rights for AT&T to extend;

(2) Acquired Kemble Plaza II, a 475,100 square foot office building located in Morris Township, New Jersey, which the Company had previously sold to AT&T in June of 2000. AT&T, which currently occupies the entire building, has leased back the entire property from the Company for one year;

(3) Signed a lease extension at the Company's Kemble Plaza I property in Morris Township, New Jersey, extending AT&T's lease for the entire 387,000 square foot building for an additional five years to August 2014. Under the lease extension, the Company has agreed, among other things, to fund up to $2.1 million of tenant improvements to be performed by AT&T at the property;

(4) Paid cash consideration of approximately $12.9 million to AT&T; and

(5) Assumed AT&T's lease obligations with third-party landlords at seven office buildings, aggregating 922,674 square feet, which carry a weighted average remaining term of 4.5 years. The Company has estimated that the obligations, net of estimated sub-lease income, total approximately $84.8 million, with a net present value of approximately $76.2 million utilizing a weighted average discount rate of 4.85 percent. The net present value of the assumed obligations as of September 30, 2004 is included in mortgages, loans payable and other obligations (see Note 9 – Mortgages, Loans Payable and Other Obligations).

More recently, on October 21, 2004, the Company acquired 232 Strawbridge Drive, a 74,000 square foot office property located in Moorestown, New Jersey, for approximately $8,700.

Land Acquisitions
On May 14, 2004, the Company acquired approximately five acres of land in Plymouth Meeting, Pennsylvania. Previously, the Company leased this land parcel, upon which the Company owns a 167,748 square foot office building. The land was acquired for approximately $6,094.

On June 25, 2004, the Company acquired approximately 59.9 acres of developable land located in West Windsor, New Jersey for approximately $20,572.

Property Sales
There were no sales of consolidated properties during the nine months ended September 30, 2004. See Note 4: Investments in Unconsolidated Joint Ventures: HPMC – Pacific Plaza for discussion of the joint venture's sale of a property during the period.

More recently, on October 5, 2004, the Company sold Kemble Plaza I, a 387,000 square foot office property located at 340 Mount Kemble Avenue in Morris Township, New Jersey, for approximately $77,000.

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The debt of the Company's unconsolidated joint ventures aggregating $125,645 as of September 30, 2004 is non-recourse to the Company, except for customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions and material misrepresentations, and except as otherwise indicated below.

MEADOWLANDS XANADU
On November 25, 2003, the Company and affiliates of The Mills Corporation ("Mills") entered into a joint venture to form Meadowlands Mills/Mack-Cali Limited Partnership ("Meadowlands Venture") for the purpose of developing a $1.3 billion family entertainment and recreation complex with an office and hotel component to be built at the Meadowlands sports complex in East Rutherford, New Jersey ("Meadowlands Xanadu"). Meadowlands Xanadu's approximately 4.76 million-square-foot complex is expected to feature a family entertainment destination comprising five themed zones: sports; entertainment; children's education; fashion; and food and home, in addition to four office buildings, aggregating approximately 1.8 million square feet, and a 520-room hotel.

On December 3, 2003, the Meadowlands Venture entered into a redevelopment agreement (the "Redevelopment Agreement") with the New Jersey Sports and Exposition Authority ("NJSEA") for the redevelopment of the area surrounding the Continental Airlines Arena in East Rutherford, New Jersey and the construction of the Meadowlands Xanadu project. The Redevelopment Agreement provides for a 75-year ground lease, which requires the joint venture to pay the NJSEA a $160,000 development rights fee at the start of construction of the entertainment phase, when all permits and approvals are obtained, and the payment of fixed rent over the term. Fixed rent will be in the amount of $1 per year for the first 15 years, increasing to $7,500 from the 16th to the 18th year, increasing to $8,447 in the 19th year, increasing to $8,700 in the 20th year, increasing to $8,961 in the 21st year, then to $9,200 in the 23rd to 26th year, with additional increases over the remainder of the term, as set forth in the ground lease. The ground lease also allows for the potential for participation rent payments by the venture, as described in the ground lease agreement. On October 5, 2004, the Meadowlands Venture and the NJSEA entered into the First Amendment to the Redevelopment Agreement. Pursuant to the amendment, the ground lease was also executed on October 5, 2004, but payment of the $160,000 development rights fee was postponed until the satisfaction of certain material conditions, such as the receipt of all necessary governmental permits and approvals for the project. The payment of the development rights fee is expected to be made on or about December 20, 2004, but could be deferred until March 31, 2005. If the material conditions are not satisfied by such date, the Meadowlands Venture has the right to either terminate the transaction, or tender payment of the development rights fee, subject to: (i) the NJSEA's obligation to refund this amount if certain events adversely impacting the project occur within 12 months thereafter, and (ii) an escrow of portions of the development rights fee for up to a 12-month period. Also pursuant to the First Amendment to the Redevelopment Agreement, the Meadowlands Venture is required to convey certain vacant land, known as the Empire Tract, to a conservancy trust in exchange for a payment of $26,800 from the NJSEA. This payment will be made upon the NJSEA's receipt of the $160,000 development rights fee.

The Company and Mills own a 20 percent and 80 percent interest, respectively, in the Meadowlands Venture. These interests were subject to certain participation rights by The New York Giants, which were subsequently terminated in April 2004. The joint venture agreement requires the Company to make an equity contribution up to a maximum of $32,500. Pursuant to the joint venture agreement, Mills has received subordinated capital credit in the venture of approximately $118,000, which represents certain costs incurred by Mills in connection with the Empire Tract prior to the creation of the Meadowlands Venture. The joint venture agreement requires Mills to contribute the balance of the capital required to complete the entertainment phase, subject to certain limitations. The Company will receive a nine percent preferred return on its equity investment, only after Mills receives a nine percent preferred return on its equity investment. Residual returns, subject to participation by other parties, will be in proportion to each partner's respective percentage interest.

Mills will develop, lease and operate the entertainment phase of the Meadowlands Xanadu project. The joint venture agreement provides the Company an option to cause the Meadowlands Venture to form component ventures for the future development of the office and hotel phases, which the Company will develop, lease and operate. The Company will own an 80 percent interest and Mills will own a 20 percent interest in such component ventures. The agreement provides for the first office or hotel component ventures to be formed no later than four years after the grand opening of the entertainment phase, and requires that all component ventures for the office and hotel phases be formed no later than 10 years from such date, but does not require that any or all components be developed. However, under the Meadowlands Venture agreement, Mills has the ability to accelerate such formation schedule, subject to certain conditions. Should the Company fail to meet the time schedule described above for the formation of the component ventures, the Company will forfeit its rights to cause the Meadowlands Venture to form additional component ventures. If this occurs, Mills will have the ability to develop the additional phases, subject to the Company's right to participate, or to cause the Meadowlands Venture to sell such components to a third party, subject to a sales price limitation of 95 percent of the value that would have been the amount necessary to form such component ventures.

On February 12, 2003, the New Jersey Sports and Exposition Authority ("NJSEA") selected The Mills Corporation ("Mills") and the Company to redevelop the Continental Airlines Arena site ("Arena Site") for mixed uses, including retail. Hartz Mountain Industries, Inc. ("Hartz") has challenged the NJSEA's selection. The NJSEA denied its protest. Westfield America, Inc. ("Westfield") also protested the NJSEA's selection of Mills and the Company. Westfield's protest was also denied by the NJSEA. Hartz and Westfield have appealed the denial of their protest. Hartz and Westfield also have appealed the NJSEA's execution of the Final Redevelopment Agreement for the Arena Site. Four citizens, Elliot Braha, Richard DeLauro, George Perry and Carol Coronato (collectively, the "Braha Group,") have also filed lawsuits challenging the NJSEA award to Mills and the Company. On May 14, 2004, the Superior Court of New Jersey, Appellate Division, which has jurisdiction of all of the cases, issued an order deciding certain of the issues presented by the cases. The Appellate Division determined that the NJSEA had the statutory authority to develop the Arena Site for mixed uses, including retail, that the NJSEA, in selecting Mills and the Company, did not have to utilize a traditional low bid procurement process, and that the NJSEA complied with the Open Public Meetings Act ("OPMA") in considering and making its selection. The Appellate Division remanded Hartz's claims for relief under the Open Public Records Act ("OPRA"). Hartz thereafter petitioned the Supreme Court of New Jersey for certification of the Appellate Division's decision. That petition remains pending undecided.

In August 2004, the Superior Court of New Jersey issued a decision on remand on the OPRA issues. The Court ordered the NJSEA to release certain documents to Hartz, but permitted the NJSEA to withhold other documents. Hartz has appealed that decision to the Appellate Division. The Court is scheduled to hear oral argument on Hartz's appeal on November 10, 2004. The Appellate Division has stayed on further hearing before the NJSEA on Hartz's bid protest until the appeal is decided.

In addition to Hartz's petition for certification pending in the Supreme Court of New Jersey, there are nine pending cases in the Appellate Division which challenge the NJSEA's selection of the redevelopment proposal by the Meadowlands Venture and the result of the consultative process between the New Jersey Department of Environment Protection ("NJDEP") and the New Jersey Meadowlands Commission ("NJMC"), on the one hand, and the NJSEA, on the other, conducted pursuant to the requirements of the applicable NJSEA statute. Four of these appeals were filed by Hartz and two each by Westfield and the Braha Group. The ninth case was filed by the Environmental Law Clinic at Columbia Law School on behalf of the Sierra Club, Environmental Defense, New Jersey Public Interest Research Group and New Jersey Environmental Federal.

On September 30, 2004, the Borough of Carlstadt, New Jersey filed a complaint in the Superior Court of New Jersey against the NJSEA and the Meadowlands Venture asserting that: (i) the retail elements of Meadowlands Xanadu are not authorized by statute; (ii) the retail elements of Meadowlands Xanadu are not tax exempt under NJSEA's enabling act; and (iii) the PILOT program for Meadowlands Xanadu is arbitrary and capricious. The Meadowlands Venture, along with the NJSEA, has moved to transfer this matter to the Appellate Division. The motion is scheduled to be heard on November 5, 2004.

The Company believes that its proposal fully complies with applicable laws and the request for proposals, and plans to vigorously enforce its rights concerning this project. The Company does not believe that the ultimate resolution of this matter will have a material adverse effect on the Company's financial condition taken as a whole.

HPMC
On April 23, 1998, the Company entered into a joint venture with HCG Development, L.L.C. and Summit Partners I, L.L.C. to form HPMC Development Partners, L.P. and, on July 21, 1998, entered into a second joint venture, HPMC Development Partners II, L.P. (formerly known as HPMC Lava Ridge Partners, L.P.), with these same parties. HPMC Development Partners, L.P.'s efforts focused on two development projects, commonly referred to as Continental Grand II and Summit Ridge. HPMC Development Partners II, L.P.'s efforts have focused on three development projects, commonly referred to as Lava Ridge, Pacific Plaza I & II and Stadium Gateway.

The Company has a 50 percent ownership interest and HCG Development, L.L.C. and Summit Partners I, L.L.C. (both of which are not affiliated with the Company) collectively have a 50 percent ownership interest in HPMC Development Partners, L.P. and HPMC Development Partners II, L.P. (the "HPMC Joint Ventures"). Significant terms of the applicable partnership agreements, among other things, call for the Company to provide 80 percent and HCG Development, L.L.C. and Summit Partners I, L.L.C. to collectively provide 20 percent of the development equity capital to the HPMC Joint Ventures. As the Company has agreed to fund development equity capital disproportionate to its ownership interest, it was granted a preferred return of 10 percent on its invested capital as a priority. Profits and losses of each of the HPMC Joint Ventures are allocated to the partners based upon the priority of distributions specified in the respective agreements and entitle the Company to a preferred return, as well as 50 percent of each of the HPMC Joint Ventures' residual profits above the preferred returns. Equity in earnings recognized by the Company consists of preferred returns and the Company's equity in the HPMC Joint Ventures' earnings (loss) after giving effect to the HPMC Joint Ventures' payment of such preferred returns.

Continental Grand II
Continental Grand II is a 239,085 square foot office building located in El Segundo, California, which was constructed and placed in service by the venture. On June 29, 2001, the venture sold the office property for approximately $67,000.

Summit Ridge
Summit Ridge is an office complex comprised of three one-story buildings, aggregating 133,841 square feet, located in San Diego, California, which was constructed and placed in service by the venture. On January 29, 2001, the venture sold the office complex for approximately $17,450.

Lava Ridge
Lava Ridge is an office complex comprised of three two-story buildings, aggregating 183,200 square feet, located in Roseville, California, which was constructed and placed in service by the venture. On May 30, 2002, the venture sold the office complex for approximately $31,700.

Stadium Gateway
Stadium Gateway is a development joint venture project, located in Anaheim, California between HPMC Development Partners II, L.P. and a third-party entity. The venture constructed a six-story, 273,194 square foot office building, which commenced initial operations in January 2002. On April 1, 2003, the venture sold the office property for approximately $52,500.

Pacific Plaza I & II
Pacific Plaza I & II is a two-phase development joint venture project, located in Daly City, California between, HPMC Development Partners II, L.P. and a third-party entity. Phase I of the project, which commenced initial operations in August 2001, consists of a nine-story office building, aggregating 364,384 square feet. Phase II, which comprises a three-story retail and theater complex, commenced initial operations in June 2002. On August 30, 2004, the venture sold the Pacific Plaza I & II complex for approximately $143,000. The Company performed management services for the property while it was owned by the venture and recognized $27 and $81 in fees for such services in the three months ended September 30, 2004 and 2003, respectively, and $203 and $234 for the nine months ended September 30, 2004 and 2003, respectively.

G&G MARTCO (Convention Plaza)
The Company holds a 50 percent interest in G&G Martco, which owns Convention Plaza, a 305,618 square foot office building, located in San Francisco, California. The venture has a mortgage loan with a $43,039 balance at September 30, 2004 collateralized by its office property. The loan also provides the venture the ability to increase the balance of the loan up to an additional $4,908 for the funding of qualified leasing costs. The loan bears interest at a rate of the London Inter-Bank Offered Rate ("LIBOR") (1.84 percent at September 30, 2004) plus 162.5 basis points and matures in August 2006. The Company performs management and leasing services for the property owned by the joint venture and recognized $32 and $54 in fees for such services in the three months ended September 30, 2004 and 2003, respectively, and $105 and $177 for the nine months ended September 30, 2004 and 2003, respectively.

AMERICAN FINANCIAL EXCHANGE L.L.C./PLAZA VIII AND IX ASSOCIATES, L.L.C.
On May 20, 1998, the Company entered into a joint venture with Columbia Development Company, L.L.C. ("Columbia") to form American Financial Exchange L.L.C. The venture was formed to acquire land for future development, located on the Hudson River waterfront in Jersey City, New Jersey, adjacent to the Company's Harborside Financial Center office complex. Among other things, the partnership agreement provides for a preferred return on the Company's invested capital in the venture, in addition to the Company's proportionate share of the venture's profit, as defined in the agreement. The joint venture acquired land on which it initially constructed a parking facility, a portion of which is currently licensed to a parking operator. Such parking facility serves a ferry service between the Company's Harborside property and Manhattan. In the fourth quarter 2000, the joint venture started construction of Plaza 10, a 577,575 square foot office building, which was 100 percent pre-leased to Charles Schwab & Co. Inc.

("Schwab") for a 15-year term, on certain of the land owned by the venture. The lease agreement with Schwab obligated the venture, among other things, to deliver space to the tenant by required timelines and offers expansion options, at the tenant's election.

Such options may have obligated the venture to construct an additional building or, at the Company's option, to make space available in any of its existing Harborside properties. Had the venture been unable to, or chosen not to, provide such expansion space, the venture would have been liable to Schwab for its actual damages, in no event to exceed $15,000. The amount of Schwab's actual damages, up to $15,000, had been guaranteed by the Company. As described below, the Company no longer has any remaining obligations to Schwab following the sale of the Company's interests in the venture. AFE has an agreement with the City of Jersey City, New Jersey, in which it is required to make payments in lieu of property taxes ("PILOT"). The agreement is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs, as defined, with periodic increases, as defined. Total Project Costs, per the agreement, are the greater of $78,821 or actual Total Project Costs, as defined.

The Company performed management, leasing and development services for the Plaza 10 property when it was owned by the venture and recognized $157 in fees from the venture for such services in the three months ended September 30, 2003 and $459 for the nine months ended September 30, 2003.

On September 29, 2003, the Company sold its interest in AFE, in which it held a 50 percent interest, and received approximately $162,145 in net sales proceeds from the transaction, which the Company used primarily to repay outstanding borrowings under its revolving credit facility. The Company recognized a gain on the sale of approximately $23,952, which is recorded in gain on sale of investment in unconsolidated joint venture for the year ended December 31, 2003. Following completion of the sale of its interest, the Company no longer has any remaining obligations to Schwab.

In advance of the transaction, AFE distributed its interests in Plaza VIII and IX Associates, L.L.C., which owned the undeveloped land currently used as a parking facility, to its then partners, the Company and Columbia. The Company and Columbia subsequently entered into a new joint venture to own and manage the undeveloped land and related parking operations through Plaza VIII and IX Associates, L.L.C. The Company and Columbia each hold a 50 percent interest in the new venture.

RAMLAND REALTY ASSOCIATES L.L.C. (One Ramland Road)
On August 20, 1998, the Company entered into a joint venture with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square foot office/flex building and adjacent developable land, located in Orangeburg, New York. In August 1999, the joint venture completed redevelopment of the property and placed the office/flex building in service. The Company holds a 50 percent interest in the joint venture. The venture has a mortgage loan with a $14,936 balance at September 30, 2004 secured by its office/flex property. The mortgage bears interest at a rate of LIBOR plus 175 basis points and matures in January 2005. The venture is currently in discussions with the current lender regarding a long-term extension of the mortgage loan. In the event the lender does not provide an extension of the mortgage loan, the venture intends to pursue alternative financing strategies.

In 2001, the property's then principal tenant, Superior Bank, was closed by the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation ("FDIC") was named receiver. The tenant continued to meet its rental payment obligations through June 2002. In July 2002, the tenant vacated the premises and the FDIC notified the joint venture that it was rejecting the lease as of July 16, 2002. As a result of the uncertainty regarding the tenant's ability to meet its obligations through the remainder of the term of its lease, the joint venture wrote off unbilled rents receivable of $1,573 and deferred lease costs of $705, which was included in the Company's equity in earnings for the year ended December 31, 2002. Subsequently, the venture's management determined it was unlikely a prospective tenant would retain tenant improvements previously made to Superior Bank's space and, accordingly, the venture accelerated amortization of those tenant improvements and recorded a charge of $3,586, which is included in the Company's equity in earnings in the nine months ended September 30, 2003. The Company performs management, leasing and other services for the property owned by the joint venture and recognized $110 and $2 in fees for such services in the three months ended September 30, 2004 and 2003, respectively, and $128 and $10 for the nine months ended September 30, 2004 and 2003, respectively.

ASHFORD LOOP ASSOCIATES L.P. (1001 South Dairy Ashford/2100 West Loop South)
On September 18, 1998, the Company entered into a joint venture with Prudential to form Ashford Loop Associates L.P. The venture was formed to own, manage and operate 1001 South Dairy Ashford, a 130,000 square foot office building acquired on September 18, 1998, and 2100 West Loop South, a 168,000 square foot office building acquired on November 25, 1998, both located in Houston, Texas. The Company holds a 20 percent interest in the joint venture. The Company performed management and leasing services through March 2002 for the properties owned by the joint venture and recognized $45 in fees for such services in the three months ended March 31, 2002. Under certain circumstances, Prudential has the right to convert its interest in the venture into common stock of the Company at a discount to the stock's fair market value, based on the underlying fair value of Prudential's interest in the venture at the time of conversion. The Company, at its option, can elect to exchange cash in lieu of stock in an amount equal to the fair value of Prudential's interest.

SOUTH PIER AT HARBORSIDE – HOTEL DEVELOPMENT
On November 17, 1999, the Company entered into a joint venture with Hyatt Corporation ("Hyatt") to develop a 350-room hotel on the South Pier at Harborside Financial Center, Jersey City, New Jersey, which was completed and commenced initial operations in July 2002. The Company owns a 50 percent interest in the venture.

The venture had a mortgage loan with a commercial bank with a $62,902 balance at December 31, 2003 collateralized by its hotel property. The debt bore interest at a rate of LIBOR plus 275 basis points, which was scheduled to mature in December 2003, and was extended through January 29, 2004. On that date, the venture repaid the mortgage loan using the proceeds from a new $40,000 mortgage loan, collateralized by the hotel property, as well as capital contributions from the Company and Hyatt of $10,750 each. The new loan carries an interest rate of LIBOR plus 200 basis points and matures in February 2006. The loan provides for three one-year extension options subject to certain conditions. The final two one-year extension options require payment of a fee. On May 25, 2004, the venture obtained a second mortgage loan with a commercial bank for $20,000 (with a balance as of September 30, 2004 of $17,500) collateralized by the hotel property, in which each partner, including the Company, has severally guaranteed repayment of approximately $8,750. The loan carries an interest rate of LIBOR plus 175 basis points and matures in February 2006. The loan provides for three one-year extension options subject to certain conditions. The final two one-year extension options require payment of a fee. The proceeds from this loan were used to make distributions to the Company and Hyatt in the amount of $10,000 each. Additionally, the venture has an $8,000 loan with the City of Jersey City, provided by the U.S. Department of Housing and Urban Development. The loan currently bears interest at fixed rates ranging from 6.09 percent to 6.62 percent and matures in August 2020. The Company has posted an $8,000 letter of credit in support of this loan, $4,000 of which is indemnified by Hyatt.

NORTH PIER AT HARBORSIDE – RESIDENTIAL DEVELOPMENT
On April 3, 2001, the Company sold its North Pier at Harborside Financial Center, Jersey City, New Jersey to an entity which planned on developing residential housing on the site. At the time, the Company received net sales proceeds of approximately $3,357 (which included a note receivable of $2,027 subsequently repaid in 2002), and recognized a gain of $439 (before minority interest) from the transaction. On March 31, 2004, the Company received an additional $720 as additional contingent purchase consideration

resulting from the achievement of certain conditions at the property subsequent to the initial sale, for which the Company recorded a gain of $637 (net of minority interest of $83) in gain on sale of investment in unconsolidated joint ventures for the nine months ended September 30, 2004.

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of September 30, 2004 and December 31, 2003:

	September 30, 2004							
	Meadowlands Xanadu	HPMC	G&G Martco	American Financial Exchange	Plaza VIII & IX Associates	Ramland Realty	Ashford Loop	Harborside South Pier	Combined Total
Assets:									
Rental property, net	$ 178,443	--	$ 8,583	$--	$12,779	$13,183	$35,826	$81,283	$330,097
Other assets	1,131	$ 4,057	4,505	--	1,528	1,149	192	10,177	22,739
Total assets	$ 179,574	$ 4,057	$ 13,088	$--	$14,307	$14,332	$36,018	$91,460	$352,836
Liabilities and partners'/ members capital (deficit):									
Mortgages, loans payable and other obligations	--	--	$ 43,039		$ --	$14,936	--	$67,670	$125,645
Other liabilities	$ 2,695	$ 141	1,059	--	$ 1,376	1,013	$ 702	3,395	10,381
Partners'/members' capital (deficit)	176,879	3,916	(31,010)	--	12,931	(1,617)	35,316	20,395	216,810
Total liabilities and partners'/members' capital (deficit)	$ 179,574	$ 4,057	$ 13,088	$--	$14,307	$14,332	$36,018	$91,460	$352,836
Company's investment in unconsolidated joint ventures, net	$ 7,814	$ 636	$ 6,989	$--	$ 6,387	$ --	$ 7,502	$12,699	$ 42,027

	December 31, 2003							
	Meadowlands Xanadu	HPMC	G&G Martco	American Financial Exchange	Plaza VIII & IX Associates	Ramland Realty	Ashford Loop	Harborside South Pier	Combined Total
Assets:									
Rental property, net	$ 142,968	--	$ 7,207	$--	$13,196	$13,262	$36,058	$85,214	$297,905
Other assets	1,535	$13,354	3,091	--	3,307	548	336	11,317	33,488
Total assets	$ 144,503	$13,354	$ 10,298	$--	$16,503	$13,810	$36,394	$96,531	$331,393
Liabilities and partners'/ members capital (deficit):									
Mortgages, loans payable and other obligations	--	--	$ 41,563		$ --	$14,936	--	$73,175	$129,674
Other liabilities	$ 1,571	$ 44	868	--	$ 1,472	88	$ 712	2,726	7,481
Partners'/members' capital (deficit)	142,932	13,310	(32,133)	--	15,031	(1,214)	35,682	20,630	194,238
Total liabilities and partners'/members' capital (deficit)	$ 144,503	$13,354	$ 10,298	$--	$16,503	$13,810	$36,394	$96,531	$331,393
Company's investment in unconsolidated joint ventures, net	$ 1,073	$12,808	$ 6,427	$--	$ 7,437	$ --	$ 7,575	$13,304	$ 48,624

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the three months ended September 30, 2004 and 2003:

	Three Months Ended September 30, 2004									
	Meadowlands Xanadu	HPMC	G&G Martco	American Financial Exchange	Plaza VIII & IX Associates	Ramland Realty	Ashford Loop	Harborside South Pier	Minority Interest in Operating Partnership	Combined Total
Total revenues	$--	$10,676	$ 1,634	$--	$ 28	$ 344	$ 755	$ 7,046	$--	$20,483
Operating and other expenses	--	(6)	(871)	--	(62)	(332)	(1,418)	(4,676)	--	(7,365)
Depreciation and amortization	--	--	(260)	--	(154)	(165)	(244)	(1,471)	--	(2,294)

Interest expense	--	--	(339)	--	--	(121)	--	(661)	--	(1,121)
Net income	$--	$ 10,670	$ 164	$--	$ (188)	$ (274)	$ (907)	$ 238	$--	$ 9,703
Company's equity in earnings (loss) of unconsolidated joint ventures	$--	$ (476)	$ 82	$--	$ (94)	$ (140)	$ (181)	$ 119	$79	$ (611)

	Three Months Ended September 30, 2003									
	Meadowlands Xanadu	HPMC	G&G Martco	American Financial Exchange	Plaza VIII & IX Associates	Ramland Realty	Ashford Loop	Harborside South Pier	Minority Interest in Operating Partnership	Combined Total
Total revenues	$--	$ 11	$ 2,950	$ 5,614	$--	$ 65	$ 955	$ 6,692	$ --	$ 16,287
Operating and other expenses	--	(244)	(1,033)	(1,156)	--	(220)	(800)	(4,278)	--	(7,731)
Depreciation and amortization	--	--	(380)	(1,111)	--	(139)	(244)	(1,614)	--	(3,488)
Interest expense	--	--	(350)	--	--	(107)	--	(761)	--	(1,218)
Net income	$--	$ (233)	$ 1,187	$ 3,347	$--	$ (401)	$ (89)	$ 39	$ --	$ 3,850
Company's equity in earnings (loss) of unconsolidated joint ventures	$--	$ (77)	$ 593	$ 3,157	$--	$ (100)	$ (17)	$ 19	$ (424)	$ 3,151

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the nine months ended September 30, 2004 and 2003:

	Nine Months Ended September 30, 2004									
	Meadowlands Xanadu	HPMC	G&G Martco	American Financial Exchange	Plaza VIII & IX Associates	Ramland Realty	Ashford Loop	Harborside South Pier	Minority Interest in Operating Partnership	Combined Total
Total revenues	$--	$ 10,755	$ 5,473	$--	$ 109	$ 841	$ 2,341	$ 20,707	$ --	$ 40,226
Operating and other expenses	--	(259)	(2,636)	--	(124)	(905)	(2,813)	(13,782)	--	(20,519)
Depreciation and amortization	--	--	(800)	--	(462)	(456)	(729)	(4,662)	--	(7,109)
Interest expense	--	--	(914)	--	--	(334)	--	(1,727)	--	(2,975)
Net income	$--	$ 10,496	$ 1,123	$--	$ (477)	$ (854)	$ (1,201)	$ 536	$ --	$ 9,623
Company's equity in earnings (loss) of unconsolidated joint ventures	$--	$ 571	$ 561	$--	$ (238)	$ (365)	$ (240)	$ 288	$ (66)	$ 511

	Nine Months Ended September 30, 2003									
	Meadowlands Xanadu	HPMC	G&G Martco	American Financial Exchange	Plaza VIII & IX Associates	Ramland Realty	Ashford Loop	Harborside South Pier	Minority Interest in Operating Partnership	Combined Total
Total revenues	$--	$ 4,660	$ 9,680	$ 17,398	$--	$ 183	$ 2,920	$ 16,383	$ --	$ 51,224
Operating and other expenses	--	(315)	(2,995)	(3,040)	--	(737)	(2,528)	(11,726)	--	(21,341)
Depreciation and amortization	--	--	(1,215)	(2,912)	--	(416)	(731)	(4,711)	--	(9,985)
Interest expense	--	--	(1,199)	--	--	(343)	--	(2,356)	--	(3,898)
Net income	$--	$ 4,345	$ 4,271	$ 11,446	$--	$ (1,313)	$ (339)	$ (2,410)	$ --	$ 16,000
Company's equity in earnings (loss) of unconsolidated joint ventures	$--	$ 2,346	$ 2,012	$ 11,342	$--	$ (1,332)	$ (39)	$ (1,555)	$ (1,524)	$ 11,250

5. DEFERRED CHARGES AND OTHER ASSETS

	September 30, 2004	December 31, 2003
Deferred leasing costs	$152,740	$136,231
Deferred financing costs	21,216	24,446
	173,956	160,677
Accumulated amortization	(62,339)	(56,778)
Deferred charges, net	111,617	103,899
Notes receivable	11,516	8,750
Prepaid expenses and other assets, net	26,802	14,142
Total deferred charges and other assets, net	$149,935	$126,791

6. DISCONTINUED OPERATIONS

On June 30, 2004, the Company identified three office properties, which are located at 3030 L.B.J. Freeway, Dallas, Texas; 1122 Alma Road, Richardson, Texas; and 84 N.E. Loop 410, San Antonio, Texas, and which aggregate 636,906 square feet, as held for sale. During the three months ended June 30, 2004, the Company determined that the carrying amounts of the properties identified as held for sale were not expected to be recovered from estimated net sale proceeds from these property sales and, accordingly, recognized a valuation allowance of $10,501 (net of minority interest of $1,355) in that period. In October 2004, the Company finalized a contract to sell its three Texas office properties for approximately $41,450, subject to certain adjustments.

On August 5, 2004, the Company identified its 387,000 square foot office property located at 340 Mount Kemble Avenue in Morris Township, New Jersey as held for sale. The property was subsequently sold by the Company on October 5, 2004 for approximately $77,000.

The above referenced properties identified as held for sale as of September 30, 2004 carried an aggregate book value of $92,703, net of accumulated depreciation of $15,345 and a valuation allowance of $11,856 at September 30, 2004.

The Company has presented these assets as discontinued operations in its statements of operations for the periods presented. As the Company sold 1770 St. James Place, Houston, Texas; 111 Soledad, San Antonio, Texas; and land in Hamilton Township, New Jersey during the year ended December 31, 2003, the Company has also presented these assets as discontinued operations in its statements of operations for the periods presented.

The following tables summarize income from discontinued operations (net of minority interest) and the related realized gains (unrealized losses) on disposition of rental property, net, (net of minority interest) for the three and nine month periods ended September 30, 2004 and 2003:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Total revenues	$ 2,991	$ 4,448	$ 9,542	$ 13,885
Operating and other expenses	(1,313)	(1,999)	(4,139)	(6,171)
Depreciation and amortization	(125)	(923)	(1,783)	(2,919)
Minority interest	(177)	(182)	(414)	(574)
Income from discontinued operations (net of minority interest)	$ 1,376	$ 1,344	$ 3,206	$ 4,221

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Realized gain on disposition of rental property	--	--	--	$ 1,324
Unrealized loss on disposition of rental property	--	--	$ (11,856)	--
Minority interest	--	--	1,355	(159)
Realized gains (unrealized losses) on disposition of rental property, net (net of minority interest)	--	--	$ (10,501)	$ 1,165

7. SENIOR UNSECURED NOTES

A summary of the Company's senior unsecured notes as of September 30, 2004 and December 31, 2003 is as follows:

	September 30, 2004	December 31, 2003	Effective Rate (1)
7.000% Senior Unsecured Notes, due March 15, 2004	--	$ 299,983	7.27%
7.250% Senior Unsecured Notes, due March 15, 2009	$ 298,953	298,777	7.49%
7.835% Senior Unsecured Notes, due December 15, 2010	15,000	15,000	7.95%
7.750% Senior Unsecured Notes, due February 15, 2011	298,905	298,775	7.93%
6.150% Senior Unsecured Notes, due December 15, 2012	90,875	90,506	6.89%
5.820% Senior Unsecured Notes, due March 15, 2013	25,171	25,089	6.45%
4.600% Senior Unsecured Notes, due June 15, 2013	99,751	99,729	4.74%
5.125% Senior Unsecured Notes, due February 15, 2014	202,247	--	5.11%

Total Senior Unsecured Notes	$ 1,030,902	$ 1,127,859	6.80%

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

On February 9, 2004, the Company issued $100,000 face amount of 5.125 percent senior unsecured notes due February 15, 2014 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately $98,538 were held until March 15, 2004, when the Company used the net proceeds from the sale, together with borrowings under the unsecured facility and available cash, to repay the $300,000 7.00 percent notes due March 15, 2004.

On March 15, 2004, the Company retired $300,000 face amount of 7.00 percent senior unsecured notes due on that date. Funds used for the retirement were obtained from proceeds from the February 2004 $100,000 senior unsecured notes offering, borrowings under the Company's unsecured facility and available cash.

On March 22, 2004, the Company issued $100,000 face amount of 5.125 percent senior unsecured notes due February 15, 2014 with interest payable semi-annually in arrears. The total proceeds from the issuance (including premium and net of selling commissions) of approximately $103,137 were used primarily to reduce outstanding borrowings under the Company's unsecured facility.

8. UNSECURED REVOLVING CREDIT FACILITY

In 2002, the Company obtained an unsecured revolving credit facility with a current borrowing capacity of $600,000 from a group of 15 lenders. The interest rate on outstanding borrowings under the unsecured facility is currently LIBOR plus 70 basis points. The Company may instead elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The unsecured facility also requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. The unsecured facility matures in September 2005, with an extension option of one year, which would require upon exercise a payment of 25 basis points of the then borrowing capacity of the credit line.

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

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

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

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other common equity interests in an aggregate amount in excess of 90 percent of funds from operations (as defined) for such period, subject to certain other adjustments.

The lending group for the unsecured facility consists of: JPMorgan Chase Bank, as administrative agent; Fleet National Bank, as syndication agent; Bank of America, N.A. and Wells Fargo Bank, National Association, as co-documentation agents; Commerzbank AG, as co-syndication agent; The Bank of Nova Scotia, Bank One, N.A., Citicorp North America, Inc., and Wachovia Bank, National Association, as managing agents, PNC Bank, National Association, and SunTrust Bank, as co-agents; Bayerische Landesbank, Deutsche Bank Trust Company Americas, Chevy Chase Bank, F.S.B. and Israel Discount Bank of New York, as syndicate members.

SUMMARY
As of September 30, 2004 and December 31, 2003, the Company had outstanding borrowings of $140,000 and $0, respectively, under the unsecured facility.

9. MORTGAGES, LOANS PAYABLE AND OTHER OBLIGATIONS

The Company has mortgages, loans payable and other obligations which primarily consist of various loans collateralized by certain of the Company's rental properties. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only.

A summary of the Company's mortgages, loans payable and other obligations as of September 30, 2004 and December 31, 2003 is as follows:

	Principal Balance at

Property Name	Lender	Effective Interest Rate (a)	September 30, 2004	December 31, 2003	Maturity
400 Chestnut Ridge	Prudential Insurance Co.	9.44%	$ --	$ 10,374	--
Kemble Plaza I	Mitsubishi Tr & Bk Co.	LIBOR+0.65%	--	32,178	--
Mack-Cali Centre VI	Principal Life Insurance Co.	6.87%	35,000	35,000	04/01/05
Various (b)	Prudential Insurance Co.	7.10%	150,000	150,000	05/15/05
Mack-Cali Bridgewater I	New York Life Ins. Co.	7.00%	23,000	23,000	09/10/05
Mack-Cali Woodbridge II	New York Life Ins. Co.	7.50%	17,500	17,500	09/10/05
Mack-Cali Short Hills	Prudential Insurance Co.	7.74%	23,014	23,592	10/01/05
500 West Putnam Avenue	New York Life Ins. Co.	6.52%	6,756	7,495	10/10/05
Harborside - Plaza 2 and 3	Northwestern/Principal	7.37%	150,627	153,603	01/01/06
Mack-Cali Airport	Allstate Life Insurance Co.	7.05%	9,902	10,030	04/01/07
2200 Renaissance Boulevard	TIAA	5.89%	18,590	18,800	12/01/12
Soundview Plaza	TIAA	6.02%	18,910	19,153	01/01/13
Assumed obligations	various	4.84%	71,541	--	05/01/09 (c)
Total mortgages, loans payable and other obligations			$ 524,840	$ 500,725	

(a) Effective interest rate for mortgages, loans payable and other obligations reflects effective rate of debt, including deferred financing costs, comprised of the cost of terminated treasury lock agreements (if any), debt initiation costs and other transaction costs, as applicable.
(b) Mortgage is collateralized by 11 properties.
(c) The obligations mature at various times between May 2006 and May 2009 (see Note 3 – Real Estate Property Transactions).

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED
Cash paid for interest for the nine months ended September 30, 2004 and 2003 was $94,284 and $103,593, respectively. Interest capitalized by the Company for the nine months ended September 30, 2004 and 2003 was $2,813 and $6,380, respectively.

SUMMARY OF INDEBTEDNESS
As of September 30, 2004, the Company's total indebtedness of $1,695,742 (weighted average interest rate of 6.44 percent) was comprised of $140,000 of revolving credit facility borrowings (weighted average rate of 2.48 percent) and fixed rate debt and other obligations of $1,555,742 (weighted average rate of 6.80 percent).

As of December 31, 2003, the Company's total indebtedness of $1,628,584 (weighted average interest rate of 7.10 percent) was comprised of $32,178 of variable rate mortgage debt (weighted average rate of 1.84 percent) and fixed rate debt of $1,596,406 (weighted average rate of 7.21 percent).

10. MINORITY INTEREST

Minority interest in the accompanying consolidated financial statements relate to preferred units ("Preferred Units") and common units in the Operating Partnership, held by parties other than the Company.

PREFERRED UNITS
The Operating Partnership has two classes of Preferred Units – Series B and Series C, which are described as follows:

Series B
The Series B Preferred Units have a stated value of $1,000 per unit and are preferred as to assets over any class of common units or other class of preferred units of the Company, based on circumstances per the applicable unit certificates. The quarterly distribution on each Series B Preferred Unit is an amount equal to the greater of (i) $16.875 (representing 6.75 percent of the Series B Preferred Unit stated value of an annualized basis) or (ii) the quarterly distribution attributable to a Series B Preferred Unit determined as if such unit had been converted into common units, subject to adjustment for customary anti-dilution rights. Each of the Series B Preferred Units may be converted at any time into common units at a conversion price of $34.65 per unit. Common units received pursuant to such conversion may be redeemed for an equal number of shares of common stock. At any time after June 11, 2005, the Company may cause the mandatory conversion of the Series B Preferred Units into common units at the conversion price of $34.65 per unit if, for at least 20 of the prior consecutive 30 days, the closing price of the Company's common stock equals or exceeds $34.65. The Company is prohibited from taking certain actions that would adversely affect the rights of the holders of Series B Preferred Units without the consent of at least 66 2/3 percent of the outstanding Series B Preferred Units, including authorizing, creating or issuing any additional preferred units ranking senior to or equal with the Series B Preferred Units; provided, however, that such consent is not required if the Company issues preferred units ranking equal (but not senior) to the Series B Preferred Units in an aggregate amount up to the greater of (a) $200,000 in stated value or (b) 10 percent of the sum of (1) the combined market capitalization of the Company's common stock and the Operating Partnership's common units and Series B Preferred Units, as if converted into common stock, and (2) the aggregate liquidation preference on any of the Company's non-convertible preferred stock or the Operating Partnership's non-convertible preferred units. As of September 30, 2004, the calculation in the above clause (b) was $333,487.

Series C
In connection with the Company's issuance of $25,000 of Series C cumulative redeemable perpetual preferred stock, the Company acquired from the Operating Partnership $25,000 of Series C Preferred Units (the "Series C Preferred Units"), which have terms essentially identical to the Series C preferred stock and rank equal with the Series B Preferred Units. See Note 14 – Stockholders' Equity – Preferred Stock.

COMMON UNITS
Certain individuals and entities own common units in the Operating Partnership. A common unit and a share of common stock of the Company have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the Operating Partnership. Common units are redeemable by the common unitholders at their option, subject to certain restrictions, on the basis of one common unit for either one share of common stock or cash equal to the fair market value of a share at the time of the redemption. The Company has the option to deliver shares of common stock in exchange for all or any portion of the cash requested. The common unitholders may not put the units for cash to the Company or the Operating Partnership. When a unitholder redeems a common unit, minority interest in the Operating Partnership is reduced and the Company's investment in the Operating Partnership is increased.

UNIT TRANSACTIONS
The following table sets forth the changes in minority interest which relate to the Series B Preferred Units and common units in the Operating Partnership for the nine months ended September 30, 2004:

	Series B Preferred Units	Common Units	Series B Preferred Unitholders	Common Unitholders	Total
Balance at January 1, 2004	215,018	7,795,498	$ 220,547	$ 207,552	$ 428,099
Net income	--	--	11,727	9,081	20,808
Distributions	--	--	(11,727)	(14,702)	(26,429)
Redemption of common units for shares of Common Stock	--	(16,138)	--	(425)	(425)
Balance at September 30, 2004	215,018	7,779,360	$ 220,547	$ 201,506	$ 422,053

MINORITY INTEREST OWNERSHIP
As of September 30, 2004 and December 31, 2003, the minority interest common unitholders owned 11.4 percent (18.7 percent, including the effect of the conversion of Series B Preferred Units into common units) and 11.6 percent (19.1 percent including the effect of the conversion of Series B Preferred Units into common units) of the Operating Partnership, respectively.

11. EMPLOYEE BENEFIT 401(k) PLAN

All employees of the Company who meet certain minimum age and period of service requirements are eligible to participate in a 401(k) defined contribution plan (the "401(k) Plan"). The 401(k) Plan allows eligible employees to defer up to 15 percent of their annual compensation, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management's discretion, may match employee contributions and/or make discretionary contributions. Total expense recognized by the Company for the three months ended September 30, 2004 and 2003 was $100 and $100, respectively, and for the nine months ended September 30, 2004 and 2003 was $300 and $300, respectively.

12. COMMITMENTS AND CONTINGENCIES

MANAGEMENT CHANGES
On May 7, 2004, the Company announced the resignation of Timothy M. Jones as President and an employee of the Company, effective as of May 7, 2004 (the "Effective Date"). Subsequent to the Effective Date, Mr. Jones is serving as a consultant to the Company until December 31, 2004.

In addition, the Company announced that as of the Effective Date, Mitchell E. Hersh, Chief Executive Officer, was appointed to the additional position of President, and will continue to serve as Chief Executive Officer and President.

In consideration of Mr. Jones' years of outstanding service to the Company and his service as a consultant to the Company, on the Effective Date, outstanding and unvested options to acquire 24,000 shares of the Company's Common Stock granted to Mr. Jones on December 5, 2000 pursuant to the Company's employee stock option plans (the "Plans"), which were not scheduled to vest until December 31, 2004, were declared fully vested and exercisable in accordance with the provisions of the Plans. Also on the Effective Date, 19,285 shares of unvested restricted stock which were originally granted to Mr. Jones pursuant to Restricted Stock Award agreements dated as of July 1, 1999 (as amended by the First Amendment thereto dated January 2, 2003) and January 2, 2003 and were subject to deferred vesting as described in such Restricted Stock Award agreements, were declared fully vested in accordance with the provisions of the Restricted Stock Award agreements. An additional 19,284 outstanding and unvested Restricted Stock Awards previously granted to Mr. Jones pursuant to the Restricted Stock Award agreements were canceled on the Effective Date in accordance with the provisions of the Plans.

In connection with the vesting of 19,285 Restricted Stock Awards of Mr. Jones on the Effective Date, Mr. Jones received a tax gross-up payment from the Company in accordance with the provisions of the Restricted Stock Awards, which payment was calculated based on the closing price of the Company's Common Stock on the business day immediately preceding the Effective Date.

In conjunction with the resignation of Mr. Jones, the Company incurred compensation expense of approximately $1,254, which is included in general and administrative expense for the nine month period ended September 30, 2004, on account of the accelerated vesting of stock options and Restricted Stock Awards, and the related tax gross-up payment on the Restricted Stock Awards.

TAX ABATEMENT AGREEMENTS
Harborside Financial Center
Pursuant to an agreement with the City of Jersey City, New Jersey, the Company is required to make payments in lieu of property taxes ("PILOT") on its Harborside Plaza 2, 3, 4-A and 5 properties. The Plaza 2 and 3 agreement, which commenced in 1990, is for a term of 15 years. Such PILOT is equal to two percent of Total Project Costs, as defined, in year one and increases by $75 per annum through year 15. Total Project Costs, as defined, are $145,644. The PILOT totaled $978 and $959 for the three months ended September 30, 2004 and 2003, respectively, and $2,922 and $2,866 for the nine months ended September 30, 2004 and 2003, respectively.

The Plaza 4-A agreement, which commenced in 2000, is for a term of 20 years. The PILOT is equal to two percent of Total Project costs, as defined, and increases by 10 percent in years 7, 10 and 13 and by 50 percent in year 16. Total Project costs, as defined, are $45,497. The PILOT totaled $227 and $227 for the three months ended September 30, 2004 and 2003, respectively, and $682 and $682 for the nine months ended September 30, 2004 and 2003, respectively.

The Plaza 5 agreement, which commenced in 2002 upon substantial completion of the property, as defined, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs, as defined, and increases by 10 percent in years 7, 10 and 13, and by 50 percent in year 16. Total Project Costs, as defined are $159,625. The PILOT totaled $798 and $774 for the three months ended September 30, 2004 and 2003, respectively, and $2,394 and $2,397 for the nine months ended September 30, 2004 and 2003, respectively.

LITIGATION

On May 8, 2003, an adversary proceeding arising out of the bankruptcy of Broadband Office, Inc. ("BBO") was commenced by BBO and the Official Committee of Unsecured Creditors of BBO ("Plaintiffs") in the United States Bankruptcy Court for the District of Delaware. On August 25, 2003, the Plaintiffs filed an Amended Complaint. As amended, the Complaint named as defendants Mack-Cali Realty, L.P., the chief executive officer of the Company, and certain alleged affiliates of the Company (the "Mack-Cali Defendants"). Also named as defendants were seven other real estate investment trusts or partnerships ("REITs") that invested in BBO and the eight individuals designated by the REITs to serve on the Board of Directors of BBO. Plaintiffs asserted, among other things, that the Mack-Cali Defendants breached fiduciary duties to BBO, its minority shareholders (other than the REITs) and its creditors by approving a spin-off of BBO's assets to a newly created entity, and approving the sale of BBO's remaining assets to Yipes, Inc., both for allegedly inadequate consideration. Plaintiffs were seeking an unspecified amount of compensatory and punitive damages in connection with their fiduciary duty claims. In addition, Plaintiffs were seeking to avoid all payments and other transfers made to the Mack-Cali Defendants within one year of BBO's bankruptcy filing under various provisions of the Bankruptcy Code, and to obtain "turnover" of certain property under Section 542(b) of the Bankruptcy Code. On July 8, 2003, the district court withdrew the reference of this proceeding to the bankruptcy court. In the second quarter of 2004, the parties reached an agreement to settle the action which was approved by the court on October 1, 2004. In the second quarter, the Company paid approximately $175 in such settlement, which is included in general and administrative expense for the nine months ended September 30, 2004.

The Company is a defendant in other litigation arising in the normal course of its business activities. Management does not believe that the ultimate resolution of these matters will have a materially adverse effect upon the Company's financial condition taken as whole.

GROUND LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Company is the lessee, as of September 30, 2004, are as follows:

Year	Amount
October 1 through December 31, 2004	$ 137
2005	530
2006	530
2007	529
2008	506
2009 through 2080	20,652
Total	$ 22,884

Ground lease expense incurred by the Company during the three months ended September 30, 2004 and 2003 amounted to $141 and $232, respectively, and was $442 and $697 for the nine months ended September 30, 2004 and 2003, respectively.

OTHER

The Company may not dispose of or distribute certain of its properties, currently comprising 141 properties with an aggregate net book value of approximately $1,791,516, which were originally contributed by members of either the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; David S. Mack, director; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Martin W. Berger, a former director; Robert F. Weinberg, director; and Timothy M. Jones, former president) or the Cali Group (which includes John R. Cali, director and John J. Cali, a former director) without the express written consent of a representative of the Mack Group, the Robert Martin Group or the Cali Group, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate Mack Group, Robert Martin Group or Cali Group members for the tax consequences of the recognition of such built-in-gains (collectively, the "Property Lock-Ups"). The aforementioned restrictions do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expire periodically through 2008. Upon the expiration of the Property Lock-Ups, the Company is required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the appropriate Mack Group, Robert Martin Group or Cali Group members.

13. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2020. 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.

Future minimum rentals to be received under non-cancelable operating leases at September 30, 2004 are as follows:

Year	Amount
October 1 through December 31, 2004	$ 125,906
2005	497,148
2006	445,804
2007	389,668
2008	334,218
2009 and thereafter	1,187,061
Total	$ 2,979,805

14. STOCKHOLDERS' EQUITY

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

percentages of its common stock requesting the disclosure of the beneficial owners of such common stock.

PREFERRED STOCK
On March 14, 2003, in a publicly registered transaction with a single institutional buyer, the Company completed the sale and issuance of 10,000 shares of eight-percent Series C cumulative redeemable perpetual preferred stock ("Series C Preferred Stock") in the form of 1,000,000 depositary shares ($25 stated value per depositary share). Each depositary share represents 1/100th of a share of Series C Preferred Stock. The Company received net proceeds of approximately $24,836 from the sale. See Note 10: Minority Interest – Preferred Units.

The Series C Preferred Stock has preference rights with respect to liquidation and distributions over the common stock. Holders of the Series C Preferred Stock, except under certain limited conditions, will not be entitled to vote on any matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of the Series C Preferred Stock will have the right to elect two additional members to serve on the Company's Board of Directors until dividends have been paid in full. At September 30, 2004, there were no dividends in arrears. The Company may issue unlimited additional preferred stock ranking on a parity with the Series C Preferred Stock but may not issue any preferred stock senior to the Series C Preferred Stock without the consent of two-thirds of its holders. The Series C Preferred Stock is essentially on an equivalent basis in priority with the Preferred Units.

Except under certain conditions relating to the Company's qualification as a REIT, the Series C Preferred Stock is not redeemable prior to March 14, 2008. On and after such date, the Series C Preferred Stock will be redeemable at the option of the Company, in whole or in part, at $25 per depositary share, plus accrued and unpaid dividends.

SHARE REPURCHASE PROGRAM
On September 13, 2000, the Board of Directors authorized an increase to the Company's repurchase program under which the Company was permitted to purchase up to an additional $150,000 of the Company's outstanding common stock ("Repurchase Program"). From that date through its last purchases on January 10, 2003, the Company purchased and retired, under the Repurchase Program, 3,746,400 shares of its outstanding common stock for an aggregate cost of approximately $104,512. The Company has a remaining authorization to repurchase up to an additional $45,488 of its outstanding common stock, which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

STOCK OPTION PLANS
In May 2004, the Company established the 2004 Incentive Stock Plan under which a total of 2,500,000 shares have been reserved for issuance. No options have been granted through September 30, 2004 under this plan. In September 2000, the Company established the 2000 Employee Stock Option Plan ("2000 Employee Plan") and the 2000 Director Stock Option Plan ("2000 Director Plan"). In May 2002, shareholders of the Company approved amendments to both plans to increase the total shares reserved for issuance under both of the 2000 plans from 2,700,000 to 4,350,000 shares of the Company's common stock (from 2,500,000 to 4,000,000 shares under the 2000 Employee Plan and from 200,000 to 350,000 shares under the 2000 Director Plan). In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan ("Employee Plan") and the Mack-Cali Director Stock Option Plan ("Director Plan") under which a total of 5,380,188 shares (subject to adjustment) of the Company's common stock have been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). Stock options granted under the Employee Plan in 1994 and 1995 became exercisable over a three-year period. Stock options granted under the 2000 Employee Plan and those options granted subsequent to 1995 under the Employee Plan become exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan become exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of September 30, 2004 and December 31, 2003, the stock options outstanding had a weighted average remaining contractual life of approximately 6.7 and 6.9 years, respectively.

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

	Shares Under Options	Weighted Average Exercise Price
Outstanding at January 1, 2004	2,990,135	$ 30.56
Granted	10,000	$ 38.07
Exercised	(1,152,754)	$ 32.10
Lapsed or canceled	(36,940)	$ 28.46
Outstanding at September 30, 2004	1,810,441	$ 29.67
Options exercisable at September 30, 2004	619,191	$ 32.13
Available for grant at September 30, 2004	4,769,594	

The Company recognized stock options expense of $40 and $51 for the three months ended September 30, 2004 and 2003, respectively, and $374 and $139 for the nine months ended September 30, 2004 and 2003, respectively. Included in stock options expense for the nine month period ended September 30, 2004 was a stock option charge of $246, which resulted from the accelerated vesting of 24,000 unvested options related to the resignation of Timothy M. Jones (see Note 12 – Management Changes).

STOCK WARRANTS
Information regarding the Company's stock warrants ("Stock Warrants"), which enable the holders to purchase an equal number of shares of the Company's common stock at the respective exercise price, is summarized below:

	Shares Under Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2004	149,250	$ 33.00
Exercised	(149,250)	$ 33.00
Outstanding at September 30, 2004	--	--

STOCK COMPENSATION
The Company has granted stock awards to officers, certain other employees, and non-employee members of the Board of Directors of the Company, which allow the holders to each receive a certain amount of shares of the Company's common stock generally over a one to five-year vesting period. Certain Restricted Stock Awards are contingent upon the Company meeting certain performance and/or stock price appreciation objectives. All Restricted Stock Awards provided to the officers and certain other employees were granted under the 2000 Employee Plan and the Employee Plan. Restricted Stock Awards granted to directors were granted under the 2000 Director Plan.

Information regarding the Restricted Stock Awards is summarized below:

	Shares
Outstanding at January 1, 2004	280,869
Granted	2,000
Vested (a)	(75,882)
Canceled (a)	(19,284)
Outstanding at September 30, 2004	187,703

(a) In conjunction with the resignation of Timothy M. Jones, 19,285 shares of unvested Restricted Stock Awards were vested on an accelerated basis and 19,284 shares of unvested Restricted Stock Awards were canceled in May 2004 (see Note 12 – Management Changes).

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

During the nine months ended September 30, 2004 and 2003, 4,652 and 4,816 deferred stock units were earned, respectively. As of September 30, 2004 and December 31, 2003, there were 27,699 and 23,131 director stock units outstanding, respectively.

EARNINGS PER SHARE
Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

The following information presents the Company's results for the three months ended September 30, 2004 and 2003 in accordance with FASB No. 128:

Computation of Basic EPS	Three Months Ended September 30, 2004	2003
Income from continuing operations	$27,240	$49,548
Deduct: Preferred stock dividends	(500)	(500)
Income from continuing operations available to common shareholders	26,740	49,048
Income from discontinued operations	1,376	1,344
Net income available to common shareholders	$28,116	$50,392
Weighted average common shares	60,492	57,870
Basic EPS:		
Income from continuing operations	$ 0.44	$ 0.85
Income from discontinued operations	0.02	0.02
Net income available to common shareholders	$ 0.46	$ 0.87

Computation of Diluted EPS	Three Months Ended September 30, 2004	2003
Income from continuing operations available to common shareholders	$26,740	$49,048
Add: Income from continuing operations attributable to Operating Partnership - common units	3,443	6,609
Income from continuing operations attributable to Operating Partnership - Preferred Units	--	3,917
Income from continuing operations for diluted earnings per share	30,183	59,574
Income from discontinued operations for diluted earnings per share	1,553	1,525
Net income available to common shareholders	$31,736	$61,099

Weighted average common shares	68,851	72,465
Diluted EPS:		
Income from continuing operations	$ 0.44	$ 0.82
Income from discontinued operations	0.02	0.02
Net income available to common shareholders	$ 0.46	$ 0.84

The following information presents the Company's results for the nine months ended September 30, 2004 and 2003 in accordance with FASB No. 128:

	Nine Months Ended September 30,	
Computation of Basic EPS	**2004**	**2003**
Income from continuing operations	$78,987	$109,747
Deduct: Preferred stock dividends	(1,500)	(1,172)
Income from continuing operations available to common shareholders	77,487	108,575
Income from discontinued operations	(7,295)	5,386
Net income available to common shareholders	$70,192	$113,961
Weighted average common shares	60,228	57,545
Basic EPS:		
Income from continuing operations	$ 1.29	$ 1.89
Income from discontinued operations	(0.12)	0.09
Net income available to common shareholders	$ 1.17	$ 1.98

	Nine Months Ended September 30,	
Computation of Diluted EPS	**2004**	**2003**
Income from continuing operations available to common shareholders	$77,487	$108,575
Add: Income from continuing operations attributable to Operating Partnership - common units	10,023	14,706
Income from continuing operations attributable to Operating Partnership - Preferred Units	--	11,760
Income from continuing operations for diluted earnings per share	87,510	135,041
Income from discontinued operations for diluted earnings per share	(8,236)	6,118
Net income available to common shareholders	$79,274	$141,159
Weighted average common shares	68,596	71,943
Diluted EPS:		
Income from continuing operations	$ 1.28	$ 1.88
Income from discontinued operations	(0.12)	0.08
Net income available to common shareholders	$ 1.16	$ 1.96

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	**2003**	**2004**	**2003**
Basic EPS shares	60,492	57,870	60,228	57,545
Add: Operating Partnership - common units	7,788	7,798	7,791	7,804
Operating Partnership - Preferred Units (after conversion to common units)	--	6,218	--	6,223
Stock options	571	559	570	364
Stock Warrants	--	20	7	7
Diluted EPS Shares	68,851	72,465	68,596	71,943

Not included in the computations of diluted EPS were 0 and 1,478,245 stock options; 0 and 339,976 Stock Warrants; and 6,205,425 and 0 Series B Preferred Units, as such securities were anti-dilutive during the three months ended September 30, 2004 and 2003, respectively. Also excluded from diluted EPS computations were 0 and 1,483,245 stock options; 0 and 339,976 Stock Warrants; and 6,205,425 and 0 Series B Preferred Units, as such securities were anti-dilutive during the nine months ended September 30, 2004 and 2003, respectively. Unvested restricted stock outstanding as of September 30, 2004 and 2003 were 187,703 and 269,869, respectively.

15. SEGMENT REPORTING

The Company operates in one business segment — real estate. The Company provides leasing, management, acquisition, development, construction and tenant-related services for its portfolio. The Company does not have any foreign operations. The accounting policies of the segments are the same as those described in Note 2, excluding straight-line rent adjustments, rent adjustments on above/below market leases, and depreciation and amortization.

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

Selected results of operations for the three and nine month periods ended September 30, 2004 and 2003 and selected asset information as of September 30, 2004 and December 31, 2003 regarding the Company's operating segment are as follows:

	Total Segment	Corporate & Other (e)	Total Company	
Total contract revenues (a):				
Three months ended:				
September 30, 2004	$ 147,601	$ 649	$ 148,250	(f)
September 30, 2003	141,541	366	141,907	(g)
Nine months ended:				
September 30, 2004	$ 427,447	$ 2,516	$ 429,963	(h)
September 30, 2003	419,146	(168)	418,978	(i)
Total operating and interest (b):				
Three months ended:				
September 30, 2004	$ 47,895	$ 35,479	$ 83,374	(j)
September 30, 2003	43,962	37,029	80,991	(k)
Nine months ended:				
September 30, 2004	$ 138,191	$ 106,363	$ 244,554	(l)
September 30, 2003	131,121	110,399	241,520	(m)
Equity in earnings of unconsolidated joint ventures (net of minority interest):				
Three months ended:				
September 30, 2004	$ (611)	$ --	$ (611)	
September 30, 2003	3,151	--	3,151	
Nine months ended:				
September 30, 2004	$ 511	$ --	$ 511	
September 30, 2003	11,250	--	11,250	
Net operating income (c):				
Three months ended:				
September 30, 2004	$ 99,096	$ (34,831)	$ 64,265	(f) (j)
September 30, 2003	100,729	(36,663)	64,066	(g) (k)
Nine months ended:				
September 30, 2004	$ 289,767	$ (103,847)	$ 185,920	(h) (l)
September 30, 2003	299,274	(110,567)	188,707	(i) (m)
Total assets:				
September 30, 2004	$ 3,775,009	$ 35,097	$ 3,810,106	
December 31, 2003	3,656,127	93,443	3,749,570	
Total long-lived assets (d):				
September 30, 2004	$ 3,633,393	$ 3,609	$ 3,637,002	
December 31, 2003	3,526,624	5,234	3,531,858	

(a) Total contract revenues represent all revenues during the period (including the Company's share of net income from unconsolidated joint ventures), excluding adjustments for straight-lining of rents and the Company's share of straight-line rent adjustments from unconsolidated joint ventures. All interest income is excluded from segment amounts and is classified in Corporate & Other for all periods.

(b) Total operating and interest expenses represent the sum of real estate taxes, utilities, operating services, general and administrative and interest expense. All interest expense (including for property-level mortgages) is excluded from segment amounts and classified in Corporate & Other for all periods.

(c) Net operating income represents total contract revenues [as defined in Note (a)] less total operating and interest expenses [as defined in Note (b)] for the period.

(d) Long-lived assets are comprised of total rental property, unbilled rents receivable and investments in unconsolidated joint ventures.

(e) Corporate & Other represents all corporate-level items (including interest and other investment income, interest expense and non-property general and administrative expense) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.
(f) Excludes $2,029 of adjustments for straight-lining of rents, $1,332 for rent adjustments on above/below market leases, and $160 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
(g) Excludes $78 of adjustments for straight-lining of rents, $2 for rent adjustments on above/below market leases, and $951 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
(h) Excludes $7,467 of adjustments for straight-lining of rents, $1,779 for rent adjustments on above/below market leases, and $449 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
(i) Excludes $5,138 of adjustments for straight-lining of rents, $2 for rent adjustments on above/below market leases, and $2,903 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
(j) Excludes $33,115 of depreciation and amortization.
(k) Excludes $28,588 of depreciation and amortization.
(l) Excludes $95,665 of depreciation and amortization.
(m) Excludes $85,203 of depreciation and amortization.

16. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

EITF 03-6
In March 2004, the Emerging Issues Task Force reached a final consensus regarding Issue 03-6, Participating Securities and the Two-Class Method under SFAS 128, ("EITF 03-6"). The issue addresses a number of questions regarding the computation of earnings per share by companies that have issued securities other than common stock that participate in dividends and earnings of the issuing entity. Such securities are contractually entitled to receive dividends when and if the entity declares dividends on common stock. The issue also provides further guidance on applying the two-class method of calculating earnings per share once it is determined that a security is participating. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. This consensus is effective for the period ended June 30, 2004 and is applied by restating previously reported earnings per share. The adoption of EITF 03-6 had no impact on the Company's financial position or results of operations.

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

GENERAL
The following discussion should be read in conjunction with the Consolidated Financial Statements of Mack-Cali Realty Corporation and the notes thereto (collectively, the "Financial Statements"). Certain defined terms used herein have the meaning ascribed to them in the Financial Statements.

Executive Overview

Mack-Cali Realty Corporation (the "Company") is one of the largest real estate investment trusts (REITs) in the United States, with a total market capitalization of approximately $5.0 billion at September 30, 2004. The Company has been involved in all aspects of commercial real estate development, management and ownership for over 50 years and has been a publicly-traded REIT since 1994. The Company owns or has interests in 268 properties (collectively, the "Properties"), primarily class A office and office/flex buildings, totaling approximately 29.6 million square feet, leased to approximately 2,100 tenants. The properties are located primarily in suburban markets of the Northeast, some with adjacent, Company-controlled developable land sites able to accommodate up to 9.0 million square feet of additional commercial space.

The Company's strategy is to be a significant real estate owner and operator in its core, high-barriers-to-entry markets, primarily in the Northeast.

As an owner of real estate, almost all of the Company's earnings and cash flow is derived from rental revenue received pursuant to leased office space at the Properties. Key factors that affect the Company's business and financial results include the following:

- the general economic climate;
- the occupancy rates of the Properties;
- rental rates on new or renewed leases;
- tenant improvement and leasing costs incurred to obtain and retain tenants;
- the extent of early lease terminations;
- operating expenses;
- cost of capital; and
- the extent of acquisitions, development and sales of real estate.

Any negative effects of the above key factors could potentially cause a deterioration in the Company's revenue and/or earnings. Such negative effects could include: (1) failure to renew or execute new leases as current leases expire; (2) failure to renew or execute new leases with rental terms at or above the terms of in-place leases; and (3) tenant defaults.

A failure to renew or execute new leases as current leases expire or to execute new leases with rental terms at or above the terms of in-place leases may be affected by several factors such as: (1) the local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors; and (2) local real estate conditions, such as oversupply of office and office/flex space or competition within the market.

As a result of the economic climate since 2001, substantially all of the real estate markets the Company operates in materially softened. Demand for office space declined significantly and vacancy rates increased in each of the Company's core markets over the period. Through October 31, 2004, the Company's core markets continued to be weak. The percentage leased in the Company's consolidated portfolio of stabilized operating properties increased to 92.9 percent at September 30, 2004, as compared to 92.2 percent at June 30, 2004 and 91.5 percent at December 31, 2003. Percentage leased includes all leases in effect as of the period end date, some of which have commencement dates in the future and leases that expire at the period end date. Excluded from percentage leased at September 30, 2004 is a non-strategic, non-core 318,224 square foot property acquired through a deed in lieu of foreclosure, which was 68.9 percent leased at September 30, 2004. Leases that expired as of September 30, 2004, June 30, 2004 and December 31, 2003 aggregate 163,666, 71,925, and 143,059 square feet, respectively, or 0.6, 0.3, and 0.5 percentage of the net rentable square footage, respectively. Market rental rates have declined in most markets from peak levels in late 2000 and early 2001. Rental rates on the Company's space that was re-leased (based on first rents payable) during the three months ended September 30, 2004 decreased an average of 4.2 percent compared to rates that were in effect under expiring leases, as compared to a 10.6 percent decrease for the same period in 2003. The Company believes that vacancy rates may continue to increase in most of its markets for the remainder of 2004 and into 2005.

As a result, the Company's future earnings and cash flow may be negatively impacted.

The remaining portion of this Management's Discussion and Analysis of Financial Condition and Results of Operations should help the reader understand:

- property transactions during the period;
- critical accounting policies and estimates;
- results of operations for the three month and nine month periods ended September 30, 2004 as compared to the same periods last year; and
- liquidity and capital resources.

Property Transactions in 2004

Property Acquisitions
Thus far in 2004, the Company acquired the following office properties:

Acquisition Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a) *(in thousands)*
04/14/04	5 Wood Hollow Road (b)	Parsippany, Morris County, NJ	1	317,040	$ 34,187
05/12/04	210 South 16th Street (c)	Omaha, Douglas County, NE	1	318,224	8,507
06/01/04	30 Knightsbridge Road (d)	Piscataway, Middlesex County, NJ	4	680,350	49,618
06/01/04	412 Mt. Kemble Avenue (d)	Morris Township, Morris County, NJ	1	475,100	40,155
Total Property Acquisitions:			7	1,790,714	$ 132,467

(a) Amounts are as of September 30, 2004.
(b) Transaction was funded primarily through borrowing on the Company's revolving credit facility.
(c) Property was acquired through Company's receipt of a deed in lieu of foreclosure in satisfaction of the Company's mortgage note receivable, which was collateralized by the acquired property.
(d) Properties were acquired from AT&T Corporation ("AT&T"), a tenant of the Company, for cash and assumed obligations.

More recently, on October 21, 2004, the Company acquired 232 Strawbridge Drive, a 74,000 square foot office property located in Moorestown, New Jersey, for approximately $8.7 million.

Land Acquisitions
On May 14, 2004, the Company acquired approximately five acres of land in Plymouth Meeting, Montgomery County, Pennsylvania. Previously, the Company leased this land parcel, upon which the Company owns a 167,748 square foot office building. The land was acquired for approximately $6.1 million.

On June 25, 2004, the Company acquired approximately 59.9 acres of developable land located in West Windsor, Mercer County, New Jersey for approximately $20.6 million.

Property Sales
On October 5, 2004, the Company sold Kemble Plaza I, a 387,000 square foot office property located at 340 Mount Kemble Avenue in Morris Township, New Jersey, for approximately $77 million.

Critical Accounting Policies and Estimates

The Financial Statements have been prepared in conformity with generally accepted accounting principles. The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses during the reported period. These estimates and assumptions are based on management's historical experience that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. The Company's critical accounting policies are those which require assumptions to be made about matters that are highly uncertain. Different estimates could have a material effect on the Company's financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions and circumstances.

Rental Property:
Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Interest capitalized by the Company for the three months ended September 30, 2004 and 2003 was $1.0 million and $1.7 million, respectively, and $2.8 million and $6.4 million for the nine months ended September 30, 2004 and 2003, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

a separate project. The Company allocates costs incurred between the portions under construction and the portions substantially completed and held available for occupancy and capitalizes only those costs associated with the portion under construction.

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

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

Upon acquisition of rental property, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their relative fair values. In estimating the fair value of the tangible and intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values which are based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Company's existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles will be amortized to expense over the anticipated life of the relationships.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's rental properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Company's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. Management does not believe that the value of any of the Company's rental properties is impaired.

Rental Property Held for Sale and Discontinued Operations:
When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented.

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

Revenue Recognition:
Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases. Parking and other revenue includes income from parking spaces leased to tenants, income from tenants for additional services provided by the Company, income from tenants for early lease terminations and income from managing and/or leasing properties for third parties. Escalations and recoveries are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs.

Allowance for Doubtful Accounts:

Management periodically performs a detailed review of amounts due from tenants to determine if accounts receivable balances are impaired based on factors affecting the collectibility of those balances. Management's estimate of the allowance for doubtful accounts requires management to exercise significant judgment about the timing, frequency and severity of collection losses, which affects the allowance and net income.

RESULTS OF OPERATIONS: PERIOD-TO-PERIOD COMPARISIONS

The following comparisons for the three and nine month periods ended September 30, 2004 ("2004"), as compared to the three and nine month periods ended September 30, 2003 ("2003"), make reference to the following: (i) the effect of the "Same-Store Properties," which represent all in-service properties owned by the Company at June 30, 2003 (for the three-month period comparisons), and which represent all in-service properties owned by the Company at December 31, 2002 (for the nine-month period comparisons), excluding Dispositions as defined below; (ii) the effect of the "Acquired Properties," which represents all properties acquired by the Company or commencing initial operations from July 1, 2003 through September 30, 2004 (for the three-month period comparisons), and which represents all properties acquired by the Company or commencing initial operations from January 1, 2003 through September 30, 2004 (for the nine-month period comparisons); and (iii) the effect of the "Dispositions," which represents results for each period for those rental properties either held for sale as of September 30, 2004, or sold by the Company for the period from January 1, 2003 through September 30, 2004.

Three Months Ended September 30, 2004 Compared to Three Months Ended September 30, 2003

(dollars in thousands)	Three Months Ended September 30, 2004	2003	Dollar Change	Percent Change
Revenue from rental operations:				
Base rents	$131,076	$122,006	$ 9,070	7.4%
Escalations and recoveries from tenants	17,278	15,999	1,279	8.0
Parking and other	3,417	4,933	(1,516)	(30.7)
Total revenues	151,771	142,938	8,833	6.2
Property expenses:				
Real estate taxes	18,520	16,196	2,324	14.3
Utilities	11,441	11,253	188	1.7
Operating services	18,623	16,437	2,186	13.3
Sub-total	48,584	43,886	4,698	10.7
General and administrative	7,568	8,615	(1,047)	(12.2)
Depreciation and amortization	33,115	28,588	4,527	15.8
Interest expense	27,321	28,734	(1,413)	(4.9)
Interest income	(99)	(244)	145	59.4
Total expenses	116,489	109,579	6,910	6.3
Income from continuing operations before minority interest and equity in earnings of unconsolidated joint ventures	35,282	33,359	1,923	5.8
Minority interest in Operating Partnership	(7,431)	(7,354)	(77)	(1.0)
Equity in earnings of unconsolidated joint ventures (net of minority interest), net	(611)	3,151	(3,762)	(119.4)
Gain on sale of investment in unconsolidated joint ventures (net of minority interest)	--	20,392	(20,392)	(100.0)
Income from continuing operations	27,240	49,548	(22,308)	(45.0)
Discontinued operations (net of minority interest):				
Income from discontinued operations	1,376	1,344	32	2.4
Total discontinued operations, net	1,376	1,344	32	2.4
Net income	28,616	50,892	(22,276)	(43.8)
Preferred stock dividends	(500)	(500)	--	--
Net income available to common shareholders	$ 28,116	$ 50,392	$ (22,276)	(44.2)%

The following is a summary of the changes in revenue from rental operations and property expenses divided into Same-Store Properties, Acquired Properties and Dispositions (*dollars in thousands*):

	Total Company	Same-Store Properties	Acquired Properties	Dispositions

	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations:								
Base rents	$ 9,070	7.4%	$ 1,961	1.6%	$ 7,109	5.8%	$--	--%
Escalations and recoveries from tenants	1,279	8.0	435	2.7	844	5.3	--	--
Parking and other	(1,516)	(30.7)	(1,703)	(34.5)	187	3.8	--	--
Total	$ 8,833	6.2%	$ 693	0.5%	$ 8,140	5.7%	$--	--%
Property expenses:								
Real estate taxes	$ 2,324	14.3%	$ 1,417	8.7%	$ 907	5.6%	$--	--%
Utilities	188	1.7	(212)	(1.9)	400	3.6	--	--
Operating services	2,186	13.3	1,648	10.0	538	3.3	--	--
Total	$ 4,698	10.7%	$ 2,853	6.5%	$ 1,845	4.2%	$--	--%
OTHER DATA:								
Number of Consolidated Properties (excluding properties held for sale):	259		249		10		--	
Square feet (in thousands)	27,724		25,731		1,993		--	

Base rents for the Same-Store Properties increased $2.0 million, or 1.6 percent, for 2004 as compared to 2003, due primarily to increases in occupancies at the properties in 2004 from 2003. Escalations and recoveries from tenants for the Same-Store Properties increased $0.4 million, or 2.7 percent, for 2004 over 2003, due primarily to an increased amount of total property expenses in 2004. Parking and other income for the Same-Store Properties decreased $1.7 million, or 34.5 percent, due primarily to a construction management fee of $1.2 million in 2003 and a decrease in lease termination fees in 2004.

Real estate taxes on the Same-Store Properties increased $1.4 million, or 8.7 percent, for 2004 as compared to 2003, due primarily to property tax rate increases in certain municipalities in 2004, partially offset by lower assessments on certain properties in 2004. Utilities for the Same-Store Properties decreased $0.2 million, or 1.9 percent, for 2004 as compared to 2003, due primarily to decreased usage due to more moderate weather and decreased utility rates in 2004 as compared to 2003. Operating services for the Same-Store Properties increased $1.6 million, or 10.0 percent, due primarily to increased property operations salaries and related expenses of $0.7 million and repairs and maintenance expenses of $0.5 million in 2004 as compared to 2003.

General and administrative decreased by $1.0 million, or 12.2 percent, for 2004 as compared to 2003. This decrease was due primarily to costs for transactions not consummated of $1.7 million in 2003, partially offset by increases in salaries and related expenses and accounting fees aggregating $0.5 million in 2004 as compared to 2003.

Depreciation and amortization increased by $4.5 million, or 15.8 percent, for 2004 over 2003. Of this increase, $2.5 million, or 8.8 percent, is attributable to the Same-Store Properties, and $2.0 million, or 7.0 percent, is due to the Acquired Properties.

Interest expense decreased $1.4 million, or 4.9 percent, for 2004 as compared to 2003. This decrease was due primarily to lower debt balances in 2004, as well as lower interest rates in 2004 over 2003, partially on account of lower interest rate unsecured notes issued in 2004, and repayment of higher interest rate unsecured notes.

Interest income decreased $0.1 million, or 59.4 percent, for 2004 as compared to 2003. This decrease was due primarily to lower average cash balances in 2004.

Equity in earnings of unconsolidated joint ventures (net of minority interest) decreased $3.8 million, or 119.4 percent, for 2004 as compared to 2003. The decrease was due primarily to the sale of the Company's interest in the American Financial Exchange in late 2003 resulting in a reduction of $3.2 million in 2004 and a reduction in 2004 of $0.4 million as a result of a joint venture's sale in 2003 of a property in Anaheim, California.

Income from continuing operations before minority interest and equity in earnings of unconsolidated joint ventures increased to $35.3 million in 2004 from $33.4 million in 2003. The increase of approximately $1.9 million is due to the factors discussed above.

Net income available to common shareholders decreased by $22.3 million, from $50.4 million in 2003 to $28.1 million in 2004. This decrease was the result of a gain on sale of investment in unconsolidated joint ventures of $20.4 million in 2003 and a decrease in equity in earnings of unconsolidated joint ventures of $3.8 million. These were partially offset by an increase in income from continuing operations before minority interest and equity in earnings of unconsolidated joint ventures of $1.9 million.

Nine Months Ended September 30, 2004 Compared to Nine Months Ended September 30, 2003

(dollars in thousands)	Nine Months Ended September 30, 2004	2003	Dollar Change	Percent Change
Revenue from rental operations:				
Base rents	$381,427	$367,636	$ 13,791	3.8%
Escalations and recoveries from tenants	48,849	45,381	3,468	7.6
Parking and other	9,382	14,004	(4,622)	(33.0)
Total revenues	439,658	427,021	12,637	3.0
Property expenses:				
Real estate taxes	51,953	47,290	4,663	9.9
Utilities	32,395	30,871	1,524	4.9
Operating services	55,711	53,005	2,706	5.1
Sub-total	140,059	131,166	8,893	6.8

General and administrative	22,664	22,220	444	2.0
Depreciation and amortization	95,665	85,203	10,462	12.3
Interest expense	82,870	86,598	(3,728)	(4.3)
Interest income	(1,039)	(836)	(203)	(24.3)
Loss on early retirement of debt, net	--	2,372	(2,372)	(100.0)
Total expenses	340,219	326,723	13,496	4.1
Income from continuing operations before minority interest and equity in earnings of unconsolidated joint ventures	99,439	100,298	(859)	(0.9)
Minority interest in Operating Partnership	(21,600)	(22,193)	593	2.7
Equity in earnings of unconsolidated joint ventures (net of minority interest), net	511	11,250	(10,739)	(95.5)
Gain on sale of investment in unconsolidated joint ventures (net of minority interest)	637	20,392	(19,755)	(96.9)
Income from continuing operations	78,987	109,747	(30,760)	(28.0)
Discontinued operations (net of minority interest):				
Income from discontinued operations	3,206	4,221	(1,015)	(24.0)
Realized gains (unrealized losses) on disposition of rental property, net	(10,501)	1,165	(11,666)	(1,001.4)
Total discontinued operations, net	(7,295)	5,386	(12,681)	(235.4)
Net income	71,692	115,133	(43,441)	(37.7)
Preferred stock dividends	(1,500)	(1,172)	(328)	(28.0)
Net income available to common shareholders	$ 70,192	$113,961	$(43,769)	(38.4)%

The following is a summary of the changes in revenue from rental operations and property expenses divided into Same-Store Properties, Acquired Properties and Dispositions (*dollars in thousands*):

	Total Company		Same-Store Properties		Acquired Properties		Dispositions	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations:								
Base rents	$ 13,791	3.8%	$ 2,192	0.6%	$ 11,599	3.2%	$--	--%
Escalations and recoveries from tenants	3,468	7.6	2,309	5.1	1,159	2.5	--	--
Parking and other	(4,622)	(33.0)	(4,819)	(34.4)	197	1.4	--	--
Total	$ 12,637	3.0%	$ (318)	(0.1)%	$ 12,955	3.1%	$--	--%
Property expenses:								
Real estate taxes	$ 4,663	9.9%	$ 3,251	6.9%	$ 1,412	3.0%	$--	--%
Utilities	1,524	4.9	846	2.7	678	2.2	--	--
Operating services	2,706	5.1	1,656	3.1	1,050	2.0	--	--
Total	$ 8,893	6.8%	$ 5,753	4.4%	$ 3,140	2.4%	$--	--%
OTHER DATA:								
Number of Consolidated Properties (excluding properties held for sale):	259		249		10		--	
Square feet (in thousands)	27,724		25,731		1,993		--	

Base rents for the Same-Store Properties increased $2.2 million, or 0.6 percent, for 2004 as compared to 2003, due primarily to increases in occupancies at the properties in 2004 from 2003. Escalations and recoveries from tenants for the Same-Store Properties increased $2.3 million, or 5.1 percent, for 2004 over 2003, due primarily to an increased amount of total property expenses in 2004. Parking and other income for the Same-Store Properties decreased $4.8 million, or 34.4 percent, due primarily to a decrease in lease termination fees of $3.6 million in 2004 as compared to 2003 and a construction management fee of $1.2 million in 2003.

Real estate taxes on the Same-Store Properties increased $3.3 million, or 6.9 percent, for 2004 as compared to 2003, due primarily to property tax rate increases in certain municipalities in 2004, partially offset by lower assessments on certain properties in 2004. Utilities for the Same-Store Properties increased $0.8 million, or 2.7 percent, for 2004 as compared to 2003, due primarily to increased electric rates in 2004. Operating services for the Same-Store Properties increased $1.7 million, or 3.1 percent, due primarily to increased repairs and maintenance expenses of $1.7 million and property operations salaries and related expenses of $0.9 million and in 2004 as compared to 2003, partially offset by a decrease in snow removal costs in 2004 of $1.4 million.

General and administrative increased by $0.4 million, or 2.0 percent, for 2004 as compared to 2003. This increase was due primarily to compensation costs incurred in connection with the 2004 resignation of the Company's president of $1.3 million and an increase in other salaries and related expenses of $1.0 million in 2004, partially offset by costs for transactions not consummated of $1.7 million in 2003.

Depreciation and amortization increased by $10.5 million, or 12.3 percent, for 2004 over 2003. Of this increase, $7.0 million, or 8.2 percent, is attributable to the Same-Store Properties, and $3.5 million, or 4.1 percent, is due to the Acquired Properties.

Interest expense decreased $3.7 million, or 4.3 percent, for 2004 as compared to 2003. This decrease was due primarily to lower debt balances in 2004, as well as lower interest rates in 2004 over 2003, partially on account of lower interest rate unsecured notes issued and repayment of higher interest rate unsecured notes in 2004.

Interest income increased $0.2 million, or 24.3 percent, for 2004 as compared to 2003. This increase was due primarily to higher average cash balances in 2004.

Loss on early retirement of debt, net, amounted to $2.4 million in 2003, which was due to costs incurred with the exchange in 2003 of $25.0 million face amount of 7.18 percent senior unsecured notes due December 31, 2003 for $26.1 million face amount of 5.82 percent senior unsecured notes due March 15, 2013, with interest payable semi-annually in arrears.

Equity in earnings of unconsolidated joint ventures (net of minority interest) decreased $10.7 million, or 95.5 percent, for 2004 as compared to 2003. The decrease was due primarily to the sale of the Company's interest in the American Financial Exchange in late 2003 resulting in a reduction of $11.3 million in 2004 and a reduction of $1.8 million as a result of the sale in 2003 of a property in Anaheim, California, partially offset by an increase from operations of the Hyatt hotel at Harborside South Pier of $1.8 million for 2004, as compared to 2003 and an increase in 2004 from Ramland Realty due primarily to the accelerated amortization of tenant improvements of $1.0 million in 2003.

Income from continuing operations before minority interest and equity in earnings of unconsolidated joint ventures decreased to $99.4 million in 2004 from $100.3 million in 2003. The decrease of approximately $0.9 million is due to the factors discussed above.

Net income available to common shareholders decreased by $43.8 million, from $114.0 million in 2003 to $70.2 million in 2004. This decrease was the result of a gain on sale of investment in unconsolidated joint ventures of $20.4 million in 2003, unrealized loss on disposition of rental property of $10.5 million in 2004 related to three Texas properties held for sale at September 30, 2004, a decrease in equity in earnings of unconsolidated joint ventures of $10.7 million, a decrease in income from continuing operations before minority interest and equity in earnings of unconsolidated joint ventures of approximately $0.9 million, an increase in preferred stock dividends of $0.3 million in 2004, a realized gain on disposition of rental property of $1.2 million in 2003, and a decrease in income from discontinued operations of $1.0 million. These were partially offset by a gain on sale of investment in unconsolidated joint ventures of $0.6 million (resulting from the receipt of additional contingent purchase consideration from the Harborside North Pier sale) and a decrease in minority interest in the Operating Partnership of $0.6 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Overview:
Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service, capital expenditures and dividends, excluding non-recurring capital expenditures. To the extent that the Company's cash flow from operating activities is insufficient to finance its non-recurring capital expenditures such as property acquisitions, development and construction costs and other capital expenditures, the Company has and expects to continue to finance such activities through borrowings under its revolving credit facility and other debt and equity financings.

The Company believes that with the general downturn in the economy in recent years, and the softening of the Company's markets specifically, it is reasonably likely that vacancy rates may continue to increase, effective rental rates on new and renewed leases may continue to decrease and tenant installation costs, including concessions, may continue to increase in most or all of its markets in 2004. As a result of the potential negative effects on the Company's revenue from the overall reduced demand for office space, the Company's cash flow could be insufficient to cover increased tenant installation costs over the short-term. If this situation were to occur, the Company expects that it would finance any shortfalls through borrowings under its revolving credit facility and other debt and equity financings.

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

REIT Restrictions:
To maintain its qualification as a REIT, the Company must make annual distributions to its stockholders of at least 90 percent of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains. Moreover, the Company intends to continue to make regular quarterly distributions to its common stockholders which, based upon current policy, in the aggregate would equal approximately $153.4 million on an annualized basis. However, any such distribution, whether for federal income tax purposes or otherwise, would only be paid out of available cash, including borrowings and other sources, after meeting operating requirements, preferred stock and unit dividends and distributions, and scheduled debt service on the Company's debt.

Property Lock-Ups:
The Company may not dispose of or distribute certain of its properties, currently comprising 141 properties with an aggregate net book value of approximately $1.8 billion, which were originally contributed by members of either the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; David S. Mack, director, Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Robert F. Weinberg, director; Martin S. Berger, a former director; and Timothy M. Jones, former president), or the Cali Group (which includes John J. Cali, a former director and John R. Cali, director) without the express written consent of a representative of the Mack Group, the Robert Martin Group or the Cali Group, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate Mack Group, Robert Martin Group or Cali Group members for the tax consequences of the recognition of such built-in-gains (collectively, the "Property Lock-Ups"). The aforementioned restrictions do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expire periodically through 2008. Upon the expiration of the Property Lock-Ups, the Company is required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the appropriate Mack Group, Robert Martin Group or Cali Group members.

Unencumbered Properties:
As of September 30, 2004, the Company had 242 unencumbered properties, totaling 23.4 million square feet, representing 81.3 percent of the Company's total portfolio on a square footage basis.

Credit Ratings:
The Company has three investment grade credit ratings. Standard & Poor's Rating Services ("S&P") and Fitch, Inc. ("Fitch") have each assigned their BBB rating to existing and prospective senior unsecured debt of the Operating Partnership. S&P and Fitch have also assigned their BBB- rating to existing and prospective preferred stock offerings of the Company. Moody's Investors Service ("Moody's") has assigned its Baa2 rating to existing and prospective senior unsecured debt of the Operating Partnership and its Baa3 rating to its existing and prospective preferred stock offerings of the Company.

Cash Flows

Cash and cash equivalents decreased by $66.8 million to $11.6 million at September 30, 2004, compared to $78.4 million at December 31, 2003. This decrease was the net result of $159.1 million provided by operating activities, which was offset by: (1) $112.8 million used in investing activities (consisting primarily of $110.2 million used for additions to rental property, $18.0 million for investments in unconsolidated joint ventures, and $11.5 million for the funding of a note receivable, partially offset by $25.2 million of distributions received from unconsolidated joint ventures); and (2) approximately $113.1 million used for financing activities (consisting primarily of $300 million used for the repayment of senior unsecured notes, $285.5 million for the repayment of borrowings under the Company's unsecured credit facility, $141.8 million for the payment of dividends and distributions, and $53.3 million for the repayment of mortgages, loans payable and other obligations, partially offset by $425.5 million from borrowings under the unsecured credit facility, $202.4 million in proceeds from the sale of senior unsecured notes, and $41.9 million in proceeds received from stock options and warrants exercised).

Debt Financing

Recent Debt Activity:
On February 9, 2004, the Company issued $100.0 million face amount of 5.125 percent senior unsecured notes due February 15, 2014 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately $98.5 million were held until March 15, 2004, when the Company used the net proceeds from the sale, together with borrowings under the unsecured facility and available cash, to repay the $300 million 7.00 percent notes due March 15, 2004.

On March 15, 2004, the Company retired $300.0 million face amount of 7.00 percent senior unsecured notes due on that date. Funds used for the retirement were obtained from the proceeds from the February 2004 $100.0 million senior unsecured notes offering (described below), borrowings under the unsecured facility and available cash.

On March 22, 2004, the Company issued $100.0 million face amount of 5.125 percent senior unsecured notes due February 15, 2014 with interest payable semi-annually in arrears. The total proceeds from the issuance (including premium and net of selling commissions) of approximately $103.1 million was used primarily to reduce outstanding borrowings under the unsecured facility.

Summary of Debt:
The following is a breakdown of the Company's debt between fixed and variable-rate financing as of September 30, 2004:

	Balance ($000's)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt	$ 1,030,902	60.79%	6.80%	6.84
Fixed Rate Secured Debt and other obligations	524,840	30.95%	6.80%	1.91
Variable Rate Unsecured Debt	140,000	8.26%	2.48%	.99
Totals/Weighted Average:	$ 1,695,742	100.0%	6.44%	4.83

Debt Maturities:
Scheduled principal payments and related weighted average annual interest rates for the Company's debt as of September 30, 2004 are as follows:

Period	Scheduled Amortization ($000's)	Principal Maturities ($000's)	Total ($000's)	Weighted Avg. Interest Rate of Future Repayments (a)
2004	$ 7,373	--	$ 7,373	5.46%
2005	23,680	$ 393,249	416,929	5.47%
2006	17,663	144,642	162,305	7.10%
2007	16,913	9,364	26,277	5.70%
2008	16,509	--	16,509	4.96%
Thereafter	8,822	1,066,142	1,074,964	6.78%
Sub-total	90,960	1,613,397	1,704,357	6.44%
Adjustment for unamortized debt discount/premium, net, as of September 30, 2004	(8,615)	--	(8,615)	--
Totals/Weighted Average	$ 82,345	$ 1,613,397	$ 1,695,742	6.44%

(a) Actual weighted average LIBOR contract rates relating to the Company's outstanding debt as of September 30, 2004 of 1.78 percent was used in calculating revolving credit facility.

Senior Unsecured Notes:
The terms of the Company's senior unsecured notes (which totaled approximately $1.0 billion as of September 30, 2004) include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

Unsecured Revolving Credit Facility:
On September 27, 2002, the Company obtained an unsecured revolving credit facility with a current borrowing capacity of $600.0 million from a group of 15 lenders. As of September 30, 2004, the Company had $140.0 million of outstanding borrowings under its unsecured revolving credit facility.

The interest rate on any outstanding borrowings under the unsecured facility is currently LIBOR plus 70 basis points. The Company may instead elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The unsecured facility also currently requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears.

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

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

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

The unsecured facility matures in September 2005, with an extension option of one year, which would require a payment of 25 basis points of the then borrowing capacity of the facility upon exercise. The Company believes that the unsecured facility is sufficient to meet its revolving credit facility needs.

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other common equity interests in an aggregate amount in excess of 90 percent of funds from operations (as defined in the facility agreement) for such period, subject to certain other adjustments.

The Company is currently in discussions to renew its unsecured revolving credit facility with an expected borrowing capacity of $600,000 for a new three-year term. The Company expects to close on the renewed facility during the fourth quarter 2004.

Mortgages, Loans Payable and Other Obligations:
The Company has mortgages, loans payable and other obligations which consist of various loans collateralized by certain of the Company's rental properties. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only.

In October 2004, the Company obtained a commitment to refinance its $150 million portfolio mortgage loan with Prudential Insurance Company. The refinancing is expected to close in November 2004 with a maturity date of January 2010.

Debt Strategy:
The Company does not intend to reserve funds to retire the Company's senior unsecured notes or its mortgages, loans payable and other obligations upon maturity. Instead, the Company will seek to refinance such debt at maturity or retire such debt through the issuance of additional equity or debt securities on or before the applicable maturity dates. If it cannot raise sufficient proceeds to retire the maturing debt, the Company may draw on its revolving credit facility to retire the maturing indebtedness, which would reduce the future availability of funds under such facility. As of September 30, 2004, the Company had $140 million of outstanding borrowings under its $600 million unsecured revolving credit facility. The Company is reviewing various refinancing options, including the purchase of its senior unsecured notes in privately-negotiated transactions, the issuance of additional, or exchange of current, unsecured debt, preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 2004. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distributions discussed below may be adversely affected.

Equity Financing and Registration Statements

Equity Activity:
The following table presents the changes in the Company's issued and outstanding shares of Common Stock and the Operating Partnership's common units and preferred units (as converted) since December 31, 2003:

	Common Stock	Common Units	Preferred Units, as Converted (a)	Total
Outstanding at December 31, 2003	59,420,484	7,795,498	6,205,425	73,421,407
Stock options exercised	1,152,754	--	--	1,152,754
Stock warrants exercised	149,250	--	--	149,250
Common units redeemed for Common Stock	16,138	(16,138)	--	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	8,786	--	--	8,786
Restricted shares canceled, net of issuances	(17,284)	--	--	(17,284)
Outstanding at September 30, 2004	60,730,128	7,779,360	6,205,425	74,714,913

(a) Assumes the conversion of 215,018 Series B preferred units into 6,205,425 common units.

Share Repurchase Program:
On September 13, 2000, the Board of Directors authorized an increase to the Company's repurchase program under which the Company was permitted to purchase up to an additional $150.0 million of the Company's outstanding common stock ("Repurchase Program"). From that date through its last purchases on January 10, 2003, the Company purchased and retired, under the Repurchase Program, 3.7 million shares of its outstanding common stock for an aggregate cost of approximately $104.5 million. The Company has a remaining authorization to repurchase up to an additional $45.5 million of its outstanding common stock, which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

Shelf Registration Statements:
The Company has an effective shelf registration statement on Form S-3 filed with the Securities and Exchange Commission ("SEC") for an aggregate amount of $2.0 billion in common stock, preferred stock and/or warrants of the Company, under which no securities have been sold. On July 1, 2004, the Company filed post-effective amendment no. 1 to this shelf registration statement, adding depositary shares and otherwise updating the disclosures contained therein. Such post-effective amendment was declared effective by the SEC on July 12, 2004.

The Company and the Operating Partnership also have an effective shelf registration statement on Form S-3 (the "Original Joint Shelf") filed with the SEC for an aggregate amount of $2.0 billion in common stock, preferred stock, depositary shares and guarantees of the Company and debt securities of the Operating Partnership, under which $1,425,283,478 of securities have been sold. On July 1, 2004, the Company and the Operating Partnership filed a new shelf registration statement on Form S-3 (the "New Joint Shelf") with the SEC for an aggregate amount of $2.5 billion in common stock, preferred stock, depositary shares and guarantees of the Company and debt securities of the Operating Partnership. Pursuant to Rule 429 under the Securities Act of 1933, as amended (the "Securities Act"), the New Joint Shelf is a combined registration statement which constitutes post-effective amendment no. 1 to the Original Joint Shelf, and the $2.5 billion available for issuance under the New Joint Shelf includes the $574,716,522 of remaining availability under the Original Joint Shelf. The New Joint Shelf was declared effective by the SEC on July 22, 2004.

Off-Balance Sheet Arrangements

Unconsolidated Joint Venture Debt:
The debt of the Company's unconsolidated joint ventures aggregating $125.6 million is non-recourse to the Company except for customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions and material misrepresentations. The Company has severally guaranteed repayment of approximately $10,000 on a mortgage at the Harborside South Pier joint venture. The Company has also posted an $8.0 million letter of credit in support of the Harborside South Pier joint venture, $4.0 million of which is indemnified by Hyatt.

The Company's off-balance sheet arrangements are further discussed in Note 4 – "Investments in Unconsolidated Joint Ventures" to the Financial Statements.

Contractual Obligations

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

		Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	6 - 10 years	After 10 years
Senior unsecured notes	$1,030,902	--	--	$ 298,953	$ 731,949	--
Revolving credit facility	140,000	--	$ 140,000	--	--	--
Mortgages, loans payable and other obligations	524,840	$ 225,500	194,601	67,239	37,500	--
Payments in lieu of taxes (PILOT)	95,103	5,093	12,467	9,021	24,973	$ 43,549
Ground lease payments	22,884	534	1,571	1,019	2,581	17,179

Other Commitments and Contingencies

Development Activity:
On November 25, 2003, the Company and affiliates of The Mills Corporation ("Mills") entered into a joint venture to form Meadowlands Mills/Mack-Cali Limited Partnership ("Meadowlands Venture") for the purpose of developing a $1.3 billion family entertainment and recreation complex with an office and hotel component to be built at the Meadowlands sports complex in East Rutherford, New Jersey ("Meadowlands Xanadu"). Meadowlands Xanadu's approximately 4.76 million-square-foot complex is expected to feature a family entertainment destination comprising five themed zones: sports; entertainment; children's education; fashion; and food and home, in addition to four office buildings, aggregating approximately 1.8 million square feet, and a 520-room hotel.

On December 3, 2003, the Meadowlands Venture entered into a redevelopment agreement (the "Redevelopment Agreement") with the New Jersey Sports and Exposition Authority ("NJSEA") for the redevelopment of the area surrounding the Continental Airlines Arena in East Rutherford, New Jersey and the construction of the Meadowlands Xanadu project. The Redevelopment Agreement provides for a 75-year ground lease, which requires the joint venture to pay the NJSEA a $160.0 million development rights fee at the start of construction of the entertainment phase, when all permits and approvals are obtained, and the payment of fixed rent over the term. Fixed rent will be in the amount of $1,000 per year for the first 15 years, increasing to $7.5 million from the 16th to the 18th year, increasing to $8.4 million in the 19th year, increasing to $8.7 million in the 20th year, increasing to $9.0 million in the 21st year, then to $9.2 million in the 23rd to 26th year, with additional increases over the remainder of the term, as set forth in the ground lease. The ground lease also allows for the potential for participation rent payments by the venture, as described in the ground lease agreement. On October 5, 2004, the Meadowlands Venture and the NJSEA entered into the First Amendment to the Redevelopment Agreement. Pursuant to the amendment, the ground lease was also executed on October 5, 2004, but payment of the $160.0 million development rights fee was postponed until the satisfaction of certain material conditions, such as the receipt of all necessary governmental permits and approvals for the project. The payment of the development rights fee is expected to be made on or about December 20, 2004, but could be deferred until March 31, 2005. If the material conditions are not satisfied by such date, the Meadowlands Venture has the right to either terminate the transaction, or tender payment of the development rights fee, subject to: (i) the NJSEA's obligation to refund this amount if certain events adversely impacting the project occur within 12 months thereafter, and (ii) an escrow of portions of the development rights fee for up to a 12-month period. Also pursuant to the First Amendment to the Redevelopment Agreement, the Meadowlands Venture is required to convey certain vacant land, known as the Empire Tract, to a conservancy trust in exchange for a payment of $26.8 million from the NJSEA. This payment will be made upon the NJSEA's receipt of the $160.0 million development rights fee.

The Company and Mills own a 20 percent and 80 percent interest, respectively, in the Meadowlands Venture. These interests were subject to certain participation rights by The New York Giants, which were subsequently terminated in April 2004. The joint venture agreement requires the Company to make an equity contribution up to a maximum of $32.5 million. Pursuant to the joint venture agreement, Mills has received subordinated capital credit in the venture of approximately $118.0 million, which represents certain costs incurred by Mills in connection with the Empire Tract prior to the creation of the Meadowlands Venture. The joint venture agreement requires Mills to contribute the balance of the capital required to complete the entertainment phase, subject to certain limitations. The Company will receive a nine percent preferred return on its equity investment, only after Mills receives a nine percent preferred return on its equity investment. Residual returns, subject to participation by other parties, will be in proportion to each partner's respective percentage interest.

Mills will develop, lease and operate the entertainment phase of the Meadowlands Xanadu project. The joint venture agreement provides the Company an option to cause the Meadowlands Venture to form component ventures for the future development of the office and hotel phases, which the Company will develop, lease and operate. The Company will own an 80 percent interest and Mills will own a 20 percent interest in such component ventures. The agreement provides for the first office or hotel component ventures to be formed no later than four years after the grand opening of the entertainment phase, and requires that all component ventures for the office and hotel phases be formed no later than 10 years from such date, but does not require that any or all components be developed. However, under the Meadowlands Venture agreement, Mills has the ability to accelerate such formation schedule, subject to certain conditions. Should the Company fail to meet the time schedule described above for the formation of the component ventures, the Company will forfeit its rights to cause the Meadowlands Venture to form additional component ventures. If this occurs, Mills will have the ability to develop the additional phases, subject to the Company's right to participate, or to cause the Meadowlands Venture to sell such components to a third party, subject to a sales price limitation of 95 percent of the value that would have been the amount necessary to form such component ventures.

Legal Proceedings:

On February 12, 2003, the New Jersey Sports and Exposition Authority ("NJSEA") selected The Mills Corporation ("Mills") and the Company to redevelop the Continental Airlines Arena site ("Arena Site") for mixed uses, including retail. Hartz Mountain Industries, Inc. ("Hartz") has challenged the NJSEA's selection. The NJSEA denied its protest. Westfield America, Inc. ("Westfield") also protested the NJSEA's selection of Mills and the Company. Westfield's protest was also denied by the NJSEA. Hartz and Westfield have appealed the denial of their protest. Hartz and Westfield also have appealed the NJSEA's execution of the Final Redevelopment Agreement for the Arena Site. Four citizens, Elliot Braha, Richard DeLauro, George Perry and Carol Coronato (collectively, the "Braha Group,") have also filed lawsuits challenging the NJSEA award to Mills and the Company. On May 14, 2004, the Superior Court of New Jersey, Appellate Division, which has jurisdiction of all of the cases, issued an order deciding certain of the issues presented by the cases. The Appellate Division determined that the NJSEA had the statutory authority to develop the Arena Site for mixed uses, including retail, that the NJSEA, in selecting Mills and the Company, did not have to utilize a traditional low bid procurement process, and that the NJSEA complied with the Open Public Meetings Act ("OPMA") in considering and making its selection. The Appellate Division remanded Hartz's claims for relief under the Open Public Records Act ("OPRA"). Hartz thereafter petitioned the Supreme Court of New Jersey for certification of the Appellate Division's decision. That petition remains pending undecided.

In August 2004, the Superior Court of New Jersey issued a decision on remand on the OPRA issues. The Court ordered the NJSEA to release certain documents to Hartz, but permitted the NJSEA to withhold other documents. Hartz has appealed that decision to the Appellate Division. The Court is scheduled to hear oral argument on Hartz's appeal on November 10, 2004. The Appellate Division has stayed on further hearing before the NJSEA on Hartz's bid protest until the appeal is decided.

In addition to Hartz's petition for certification pending in the Supreme Court of New Jersey, there are nine pending cases in the Appellate Division which challenge the NJSEA's selection of the redevelopment proposal by the Meadowlands Venture and the result of the consultative process between the New Jersey Department of Environment Protection ("NJDEP") and the New Jersey Meadowlands Commission ("NJMC"), on the one hand, and the NJSEA, on the other, conducted pursuant to the requirements of the applicable NJSEA statute. Four of these appeals were filed by Hartz and two each by Westfield and the Braha Group. The ninth case was filed by the Environmental Law Clinic at Columbia Law School on behalf of the Sierra Club, Environmental Defense, New Jersey Public Interest Research Group and New Jersey Environmental Federal.

On September 30, 2004, the Borough of Carlstadt, New Jersey filed a complaint in the Superior Court of New Jersey against the NJSEA and the Meadowlands Venture asserting that: (i) the retail elements of Meadowlands Xanadu are not authorized by statute; (ii) the retail elements of Meadowlands Xanadu are not tax exempt under NJSEA's enabling act; and (iii) the PILOT program for Meadowlands Xanadu is arbitrary and capricious. The Meadowlands Venture, along with the NJSEA, has moved to transfer this matter to the Appellate Division. The motion is scheduled to be heard on November 5, 2004.

The Company believes that its proposal fully complies with applicable laws and the request for proposals, and plans to vigorously enforce its rights concerning this project. The Company does not believe that the ultimate resolution of this matter will have a material adverse effect on the Company's financial condition taken as a whole.

On May 8, 2003, an adversary proceeding arising out of the bankruptcy of Broadband Office, Inc. ("BBO") was commenced by BBO and the Official Committee of Unsecured Creditors of BBO ("Plaintiffs") in the United States Bankruptcy Court for the District of Delaware. On August 25, 2003, the Plaintiffs filed an Amended Complaint. As amended, the Complaint named as defendants Mack-Cali Realty, L.P., the chief executive officer of the Company, and certain alleged affiliates of the Company (the "Mack-Cali Defendants"). Also named as defendants were seven other real estate investment trusts or partnerships ("REITs") that invested in BBO and the eight individuals designated by the REITs to serve on the Board of Directors of BBO. Plaintiffs asserted, among other things, that the Mack-Cali Defendants breached fiduciary duties to BBO, its minority shareholders (other than the REITs) and its creditors by approving a spin-off of BBO's assets to a newly created entity, and approving the sale of BBO's remaining assets to Yipes, Inc., both for allegedly inadequate consideration. Plaintiffs were seeking an unspecified amount of compensatory and punitive damages in connection with their fiduciary duty claims. In addition, Plaintiffs were seeking to avoid all payments and other transfers made to the Mack-Cali Defendants within one year of BBO's bankruptcy filing under various provisions of the Bankruptcy Code, and to obtain "turnover" of certain property under Section 542(b) of the Bankruptcy Code. On July 8, 2003, the district court withdrew the reference of this proceeding to the bankruptcy court. In the second quarter of 2004, the parties reached an agreement to settle the action which was approved by the court on October 1, 2004. In the second quarter, the Company paid approximately $175,000 in such settlement, which is included in general and administrative expense for the nine months ended September 30, 2004.

Inflation

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

The Company considers portions of the information presented herein to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act. Such forward-looking statements relate to, without limitation, the Company's future economic performance, plans and objectives for future operations and projections of revenue and other financial items. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "expect," "anticipate," "estimate," "continue," or comparable terminology. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, it can give no assurance that its expectations will be achieved. Forward-looking statements are inherently subject to certain risks, trends and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Among the risks, trends and uncertainties are changes in the general economic conditions, including those affecting industries in which the Company's principal tenants compete; any failure of the general economy to recover timely from the current economic downturn; the extent of any tenant bankruptcies; the Company's ability to lease or re-lease space at current or anticipated rents; changes in the supply of and demand for office, office/flex and industrial/warehouse properties; changes in interest rate levels; changes in operating costs; the Company's ability to obtain adequate insurance, including coverage for terrorist acts; the availability of financing; and other risks associated with the development and acquisition of properties, including risks that the development may not be completed on schedule, that the tenants will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated. For further information on factors which could impact the Company and the statements contained herein, see the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003. The Company assumes no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. In pursuing its business plan, the primary market risk to which the Company is exposed is interest rate risk. Changes in the general level of interest rates prevailing in the financial markets may affect the spread between the Company's yield on invested assets and cost of funds and, in turn, its ability to make distributions or payments to its investors.

Approximately $1.6 billion of the Company's long-term debt and other obligations bears interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rates on the variable rate debt as of September 30, 2004 was LIBOR plus 70 basis points.

	Maturity Date							
September 30, 2004 Debt including current portion	**10/1/04 - 12/31/04**	**2005**	**2006**	**2007**	**2008**	**Thereafter**	**Total**	**Fair Value**
Fixed Rate	$ 6,068	$ 275,695	$161,266	$25,238	$15,470	$1,072,005	$ 1,555,742	$ 1,669,014
Average Interest Rate	5.46%	6.99%	7.10%	5.70%	4.96%	6.70%	6.80%	
Variable Rate		$ 140,000					$ 140,000	$ 140,000

While the Company has not experienced any significant credit losses, in the event of a significant rising interest rate environment and/or economic downturn, defaults could increase and result in losses to the Company which could adversely affect its operating results and liquidity.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Company's management, with the participation of the Company's president and chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the Company's president and chief executive officer and chief financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

On February 12, 2003, the New Jersey Sports and Exposition Authority ("NJSEA") selected The Mills Corporation ("Mills") and the Company to redevelop the Continental Airlines Arena site ("Arena Site") for mixed uses, including retail. Hartz Mountain Industries, Inc. ("Hartz") has challenged the NJSEA's selection. The NJSEA denied its protest. Westfield America, Inc. ("Westfield") also protested the NJSEA's selection of Mills and the Company. Westfield's protest was also denied by the NJSEA. Hartz and Westfield have appealed the denial of their protest. Hartz and Westfield also have appealed the NJSEA's execution of the Final Redevelopment Agreement for the Arena Site. Four citizens, Elliot Braha, Richard DeLauro, George Perry and Carol Coronato (collectively, the "Braha Group,") have also filed lawsuits challenging the NJSEA award to Mills and the Company. On May 14, 2004, the Superior Court of New Jersey, Appellate Division, which has jurisdiction of all of the cases, issued an order deciding certain of the issues presented by the cases. The Appellate Division determined that the NJSEA had the statutory authority to develop the Arena Site for mixed uses, including retail, that the NJSEA, in selecting Mills and the Company, did not have to utilize a traditional low bid procurement process, and that the NJSEA complied with the Open Public Meetings Act ("OPMA") in considering and making its selection. The Appellate Division remanded Hartz's claims for relief under the Open Public Records Act ("OPRA"). Hartz thereafter petitioned the Supreme Court of New Jersey for certification of the Appellate Division's decision. That petition remains pending undecided.

In August 2004, the Superior Court of New Jersey issued a decision on remand on the OPRA issues. The Court ordered the NJSEA to release certain documents to Hartz, but permitted the NJSEA to withhold other documents. Hartz has appealed that decision to the Appellate Division. The Court is scheduled to hear oral argument on Hartz's appeal on November 10, 2004. The Appellate Division has stayed on further hearing before the NJSEA on Hartz's bid protest until the appeal is decided.

In addition to Hartz's petition for certification pending in the Supreme Court of New Jersey, there are nine pending cases in the Appellate Division which challenge the NJSEA's selection of the redevelopment proposal by the Meadowlands Venture and the result of the consultative process between the New Jersey Department of Environment Protection ("NJDEP") and the New Jersey Meadowlands Commission ("NJMC"), on the one hand, and the NJSEA, on the other, conducted pursuant to the requirements of the applicable NJSEA statute. Four of these appeals were filed by Hartz and two each by Westfield and the Braha Group. The ninth case was filed by the Environmental Law Clinic at Columbia Law School on behalf of the Sierra Club, Environmental Defense, New Jersey Public Interest Research Group and New Jersey Environmental Federal.

On September 30, 2004, the Borough of Carlstadt, New Jersey filed a complaint in the Superior Court of New Jersey against the NJSEA and the Meadowlands Venture asserting that: (i) the retail elements of Meadowlands Xanadu are not authorized by statute; (ii) the retail elements of Meadowlands Xanadu are not tax exempt under NJSEA's enabling act; and (iii) the PILOT program for Meadowlands Xanadu is arbitrary and capricious. The Meadowlands Venture, along with the NJSEA, has moved to transfer this matter to the Appellate Division. The motion is scheduled to be heard on November 5, 2004.

The Company believes that its proposal fully complies with applicable laws and the request for proposals, and plans to vigorously enforce its rights concerning this project. The Company does not believe that the ultimate resolution of this matter will have a material adverse effect on the Company's financial condition taken as a whole.

On May 8, 2003, an adversary proceeding arising out of the bankruptcy of Broadband Office, Inc. ("BBO") was commenced by BBO and the Official Committee of Unsecured Creditors of BBO ("Plaintiffs") in the United States Bankruptcy Court for the District of Delaware. On August 25, 2003, the Plaintiffs filed an Amended Complaint. As amended, the Complaint named as defendants Mack-Cali Realty, L.P., the chief executive officer of the Company, and certain alleged affiliates of the Company (the "Mack-Cali Defendants"). Also named as defendants were seven other real estate investment trusts or partnerships ("REITs") that invested in BBO and the eight individuals designated by the REITs to serve on the Board of Directors of BBO. Plaintiffs asserted, among other things, that the Mack-Cali Defendants breached fiduciary duties to BBO, its minority shareholders (other than the REITs) and its creditors by approving a spin-off of BBO's assets to a newly created entity, and approving the sale of BBO's remaining assets to Yipes, Inc., both for allegedly inadequate consideration. Plaintiffs were seeking an unspecified amount of compensatory and punitive damages in connection with their fiduciary duty claims. In addition, Plaintiffs were seeking to avoid all payments and other transfers made to the Mack-Cali Defendants within one year of BBO's bankruptcy filing under various provisions of the Bankruptcy Code, and to obtain "turnover" of certain property under Section 542(b) of the Bankruptcy Code. On July 8, 2003, the district court withdrew the reference of this proceeding to the bankruptcy court. In the second quarter of 2004, the parties reached an agreement to settle the action which was approved by the court on October 1, 2004. In the second quarter, the Company paid approximately $175,000 in such settlement, which is included in general and administrative expense for the nine months ended September 30, 2004.

There are no other material pending legal proceedings, other than ordinary routine litigation incidental to its business, to which the Company is a party or to which any of the Properties is subject.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) **COMMON UNITS**

During the three months ended September 30, 2004, the Company issued 9,388 shares of common stock to holders of common units in the Operating Partnership upon the redemption of such common units in private offerings pursuant to Section 4(2) of the Securities Act. The holders of the common units were limited partners of the Operating Partnership and accredited investors under Rule 501 of the Securities Act. The common units were converted into an equal number of shares of common stock. The Company has registered the resale of such shares under the Securities Act.

(b) Not Applicable.

(c) None.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

(a) None.

(b) None.

Item 6. Exhibits

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

MACK-CALI REALTY CORPORATION

Signatures

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

Mack-Cali Realty Corporation
(Registrant)

Date: November 3, 2004

By: /s/ Mitchell E. Hersh
Mitchell E. Hersh
President and
Chief Executive Officer

Date: November 3, 2004

By: /s/ Barry Lefkowitz
Barry Lefkowitz
Executive Vice President and
Chief Financial Officer

Exhibit Index

Exhibit Number	Exhibit Title
3.1	Restated Charter of Mack-Cali Realty Corporation dated June 11, 2001 (filed as Exhibit 3.1 to the Company's Form 10-Q dated June 30, 2001 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Mack-Cali Realty Corporation dated June 10, 1999 (filed as Exhibit 3.2 to the Company's Form 8-K dated June 10, 1999 and incorporated herein by reference).
3.3	Amendment No. 1 to the Amended and Restated Bylaws of Mack-Cali Realty Corporation dated March 4, 2003, (filed as Exhibit 3.3 to the Company's Form 10-Q dated March 31, 2003 and incorporated herein by reference).
3.4	Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated December 11, 1997 (filed as Exhibit 10.110 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).

3.5	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated August 21, 1998 (filed as Exhibit 3.1 to the Company's and the Operating Partnership's Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.6	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated July 6, 1999 (filed as Exhibit 10.1 to the Company's Form 8-K dated July 6, 1999 and incorporated herein by reference).
3.7	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated September 30, 2003 (filed as Exhibit 3.7 to the Company's Form 10-Q dated September 30, 2003 and incorporated herein by reference).
3.8	Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P. (filed as Exhibit 10.101 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.9	Articles Supplementary for the 8% Series C Cumulative Redeemable Perpetual Preferred Stock dated March 11, 2003 (filed as Exhibit 3.1 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
3.10	Certificate of Designation for the 8% Series C Cumulative Redeemable Perpetual Preferred Operating Partnership Units dated March 14, 2003 (filed as Exhibit 3.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
4.1	Amended and Restated Shareholder Rights Agreement, dated as of March 7, 2000, between Mack-Cali Realty Corporation and EquiServe Trust Company, N.A., as Rights Agent (filed as Exhibit 4.1 to the Company's Form 8-K dated March 7, 2000 and incorporated herein by reference).

Exhibit Number	**Exhibit Title**
4.2	Amendment No. 1 to the Amended and Restated Shareholder Rights Agreement, dated as of June 27, 2000, by and among Mack-Cali Realty Corporation and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Form 8-K dated June 27, 2000 and incorporated herein by reference).
4.3	Indenture dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, Mack-Cali Realty Corporation, as guarantor, and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.4	Supplemental Indenture No. 1 dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.5	Supplemental Indenture No. 2 dated as of August 2, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to the Operating Partnership's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
4.6	Supplemental Indenture No. 3 dated as of December 21, 2000, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 21, 2000 and incorporated herein by reference).
4.7	Supplemental Indenture No. 4 dated as of January 29, 2001, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated January 29, 2001 and incorporated herein by reference).
4.8	Supplemental Indenture No. 5 dated as of December 20, 2002, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 20, 2002 and incorporated herein by reference).
4.9	Supplemental Indenture No. 6 dated as of March 14, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
4.10	Supplemental Indenture No. 7 dated as of June 12, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated June 12, 2003 and incorporated herein by reference).
4.11	Supplemental Indenture No. 8 dated as of February 9, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated February 9, 2004 and incorporated herein by reference).
4.12	Supplemental Indenture No. 9 dated as of March 22, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 22, 2004 and incorporated herein by reference).

Exhibit Number	**Exhibit Title**
4.13	Deposit Agreement dated March 14, 2003 by and among Mack-Cali Realty Corporation, EquiServe Trust Company, N.A., and the holders from time to time of the Depositary Receipts described therein (filed as Exhibit 4.1 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
10.1	Amended and Restated Employment Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).

10.2	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.3 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.3	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.4	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.5	Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
10.6	Restricted Share Award Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.8 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.7	Restricted Share Award Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.9 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.8	Restricted Share Award Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.12 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.9	Restricted Share Award Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.13 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.10	Restricted Share Award Agreement dated as of March 12, 2001 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.10 to the Company's Form 10-Q dated March 31, 2001 and incorporated herein by reference).
10.11	Restricted Share Award Agreement dated as of March 12, 2001 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.11 to the Company's Form 10-Q dated March 31, 2001 and incorporated herein by reference).
10.12	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).

Exhibit Number	**Exhibit Title**
10.13	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.14	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.3 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.15	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Timothy M. Jones (filed as Exhibit 10.4 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.16	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Timothy M. Jones (filed as Exhibit 10.5 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.17	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Timothy M. Jones (filed as Exhibit 10.6 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.18	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.7 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.19	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.8 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.20	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.9 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.21	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.10 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.22	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.11 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.23	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.12 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.24	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated March 12, 2001 between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.13 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.25	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.14 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.26	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.15 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.27	Restricted Share Award Agreement dated December 6, 1999 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.16 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.28	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated December 6, 1999 between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.17 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.29	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated March 12, 2001 between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.18 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.30	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.31	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.32	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Timothy M. Jones (filed as Exhibit 10.3 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.33	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Timothy M. Jones (filed as Exhibit 10.4 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.34	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.35	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.6 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.36	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.7 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.37	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.8 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.38	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.9 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.39	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.10 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.40	Amended and Restated Revolving Credit Agreement dated as of September 27, 2002, among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with JPMorgan Chase Bank, as administrative agent, swing lender and fronting bank, Fleet National Bank and Commerzbank AG, New York and Grand Cayman branches as syndication agents, Bank of America, N.A. and Wells Fargo Bank, National Association, as documentation agents, and J.P. Morgan Securities Inc. and Fleet Securities, Inc, as arrangers (filed as Exhibit 10.1 to the Company's Form 8-K dated September 27, 2002 and incorporated herein by reference).
10.41	Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
10.42	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
10.43	Employee Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).

10.44	Director Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.45	2000 Employee Stock Option Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference), as amended by the First Amendment to the 2000 Employee Stock Option Plan (filed as Exhibit 10.17 to the Company's Form 10-Q dated June 30, 2002 and incorporated herein by reference).
10.46	Amended and Restated 2000 Director Stock Option Plan (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-8, Registration No. 333-100244, and incorporated herein by reference).
10.47	Mack-Cali Realty Corporation 2004 Incentive Stock Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-116437, and incorporated herein by reference).
10.48	Deferred Compensation Plan for Directors (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-80081, and incorporated herein by reference).

Exhibit Number	**Exhibit Title**
10.49	Form of Indemnification Agreement by and between Mack-Cali Realty Corporation and each of William L. Mack, John J. Cali, Mitchell E. Hersh, Earle I. Mack, John R. Cali, Alan S. Bernikow, Brendan T. Byrne, Martin D. Gruss, Nathan Gantcher, Vincent Tese, Roy J. Zuckerberg, Alan G. Philibosian, Irvin D. Reid, Robert F. Weinberg, Timothy M. Jones, Barry Lefkowitz, Roger W. Thomas, Michael A. Grossman, James Clabby, Anthony Krug, Dean Cingolani, Anthony DeCaro Jr., Mark Durno, William Fitzpatrick, John Kropke, Nicholas Mitarotonda, Jr., Michael Nevins, Virginia Sobol, Albert Spring and Daniel Wagner (filed as Exhibit 10.28 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.50	Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and John Crandall (filed as Exhibit 10.29 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.51	Second Amendment to Contribution and Exchange Agreement, dated as of June 27, 2000, between RMC Development Company, LLC f/k/a Robert Martin Company, LLC, Robert Martin Eastview North Company, L.P., the Company and the Operating Partnership (filed as Exhibit 10.44 to the Company's Form 10-K dated December 31, 2002 and incorporated herein by reference).
10.52	imited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and Letween Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment b.L.C. and Mack-Cali Meadowlands Special L.L.C. dated November 25, 2003 (filed as Lxhibit 10.1 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by Eeference). r
10.53	Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated December 3, 2003 (filed as Exhibit 10.2 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.54*	First Amendment to Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated October 5, 2004.
10.55*	Letter Agreement by and between Mack-Cali Realty Corporation and The Mills Corporation dated October 5, 2004.
10.56	Agreement of Sale and Purchase [30 Knightsbridge Road, Piscataway, New Jersey] by and between Mack-Cali Realty Corporation and AT&T Corp. dated as of April 2, 2004 (filed as Exhibit 10.1 to the Company's Form 8-K dated June 1, 2004 and incorporated herein by reference).
10.57	First Amendment to Agreement of Sale and Purchase [30 Knightsbridge Road, Piscataway, New Jersey] by and between Knightsbridge Realty L.L.C. and AT&T Corp. dated as of June 1, 2004 (filed as Exhibit 10.2 to the Company's Form 8-K dated June 1, 2004 and incorporated herein by reference).
10.58	Agreement of Sale and Purchase [Kemble Plaza II - 412 Mt. Kemble Avenue, Morris Township, NJ] by and between Mack-Cali Realty Corporation and AT&T Corp. dated as of April 2, 2004 (filed as Exhibit 10.3 to the Company's Form 8-K dated June 1, 2004 and incorporated herein by reference).

Exhibit Number	**Exhibit Title**
10.59	First Amendment to Agreement of Sale and Purchase [Kemble Plaza II - 412 Mt. Kemble Avenue, Morris Township, NJ] by and between Kemble Plaza II Realty L.L.C. and AT&T Corp. dated as of June 1, 2004 (filed as Exhibit 10.4 to the Company's Form 8-K dated June 1, 2004 and incorporated herein by reference).
10.60	Master Assignment and Assumption Agreement by and between AT&T Corp. and Mack-Cali Realty Corporation dated as of April 2, 2004 (filed as Exhibit 10.5 to the Company's Form 8-K dated June 1, 2004 and incorporated herein by reference).
10.61	First Amendment to Master Assignment and Assumption Agreement by and between AT&T Corp. and Mack-Cali Realty Corporation dated as of June 1, 2004 (filed as Exhibit 10.6 to the Company's Form 8-K dated June 1, 2004 and incorporated herein by reference).

10.62	Nominee Agreement between Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. dated as of April 2, 2004 (filed as Exhibit 10.7 to the Company's Form 8-K dated June 1, 2004 and incorporated herein by reference).
10.63*	Agreement of Sale and Purchase by and among Kemble-Morris L.L.C. and Pergola Holding, Inc. dated August 5, 2004.
10.64*	Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated August 10, 2004.
10.65*	Amendment to Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated as of October 12, 2004.
10.66*	Second Amendment to Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated as of October 18, 2004.
10.67*	Third Amendment to Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated as of October 20, 2004.
10.68*	Fourth Amendment to Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated as of October 21, 2004.
10.69*	Fifth Amendment to Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated as of October 25, 2004.
10.70*	Sixth Amendment to Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated as of October 27, 2004.

Exhibit Number	**Exhibit Title**
10.71*	Seventh Amendment to Agreement of Sale and Purchase by and between Mack-Cali Texas Property L.P., Centennial Acquisition Company and Waramaug Acquisition Corp. dated as of October 28, 2004.
10.72*	Commitment letter from Mack-Cali Property Trust to Centennial Acquisition Company and Waramaug Acquisition Corp. dated October 28, 2004.
31.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, and the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*filed herewith

FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT (this "First Amendment") is made as of October 5, 2004 (the "First Amendment Effective Date"), by and between the **NEW JERSEY SPORTS AND EXPOSITION AUTHORITY**, a public body corporate and politic with corporate succession and having an address at Meadowlands Sports Complex, 50 State Route 120, East Rutherford, New Jersey 07073 (the "Authority"), and **MEADOWLANDS MILLS/MACK-CALI LIMITED PARTNERSHIP**, a Delaware limited partnership, having an address at c/o The Mills Corporation, 1300 Wilson Boulevard, Suite 400, Arlington, Virginia 22209, and its permitted successors and assigns (the "Developer"). The Developer and the Authority are referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

WHEREAS, the Authority and the Developer are parties to that Redevelopment Agreement dated as of December 3, 2003 (the "Original Redevelopment Agreement"); and

WHEREAS, the Parties wish to amend the Original Redevelopment Agreement to modify certain terms and conditions thereof.

NOW, THEREFORE, in consideration of the promises and mutual obligations of the Parties hereto and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound, do hereby covenant and agree with each other as follows:

SECTION 1. Definitions; Effect of Amendment.

(a) Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Original Redevelopment Agreement.

(b) This First Amendment is an amendment to the Original Redevelopment Agreement. Unless the context of this First Amendment otherwise requires, the Original Redevelopment Agreement and this First Amendment shall be read together and shall have effect as if the provisions of the Original Redevelopment Agreement and this First Amendment were contained in one agreement. In the event of a conflict between the Original Redevelopment Agreement and this First Amendment, the First Amendment shall control absent a manifest intent to the contrary. After the First Amendment Effective Date, all references in the Original Redevelopment Agreement to the "Original Redevelopment Agreement", "this Agreement", "hereto", "hereof", "hereunder" or words of like import referring to the Original Redevelopment Agreement shall mean the Original Redevelopment Agreement as amended by this First Amendment.

SECTION 2. Empire Tract; Wetlands Mitigation Bank. The understanding of the Parties with respect to the Empire Tract and the Wetlands Mitigation Bank is memorialized in that certain Agreement of even date by and between the Authority and the Developer, a copy of which is attached hereto as Exhibit "A" (the "WMB Agreement"). From and after the date of execution of the WMB Agreement, all rights, duties and obligations of the Developer to the Authority relating to the Empire Tract and the Wetlands Mitigation Bank shall be governed by the terms and conditions of the WMB Agreement.

SECTION 3. Exhibit H-1; Existing Sports Complex Agreements.

(a) Exhibit "H-1". As contemplated by Section 3.7(c) of the Original Redevelopment Agreement, the Parties acknowledge and agree that Exhibit "B" attached hereto shall be Exhibit "H-1", and it is further acknowledged and agreed to be the final list of documents and agreements that shall constitute the "Existing Sports Complex Agreements." It is understood and agreed upon by the parties hereto that subject to the terms of Section 3.7(e) of the Original Redevelopment Agreement and subject to Section 6 below, that Developer recognizes (i) those Existing Sports Complex Agreements identified on Exhibit "H-1" as Items 1-8 (Giants, Jets, Devils, Nets and Metrostars) (the "Franchise Team Agreements"); (ii) those Existing Sports Complex Agreements identified on Exhibit "H-1" as Items 19-21 (Interstate Developers), Items 33-35 (Continental Airlines), Items 53-54 (Pepsi) and Items 47-49 (Mrs. Fields) (the "Vendor Agreements"), and (iii) the remaining Existing Sports Complex Agreements listed on Exhibit "H-1", subject to the following terms and conditions:

(A) Authority Representation. Section 16.2 of the Original Redevelopment Agreement is amended to add the following additional representations and warranties by the Authority:

(vii) Except for the Franchise Team Agreements, Vendor Agreements and those agreements noted in Section 16.2(viii) below, all of the remaining Existing Sports Complex Agreements listed on Exhibit "H-1" expire or terminate by their terms (without further rights to renew or extend) prior to December 20, 2007.

(viii) Those Items identified on Exhibit H-1 as Items 70, 71 and 73 (Aramark); Items 26 – 27 (Hess), Item 59 (Star Ledger) and Item 56 (The Record) may extend or be extended beyond December 20, 2007, but (i) do not have a Material Adverse Effect on the Developer or the Project, (ii) do not result in Authority Interference, (iii) breach the non-competition and other restrictive covenants provided in this Agreement and/or (iv) do not result in a breach by the Authority of the Project Agreements.

(B) Continuing Covenant. The following shall be added to the Original Redevelopment Agreement as the last sentence of Section 3.7(e): "In addition to the foregoing, the Authority covenants and agrees to add the following language to any amendment, modification, extension, or renewal of any Existing Sports Complex Agreements and/or New Sports Complex Agreements entered into from and after the date hereof except those New Sports Complex Agreements relating to naming rights to the Arena or existing advertising inventory at the Sports Complex: "Notwithstanding anything to the contrary set forth in this [name of contract, license, agreement etc.] the rights granted to the [contracting party] shall not extend to any portion of the Meadowlands Sports Complex located east of New Jersey Route 120 [other than as expressly permitted under the Original Redevelopment Agreement with respect to the interior space of the Arena]."

(C) Indemnification. Section 17.7 shall apply to the provisions of this Section 3.

(D) Recognition and Priority. Subject to the foregoing and in reliance on Section 6 of this First Amendment with respect to the Franchise Team Agreements, Developer reaffirms that Developer recognizes the Existing Sports Complex Agreements and acknowledges that, subject to the terms and conditions of the Original Redevelopment Agreement as amended hereby, the rights granted to Developer and the obligations assumed by Developer are in all respects subordinate to the rights and obligations of parties to the Existing Sports Complex Agreements.

SECTION 4. Development Rights Fee. Section 5.2 is hereby amended as follows:

(a) Section 5.2(a)(i) of the Original Redevelopment Agreement is amended so that the phrase "on the Ground Lease Closing Date" is deleted and the phrase: "Development Rights Fee Funding Date (as hereinafter defined)" is substituted therefor.

(b) Section 5.2 of the Original Redevelopment Agreement is hereby amended to add a new Section 5.2 (e) which will supercede the Parties' understanding with respect to the timing for the payment of the Development Rights Fee as well as the conditions for execution and delivery of the Ground Lease. New Section 5.2(e) shall be inserted immediately following the end of Section 5.2(d) of the Original Redevelopment Agreement as follows:

Section 5.2(e). Certain Modifications; Development Rights Fee Funding Date.

(i) Amendments to Certain Defined Terms. For purposes of this Agreement, the Ground Lease Closing Date shall be comprised of two events namely, a Ground Lease Execution Date which shall occur contemporaneously with the execution of this First Amendment and a Development Rights Fee Funding Date which the Parties have agreed shall occur on December 20, 2004, subject to adjustment as provided below (the "Development Rights Fee Funding Date"). The conditions precedent to the Ground Lease Execution Date shall be governed by the terms and conditions of Section 5.2 (e)(ii) below and deemed satisfied upon execution and delivery of the documents and agreements identified in Section 5.2(e)(ii) below. The payment of the Development Rights Fee shall be governed by the terms of Section 5.2(e)(iii) below. The conditions precedent to the Development Rights Fee Funding Date (including without limitation, the Material Conditions) shall be governed by the terms of the Original Redevelopment Agreement, as amended hereby. At such time as the Ground Lease Execution Date has occurred, except as expressly modified by the terms and conditions of this First Amendment or those Project Agreements executed on the Ground Lease Execution Date, thereafter, the Development Rights Fee Funding Date shall be used interchangeably with the defined terms used in the Original Redevelopment Agreement for the "Ground Lease Closing" and/or "Ground Lease Closing Date" (hereinafter sometimes collectively, the "Ground Lease Closing Date").

(ii) Ground Lease Execution Date. The additional conditions precedent to the Ground Lease Execution Date shall be the following (which when taken together with the execution of the Ground Lease shall constitute satisfaction of the conditions precedent to the Ground Lease Execution Date):

(A) Delivery by Authority of the fully executed and authorized Second Addendum to Settlement Agreement by and between the Authority and East Rutherford (the "Second Addendum"); and

(B) Delivery by Authority and Developer of the fully executed and authorized WMB Agreement.

The Authority shall continue to hold the Deposit Letter of Credit until the Development Rights Fee Funding Date.

(iii) Development Rights Fee Funding Date. On or prior to the Development Rights Fee Funding Date, the Material Conditions shall have been satisfied, and the Parties shall execute and deliver those documents and agreements contemplated pursuant to the Approved Master Plan and this Agreement. If prior to December 20, 2004 either an Unwind Event and/or an Intervening Event, as such terms are defined in Exhibit "C" attached hereto, has occurred and/or is continuing, the Developer shall have the right to postpone the Development Rights Fee Funding Date until the earlier to occur of (A) thirty (30) days following final resolution of the Unwind Event or Intervening Event, as the case may, or (B) some earlier date designated by Developer upon thirty (30) days prior written notice, but in no event later than the Material Conditions Termination Date (i.e. March 31, 2005). If the Development Rights Fee Funding Date has not occurred and Developer has commenced construction activity on the Project Site, the Developer shall stop construction activity on the Project Site during the period of any postponement (other than that reasonably necessary to secure the site to avoid waste or injury). If an Intervening Event and/or Unwind Event exists on the Material Conditions Termination Date (March 31, 2005), Developer shall have the right to either (x) exercise the Unwind Rights described in Section 5.5 hereinbelow or (y) proceed to the Development Rights Fee Funding Date, subject to the Development Rights Funding Date requirements provided herein, but reserving Developer's rights to exercise Unwind Rights at any time thereafter through the Final Unwind Date (as defined below) or extend the subsequent Tranche Dates as provided hereinbelow. The period of any postponement of the Development Rights Fee Funding Date shall adjust all dates provided herein day-for-day including but not limited to the subsequent Tranche Payment Dates and Final Unwind Date described below.

On the Development Rights Fee Funding Date, the Development Rights Fee shall be paid by Developer in accordance with the terms of this Agreement; provided, however, that in the event that (A) the Project Litigation as described on Exhibit "D" attached hereto shall not have been settled or otherwise resolved to the satisfaction of the Developer or (B) all of the Development Approvals shall not have been issued by the applicable Governmental Body on or prior to the Development Rights Fee Funding Date, the Developer may at the election of Developer deposit the entire Development Rights Fee into escrow as provided hereinbelow. In the event that Developer elects to deposit the Development Rights Fee into escrow, the Development Rights Fee shall be maintained and disbursed as follows:

(A) On the Development Rights Fee Funding Date, Developer shall (1) deposit the full Development Rights Fee in immediately available funds into escrow pursuant to a commercially reasonable and customary escrow agreement prepared by the Title Company and mutually satisfactory to the Parties (the "Fee Escrow"), (2) authorize release from the Fee Escrow a payment to the Authority in an amount equal to the monies that the Authority shall become obligated to pay by reason of any required redemption or defeasance of bonds, notes or other obligations of the Authority under applicable federal tax law as determined by bond counsel to the Authority and evidenced to Developer, and, in the case of the Authority's State Contract Bonds, 2002 Series B-1 and B-2, the termination of a pro-rata portion of the Authority's Interest Rate Exchange Agreement with Merrill Lynch Capital Services, Inc., resulting from the execution and delivery of the Component Leases currently estimated to be approximately Thirty Six Million Dollars ($36,000,000) based on current interest rates as of October 1, 2004 (the "Defeasance Payment"); and (3) authorize the release from the Fee Escrow a payment in the amount of Twenty Six Million Eight Hundred Thousand Dollars ($26,800,000)(the "WMB Payment"). On the Development Rights Fee Funding Date, the Authority shall (X) make payment to the Developer in the amount provided in the WMB Agreement, subject to the Developer's concurrent performance of its obligations under the WMB Agreement; (Y) defease bonds in an amount equal to the Defeasance Payment, and (Z) return the Deposit Letter of Credit to the Developer. The balance remaining in the Fee Escrow following the disbursement of the Defeasance Payment and the WMB Payment (the Defeasance Payment and the WMB Payment, collectively, the "First Tranche Payment") shall be disbursed subject to the terms and conditions hereof in three (3) equal installments (together with interest earned thereon through the date of the applicable Tranche Payment) which shall each be referred to herein as a "Tranche Payment".

(B) Ninety (90) days after the Development Rights Fee Funding Date (as same may have been adjusted as provided herein) (the "Second Tranche Date"), Developer shall authorize release from the Fee Escrow to the Authority a second Tranche Payment. If an Unwind Event or Intervening Event exists on the Second Tranche Date, Developer shall have the right to postpone the Second Tranche Date until the earlier to occur of (1) final resolution of the Unwind Event or Intervening Event, as the case may, or (2) ninety (90) days from the Second Tranche Date. If Developer elects to postpone the Second Tranche Date, the Developer shall stop construction activity during the period of any postponement (other than that commercially necessary to secure the site to avoid waste or injury). If the Intervening Event and/or Unwind Event has not been resolved within said 90-day period, Developer shall have the right to exercise the Unwind Rights described below in Section 5.5 hereinbelow or proceed with the release of the Second Tranche, reserving Developer's rights to exercise Unwind Rights at any time thereafter through the date of the Final Unwind Date defined below. As provided above, the period of any postponement of the Ground Lease Closing Date shall adjust all contractual dates day for day including but not limited to the subsequent Tranche Payment dates described below and the Final Unwind Date.

(C) Ninety (90) days after the Second Tranche Date as the same may have been adjusted (the "Third Tranche Date"), Developer shall authorize release from the Fee Escrow to the Authority a third Tranche Payment. If an Unwind Event and/or Intervening Event exists on the Third Tranche Date, Developer shall have the same rights and obligations described above applicable to the second Tranche Payment and Second Tranche Date.

(D) Ninety (90) days after the Third Tranche Date as may have been adjusted ("Final Tranche Date"), Developer shall authorize release from the Fee Escrow to the Authority the final Tranche Payment, together with any accrued but unpaid interest in the Fee Escrow. If an Unwind Event and/or Intervening Event exists on the Final Tranche Date, Developer shall have the same rights and obligations noted above applicable to the second Tranche Payment and third Tranche Payment and Second Tranche Date and Third Tranche Date.

(E) Notwithstanding anything to the contrary in this Section 5.2(e), after the First Amendment Effective Date, upon the occurrence of an Unwind Event, Developer shall have the right at any time thereafter through the Final Unwind Date (as defined in Section 5.5 below) to exercise the Unwind Rights in accordance with Section 5.5 below.

(iv) Except to the extent expressly provided in this Section 5.2(e), the times for performance provided in this Section 5.2(e) shall not be subject to extension by reason of the occurrence of those events described in subsections (iii), (iv) and (vi) in the definition of "Force Majeure Events" provided herein.

SECTION 5. Unwind Right. Article 5 is further amended to add a new Section 5.5 as follows:

Section 5.5 Unwind Right (a) The Authority and Developer have agreed that that Developer shall have the right to "unwind" the transaction and terminate the Ground Lease and the then current Project Agreements (collectively, the "Unwind Rights") in accordance with Section 5.2(e) within twelve (12) months from the Development Rights Fee Funding Date ("Final Unwind Date"). Developer shall exercise these Unwind Rights pursuant to a written notice to the Authority delivered on or before the Final Unwind Date. In addition, the Authority and Developer agree that if an Unwind Event occurs and/or is continuing beyond the Final Unwind Date, the Developer shall have the rights set forth in Section 5.5(e) hereinbelow, but shall have no right to a refund or disgorgement of the Development Rights Fee. Except as provided in Section 5.5(e), Developer shall not have the right to exercise the Unwind Rights after the Final Unwind Date.

(b) If the Developer timely elects to exercise the Unwind Rights prior to the Final Unwind Date:

(i) Authority shall pay to Developer an amount equal to the Development Rights Fee ("Unwind Payment"). The Authority shall be entitled to a credit against the Unwind Payment in the amount of $26,800,000 to the extent paid to the Developer pursuant to the WMB Agreement. The Authority shall be obligated to make the Unwind Payment within ninety (90) days after delivery of the notice from Developer exercising the Unwind Rights (the "Outside Payment Date"). The obligation of the Authority to make the Unwind Payment on the Outside Payment Date may be tolled for the period reasonably necessary to implement (and conditioned upon the Authority's participation in) the provisions of Section 5.5(e) but in no event longer than 180 days from the date of delivery of the notice from Developer exercising the Unwind Rights.

(ii) Once conveyed to the Trust (as defined in the WMB Agreement), neither the Authority nor the Developer shall have the right to terminate or unwind the transaction related to the Empire Tract and the WMB Agreement. Once conveyed to the Trust, the Developer shall have no further rights, duties or obligations to the Authority relating to the Empire Tract except as expressly stated in the WMB Agreement.

(iii) Except for those duties and obligations expressly stated to survive the termination of the Redevelopment Agreement and/or the Project Agreements, Developer shall have no further duties or obligations to the Authority with respect to the Project Site and/or under the Project Agreements unless and until there is an agreement accepted by the parties arising out of Section 5.5(e); provided, however, that Developer shall have the obligation prior to terminating the Ground Lease and the Project Agreements then in effect to take such commercially reasonably actions as may be required to (1) secure the Project Site for safety, (2) repair any damage caused by Developer with respect to roads within the Meadowlands Sports Complex or the existing public roads such that the roads are in substantially similar condition as existed immediately prior to commencement of such construction activity by Developer and (3) except to the extent Developer elects to construct the Garages as provided in Section 5.5(d) hereof, repair any damage caused by Developer with respect to surface parking areas within the Meadowlands Sports Complex such that the surface parking areas are in a condition to accommodate 4,000 parking spaces on the Project Site.

(c) The Authority's obligation to make the Unwind Payment shall be secured by the following and Authority shall take such action as Developer may reasonably request to evidence or effect Authority's obligations under this Section 5.5(c):

(i) Any funds remaining in the Fee Escrow at the time the Developer exercises the Unwind Rights shall be paid to the Developer as a credit against the Unwind Payment obligation (interest remaining in the Fee Escrow shall be payable to Developer and shall not be applied as a credit against the Authority's obligation to make the Unwind Payment to Developer).

(ii) If the Authority fails to make the Unwind Payment by the Outside Payment Date (subject to tolling as aforesaid), the Authority shall pay to Developer interest on the unpaid portion of the Unwind Payment at the rate of 3% above the "Prime Rate" as published in The Wall Street Journal commencing on the Outside Payment Date until the unpaid portion of the Unwind Payment is paid in full.

(iii) The Developer shall not be required or obligated to execute a release any recorded memorandum of Ground Lease or any recorded document memorializing any of the rights of first refusal and/or rights of first offer granted to Developer or any tenant under a Component Lease pursuant to the terms of the Redevelopment Agreement until the Unwind Payment is made. Authority's obligations under the Ground Lease and then current Project Agreements shall not be released or terminated (notwithstanding Developer's release of all duties and obligations thereunder) until the Unwind Payment is made to Developer. Upon full payment of the Unwind Payment, the Authority and Developer shall, subject to Section 5.5(e), execute customary releases of each other with respect to the Ground Lease and the current Project Agreements.

(iv) A contractual commitment evidenced hereby that Developer shall be repaid the Unwind Payment and/or Garage Payment on a priority basis from any consideration received by the Authority from the future development of the Project Site or bond proceeds arising from a future bond issuance.

(v) All revenue from the Garages (as defined below) shall be collected by Authority and paid to the Developer on a priority basis to repay the Unwind Payment. For purposes hereof, "priority basis" shall mean that all revenue shall be paid to Developer with a deduction from such revenue only of the amounts owed under the Franchise Team Agreements, reasonable market operating expenses and a reasonable market management fee.

(vi) The Authority shall negotiate exclusively and in good faith with the Developer with respect to the Proposal described in Section 5.5(e) below.

(d) In the event that, at the time the Developer exercises the Unwind Rights, the structured parking facilities that are approved to be constructed on the Project Site (collectively, the "Garages") are not otherwise complete, the Developer shall have the right to complete and place into service all or any architecturally functionally complete portion of the Garages in accordance with the then-existing Project Agreements. In addition to and after the payment of the Unwind Payment, provided that Developer has completed the Garages, the Authority shall be obligated to reimburse Developer for the hard costs of constructing the Garages in an amount not to exceed Fifty Million Dollars ($50,000,000.00) (the "Garage Payment"). If the Developer completes the Garages, all revenue generated from the Garages shall first be security for the Unwind Payment, and be paid to Developer on a priority basis pursuant to Section 5.5(c)(v) above, and then shall be applied to the Garage Payment, also on a priority basis pursuant to Sections 5.5(c)(iv) and (v) above. The liability for the Garage Payment shall be payable solely as described in the preceding sentence.

(e) If the Developer elects to exercise the Unwind Rights at or prior to the Final Unwind Date or in the event that an Unwind Event occurs after the Final Unwind Date, the parties agree that it is in their mutual best interest to work together in a cooperative spirit in an attempt to salvage an economically viable project. Therefore, if Developer exercises the Unwind Rights by written notice to the Authority, the Parties agree within thirty (30) days thereafter to jointly appoint and retain an investment banking firm of a type similar to Goldman Sachs, Lehman Brothers or Morgan Stanley and have such investment firm prepare a program proposal which attempts to comprehensively maximize in a commercially reasonable and responsible manner the interests of the Developer and Authority and preserve the economic viability of the Project Site under the Ground Lease taking into consideration the (i) mandate of the Authority enabling legislation, (ii) nature of the Unwind Event, (iii) contemplated scope and intent of the project to be developed under the Project Agreements, (iv) Second Addendum, (v) Franchise Team Agreements, and (vi) concepts and intent of the existing Project Agreements including but not limited to the "claw-back" provisions of the Original Redevelopment Agreement, (vii) economic parameters based on market conditions including but not limited to appropriate adjustment in Development Rights Fee payments, and (vii) applicable Legal Requirements (collectively, the "Proposal"). Upon presentation of the Proposal, the parties shall negotiate in good faith such modifications to the Project Agreements as may be reasonably necessary to implement the recommendations set forth in the Proposal. If the parties are unable to reach a mutually satisfactory agreement within 180 days after submission of the Proposal, then in that event (i) if the Unwind Event has occurred prior to the Final Unwind Date, Developer shall have the right to exercise the Unwind Rights (recognizing that the process outlined above shall cause a tolling of the Final Unwind Date and the Outside Payment Date until the end of the 180-day period specified in Section 5.5(b)(i) hereof), or (ii) if the Unwind Event has occurred after the Final Unwind Date, the Developer's remedies shall be those provided in the Project Agreements together with Authority's agreement to cooperate in good faith to minimize and mitigate to the extent commercially and legally practicable the impacts on the Developer caused by the Unwind Event. In the event that the parties are unable to agree on an investment firm within said thirty (30) day period, the parties agree to arbitrate the selection in accordance with the provisions of the Redevelopment Agreement.

SECTION 6. Franchise Team Indemnity; Authority Indemnification. (a) Indemnification by Authority. Authority covenants and agrees to indemnify, protect, defend, and hold the Developer Indemnified Parties (which shall also include any Component Entity which has executed a Component Lease and Component Agreement) harmless from and against all direct and actual (but not arising out of the negligence or misconduct of the Developer or any Developer Indemnified Party), liability, losses, damages, demands, costs, claims, actions or expenses (including attorneys' fees and court costs) arising out of, directly resulting from the Franchise Team Agreements (each, a "Team Indemnified Claim"); provided however that a Team Indemnified Claim shall in no event include any loss, cost, damage, expense or claim arising from the failure of any Developer Indemnified Party to comply with the Approved Master Plan or any scope of work approved by the Authority pursuant to the Project Agreements or (b) any claim that would otherwise constitute a Team Indemnified Claim following the Developer or any Component Entity (but only as to such Component) entering into a cooperation agreement or other written arrangement pursuant to which a Sports Complex Tenant agrees to cooperate with the development of the Project.

(b) Implementation of Authority Indemnification Obligations. In any situation in which the Developer Indemnified Parties are entitled to receive and desire defense and/or indemnification by the Authority for a Team Indemnified Claim, the Developer Indemnified Parties shall give prompt notice of such Authority Indemnified Claim to Authority. Failure to give prompt notice to Authority shall not relieve the Authority of any liability to indemnify the Developer Indemnified Parties, unless such failure to give prompt notice materially impairs Authority's ability to defend. Upon receipt of such notice, the Authority shall resist and defend any action or proceeding arising out of any Developer Indemnified Claim on behalf of the Developer Indemnified Parties, including the employment of counsel reasonably acceptable to the Developer Indemnified Parties, the payment of all expenses and the right to negotiate and consent to settlement of any Team Indemnified Claim. All of the Developer Indemnified Parties shall have the right to employ separate counsel in any action arising out of any Developer Indemnified Claim and to participate in the defense thereof, but the fees and expenses of such separate counsel shall be at the expense of the indemnified party unless the employment of such counsel is specifically authorized by the Authority, which authorization shall not be unreasonably withheld or delayed. The Authority shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of Authority or if there is a final judgment against Authority or any Developer Indemnified Party in any such action, Authority agrees to defend, indemnify and hold harmless the Developer Indemnified Parties from and against any loss or liability by reason of such settlement or judgment of a Team Indemnified Claim.

(c) Survival. This indemnity by the Authority shall survive the expiration or termination of this Agreement and Completion of the Project.

SECTION 7. Additional Components and Allocations.

(a) The Baseball Stadium shall be deemed to be an additional Component (the "Baseball Stadium Component") and subject to the provisions of the Original Redevelopment Agreement relating to Components. The Baseball Stadium Component is shown on Exhibit "E-1" attached hereto.

(b) The Office Component shall be deemed to constitute two separate Components: the A-B Office Component and the C-D Office Component as shown on Exhibit "E-2" attached hereto.

(c) In furtherance of the provisions of Sections 5.2(d)(ii) and 5.3(c) of the Original Redevelopment Agreement, Authority agrees that the obligation to pay Ground Rent and Developer PILOT Payments may be allocated among the following Components in the following percentages at such time as the corresponding Component Leases are entered into, with such obligation not to be transferred to any Component Parts or Component Entities, except as expressly set forth hereinbelow:

Hotel Component – 5.30%
A-B Office Component – 13.35%
C-D Office Component – 13.35%
Entertainment/Retail Component — 63.25%
Baseball Component — 4.75%

In the event that the A-B Office Component and/or C-D Office Component are divided into additional Components pursuant to the Declaration (i.e., separate A and B Components and/or C and D Components), the obligation set forth above for each Office Component may be divided into approximately equal shares between the two new constituent Components. The Authority further acknowledges that the Entertainment/Retail Component may be further subdivided into the "ERC Main Site" and "ERC Parking Site" to segregate the parking facilities in the Entertainment/Retail Component from other operating facilities pursuant to terms to be agreed by the Parties in the Project Agreements.

(d) Developer acknowledges and agrees that except as set forth above Developer shall have no further right to segregate the Project Site into Component Parts or Component Interests, except in connection with a request for a modification to the Approved Master Plan as provided in the Redevelopment Agreement.

SECTION 8. Borough Escrow.

(a) On or about the date hereof, Borough and Authority have entered into a certain Second Addendum To Settlement Agreement (the "Second Addendum"), pursuant to which the Authority's payments in lieu of taxes and other payments to the Borough will be modified to reflect the development of the Project. The Second Addendum requires the Authority to post a $150,000 escrow with Borough (the "$150,000 Escrow") to cover reasonable costs incurred by the Borough in the negotiation of the Second Addendum, and customarily incurred in performance of the Borough's obligations under Paragraphs 13 and 14 of the Second Addendum. Developer has agreed to post the $150,000 Escrow in satisfaction of Authority's obligation under the Second Addendum, as set forth hereinbelow. (b) Developer shall either (i) deposit the $150,000 Escrow directly with Borough, or (ii) deposit the $150,000 Escrow with the Authority. In the event the Developer deposits the $150,000 Escrow directly with the Borough, the Authority shall notify the Borough that the $150,000 Escrow required by the Second Addendum has been deposited on the Authority's behalf by the Developer, and the Authority will request that Borough deposit same into a separate account that shall be drawn down upon by Borough pursuant to the terms of the Second Addendum. In the event the Developer deposits the $150,000 Escrow with the Authority, the Authority shall immediately deposit such sum with the Borough as the Authority's escrow pursuant to the Second Addendum. The $150,000 Escrow shall be paid in two installments with one-third being due on the Ground Lease Execution Date and two-thirds being on the Development Rights Fee Funding Date.

(c) On a monthly basis (or other time period in which Borough provides same), the Authority shall provide Developer with a statement of costs and expenses paid from the $150,000 Escrow. Developer hereby acknowledges that because the Borough will be drawing from the $150,000 Escrow pursuant to the Second Addendum, any accounting of the disbursements from the $150,000 Escrow will be generated by the Borough and the Authority's obligations under the first sentence of this paragraph shall be limited to diligently proceeding to obtain such accounting from the Borough and transmitting the same to the Developer. In the event any portion of the $150,000 Escrow has not been disbursed to the Borough for costs permitted under Paragraph 15 of the Second Addendum prior to the completion of the Meadowlands Xanadu Redevelopment, then the Authority hereby agrees to promptly and diligently pursue the return of such balance from the Borough. If the Borough refunds such remainder to the Authority, the Authority shall immediately deliver the same to the Developer. If the Authority fails to diligently proceed to recover the above-referenced remainder of the $150,000 Escrow from the Borough, then the Developer shall have the right to pursue recovery of the same directly from the Borough and in the name of the Authority and the Authority agrees to diligently cooperate with the Developer in connection with the same.

(d) In the event that the Developer delivers notice to the Authority stating that it reasonably believes that any disbursement from the $150,000 Escrow by the Borough is excessive, improper, unreasonable or otherwise not permitted, then the Authority hereby agrees to promptly and diligently pursue a protest or otherwise contest the Borough's rights to make the disbursement in question. In the event the Authority reasonably disagrees with the Developer's belief that the Borough's disbursement is excessive, improper, unreasonable or otherwise not permitted, Developer shall have the right to pursue a protest directly with the Borough and in the name of the Authority, and the Authority agrees to diligently cooperate with the Developer in connection with the same.

(e) Notwithstanding anything to the contrary set forth above, in the event the Borough shall require reimbursement, or take a disbursement from the $150,000 Escrow, for (i) costs incurred in the negotiation of the Second Addendum, and/or (ii) costs incurred in connection with matters addressed in Paragraphs 6 and/or 9 of the Second Addendum, and/or (iii) costs incurred in the performance of the Borough's obligations under Paragraphs 13 and/or 14 of the Second Addendum, which performance was requested by the Authority rather than by Developer; then the Authority shall pay the corresponding amount to the Developer within 30 days after the Authority's receipt of notice of such requirement by the Borough or drawn down by the Borough on the $150,000 Escrow.

SECTION 9. Emergency Services.

(a) The parties acknowledge that the Second Addendum requires the Borough and the Authority to develop a plan for provision of adequate fire, rescue and emergency medical services to the Project. Notwithstanding such provision, Developer agrees that, at its sole expense, it shall retain a qualified consultant, reasonably acceptable to Authority and Borough, to develop such plan, the components of which shall be consistent with industry standards. Developer shall require such consultant to consult with the Authority and the Borough in the course of such preparation. The final plan to be implemented shall be reasonably acceptable to the Authority and Borough, and the services described therein shall be deemed to be "adequate" for the purposes of the Second Addendum.

(b) Developer acknowledges that, pursuant to the plan described in subparagraph (a) above, Authority may provide fire, rescue and emergency medical services to the Project in cooperation with the Borough. Developer agrees that the Authority shall be immune from liability for damages in any civil action brought by Developer as a result of the Authority's acts of commission or omission arising out of and in the course of its rendering in good faith any such fire, rescue and emergency medical services and, if more expansive, to the same extent that the Borough is granted such immunity as a matter of law.

SECTION 10. Construction Procedures Prior to Development Rights Fee Funding Date. Notwithstanding anything set forth in the Original Redevelopment Agreement to the contrary, the Authority and Developer acknowledge and agree that in the event that Developer desires to perform any construction on the Project Site prior to the Development Rights Fee Funding Date, the terms and conditions of the Access and Indemnity Agreements shall govern and control. Notwithstanding anything set forth in the Access and Indemnity Agreements, the Access and Indemnity Agreement shall survive the Ground Lease Execution Date, and shall terminate on the Development Rights Fee Funding Date.

SECTION 11. Project Operating Agreement. The Authority and the Developer acknowledge and agree that the parking management summary set forth onExhibit "F" attached hereto (the "Parking Management Summary") represents the understanding of the Parties with regard to parking and traffic management at the Project Site following the Development Rights Fee Funding Date. During the thirty (30) day period following the Ground Lease Execution Date, Authority and Developer shall endeavor in good faith to negotiate and finalize a definitive Project Operating Agreement that will substantially incorporate the terms of the Parking Management Summary.

SECTION 12. Waiver.

(a) Due Diligence. Developer has received an executed Due Diligence Certification in the form of Exhibit "G" attached hereto. Developer has reviewed the Provided Due Diligence Documents, as such term is defined in the Due Diligence Certification and has satisfied itself as to the contents thereof. Developer hereby waives its rights to raise any Complex Agreement Objections and all other rights set forth in Section 6.4 of the Original Redevelopment Agreement.

SECTION 13. Title. Section 4.2 (b) is hereby amended to extend the Title Objection Date through the Development Rights Fee Funding Date.

SECTION 14. Errata.

(a) The words "Ground Rent Increase Index" in the last sentence of Schedule 5.2(d) of the Original Redevelopment Agreement are deleted and replaced with the words "Consumer Price Index".

(b) The words "Meadowlands Master Developer Limited Partnership" in Section 10.2(a)(ii) of the Original Redevelopment Agreement are deleted and replaced with the words: "Meadowlands Mills/Mack-Cali Limited Partnership".

(c) The definition of "Force Majeure Event" is amended so that the phrase "(vii) acts or omissions of the other Party, except in conformance with this Agreement" is deleted in its entirety.

SECTION 15. Full Force and Effect. Except as expressly modified by this First Amendment, all of the terms and conditions of the Original Redevelopment Agreement shall continue in full force and effect, and all Parties hereto shall be entitled to the benefits thereof. .

SECTION 16. Counterparts. This First Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which when taken together shall constitute one and the same agreement.

SECTION 17. Governing Law. This First Amendment, including the validity thereof and the rights and obligations of the parties hereunder, shall be construed in accordance with and governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date first written above.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

By: /s/ George R. Zoffinger
_____

George R. Zoffinger
President

MEADOWLANDS MILLS/MACK-CALI LIMITED PARTNERSHIP

By: Meadowlands Mills Limited Partnership,
its Managing General Partner
By: Meadowlands Mills, L.L.C.,
its Managing General Partner
By: The Mills Limited Partnership,
its Manager
By: The Mills Corporation,
its General Partner

By: /s/ James F. Dausch
_____

James F. Dausch
President - Development Division

By: Mack-Cali Meadowlands Special L.L.C.,
General Partner
By: Mack-Cali Realty, L.P., sole member
By: Mack-Cali Realty Corporation,
general partner

By: /s/ Mitchell E. Hersh
_____

Mitchell E. Hersh
Chief Executive Officer

Exhibit 10.55

October 5, 2004

Mr. Kenneth ParentChief
Operating OfficerThe
Mills Corporation
1300 Wilson Boulevard
Suite 400
Arlington, VA 22209

Dear Ken:

This letter shall serve to acknowledge and confirm our understanding and agreement regarding certain issues that have arisen between the partners in connection with the signing today of the Ground Lease with the New Jersey Sports and Exposition Authority and the draft First Amendment to the Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership. Specifically, we agree to the following, notwithstanding any provisions to the contrary in the Limited Partnership Agreement or the draft Amendment thereto:

1. With respect to distributions of the unwind payments from the NJSEA and any other moneys received after the unwind, the distributions shall be made in the following order of priority:

a. First to Mack-Cali Meadowlands Entertainment L.L.C. ("Mack-Cali") of an amount equal to $6,700,000, to equalize the $26,800,000 payment made for the Empire Tract;

b. Next to the partners, 80% to Meadowlands Mills Limited Partnership ("Mills") and 20% to Mack-Cali, until Mack-Cali's invested capital is reduced to $7,000,000 (hereinafter referred to as "M-C's Invested Capital");

c. Next to Mills to return the balance of the $160,000,000 not theretofore returned to Mills; and

d. Thereafter 80% to Mills and 20% to Mack-Cali until all unrecovered capital is returned.

2. With respect to decisions to be made concerning the unwinding of the transaction with the NJSEA, the parties agree that they will cooperate and seek to reach a mutual decision whether to continue to pursue the transaction or to unwind. If there is an involuntary unwind due to injunctive or other relief, beyond all reasonable legal remedies that the Partnership can pursue, then the transaction will be unwound and any cash proceeds or other assets will be distributed according to paragraph 1 above. If the transaction is otherwise unwound over the objections of Mack-Cali then any cash or other assets will be distributed according to paragraph 1 above and Mills will either (i) pay to Mack-Cali the M-C Invested Capital, or (ii) assign over to Mack-Cali all of Mill's right, title and interest in and to the project.

---

3. The parties agree that they will cooperate to complete in an expeditious manner the draft First Amendment to the Partnership Agreement incorporating these agreements and such other matters agreed to by the parties.

Please acknowledge your agreement to the foregoing by signing the enclosed counterpart of this letter where indicated below and returning such counterpart to my attention.

Sincerely,

MACK-CALI REALTY CORPORATION

By: /s/ Mitchell E. Hersh
_____
Mitchell E. Hersh
President and Chief Executive Officer

Agreement acknowledged this ____ day of October, 2004

THE MILLS CORPORATION

By: /s/ Kenneth Parent
_____
Kenneth Parent
Chief Operating Officer

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE ("**Agreement**") is made this 5th day of August, 2004 by and between **KEMBLE-MORRIS L.L.C.**, a limited liability company organized under the laws of the State of New Jersey having an address c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 ("**Seller**"), and **PERGOLA HOLDING, INC.,** having an address at c/o Falcon Real Estate Investment Company, Ltd., 570 Lexington Avenue, 32nd Floor, New York, New York 10022 ("**Purchaser**").

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

ARTICLE I
DEFINITIONS

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

"Access Agreement" means that certain Agreement for the provision of cable television services to Property between Seller and CSC TKR, Inc., D/B/A Cablevision of Morris, dated June 12, 2003.

"Accommodating Party" has the meaning ascribed to such term in Section 10.7.

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

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

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

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

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

"Certificate as to Foreign Status" has the meaning ascribed to such term in Section 10.3(g) and shall be in the form attached as **Exhibit J**.

"Certifying Person" has the meaning ascribed to such term in Section 4.3(a).

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

"Closing Date" means the date on which the Closing of the transaction contemplated hereby actually occurs.

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

"Closing Surviving Obligations" means the rights, liabilities and obligations set forth in Sections 3.2, 4.3, 5.2, 5.4, 7.1(d), 8.1(a), (b), (c) and (e), 8.2, 8.3, 10.4, 10.6, 11.1, 11.2, 16.1, 18.3 and 18.9 and Article XIV, and any other provisions which pursuant to their terms survive the Closing hereunder.

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

"Confidentiality Agreement" means that certain Confidentiality Agreement dated July 6, 2004 between Falcon Real Estate Investment Company, Ltd. and Broker.

"Corporate Authority" has the meaning ascribed to such term in Section 8.1.

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

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

"**Deposit Delivery Date**" has the meaning ascribed to such term in Section 4.1(a).

"**Detention Pond Annual Actions**" has the meaning ascribed to such term in Section 7.1(d).

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

"**Drainage Agreement**" has the meaning ascribed to such term in Section 7.1(d).

"Earnest Money Deposit" has the meaning ascribed to such term in Section 4.1.

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

"Environmental Laws" means each and every applicable federal, state, county and municipal statute, ordinance, rule, regulation, code, order, requirement, directive, and binding written policy pertaining to Hazardous Substances issued by any Authorities and in effect as of the date of this Agreement with respect to or which otherwise pertains to or affects the Real Property or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Real Property or the Improvements, or any portion thereof, or Purchaser, and as same have been amended, modified or supplemented from time to time prior to the Effective Date, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon Gas and Indoor Air Quality Research Act of 1986 (42 U.S.C. § 7401 et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.)

the New Jersey Environmental Rights Act (N.J.S.A. 2A:35A-1 et seq.), the New Jersey Air Pollution Control Act (N.J.S.A. 26:2C-1 et seq.), the Hazardous Substances Discharge: Reports and Notices Act (N.J.S.A. 13:1K-15 et seq.), the Industrial Site Recovery Act (N.J.S.A. 13:1K-6 et seq.), the New Jersey Underground Storage of Hazardous Substances Ace (N.J.S.A. 58:10A-21 et seq.) (collectively, the **"Environmental Statutes**"), and any and all rules and regulations which have become effective prior to the date of this Agreement under any and all of the Environmental Statutes.

"Escrow Agent" means the Title Company as hereinafter defined.

"Exchanging Party" has the meaning ascribed to such term in Section 10.7.

"**Existing Legal Discrepancy**" has the meaning ascribed to such term in Section 6.1.

"Existing Survey" means Seller's existing survey of the Real Property dated October 31, 1997, prepared by Kennon Surveying Services, Inc.

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

"Hazardous Substances" means (a) asbestos, radon gas and urea formaldehyde foam insulation, (b) any solid, liquid, gaseous or thermal contaminant, including smoke vapor, soot, fumes, acids, alkalis, chemicals, petroleum products or byproducts, polychlorinated biphenyls, phosphates, lead or other heavy metals and chlorine, (c) any solid or liquid waste (including, without limitation, hazardous waste), hazardous air pollutant, hazardous substance, hazardous chemical substance and mixture, toxic substance, pollutant, pollution, regulated substance and contaminant, and (d) any other chemical, material or substance; to the extent that the presence of or exposure to the substances listed in (a), (b), (c) or (d) above is prohibited, limited or regulated by any Environmental Laws.

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

"Intangible Property" has the meaning ascribed to such term in Section 2.1(g).

"Lease Schedule" has the meaning ascribed to such term in Section 5.2(a) and is attached as **Exhibit F**.

"Leases" means the lease and other agreements entered into by Seller (or a predecessor-in-interest) as landlord with respect to the use and occupancy of the Property, together with all amendments, renewals and modifications thereof, if any, and all guaranties thereof, if any, shown on the Lease Schedule.

"Licensee Parties" means Purchaser and its authorized agents and representatives.

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

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

"**Permitted Parties**" has the meaning ascribed to such term in Section 12.1.

"Personal Property" means all of Seller's right, title and interest, if any, in and to all equipment, appliances, tools, supplies, machinery, artwork, furnishings and other tangible personal property attached to, appurtenant to, located in and used exclusively in connection with the ownership or operation of the Improvements and situated at the Property at the time of Closing together with all books, records and files of Seller relating to the Real Property, Improvements and the Leases, and all keys and security cards to the Real Property and Improvements in Seller's possession. Notwithstanding the preceding sentence, "Personal Property" shall not include (a) any proprietary or confidential materials, or (b) any property owned by tenants or others.

"**Pond**" has the meaning ascribed to such term in Section 7.1(d).

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

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

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

"Purchaser's Affiliates" means any past, present or future: (i) shareholder, partner, member, manager or owner of Purchaser (ii) entity that, directly or indirectly, controls, is controlled by or is under common control with Purchaser and (iii) the heirs, executors, administrators, successors and assigns of any or all of the foregoing.

"Real Property" means that certain parcel or parcels of real property located at 340 Mt. Kemble Avenue, Morris Township, New Jersey as more particularly described on the legal description attached hereto and made a part hereof as **Exhibit D**, together with all of Seller's right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller's right, title and interest in and to the adjacent streets, alleys, right-of-ways and strips or gores of land, and any easement rights, air rights, subsurface development rights and water rights.

"Recognized Terrorist" has the meaning ascribed to such term in Section 8.2(a).

"Rental" has the meaning ascribed to such term in Section 10.4(b), and same are "**Delinquent**" in accordance with the meaning ascribed to such term in Section 10.4(b).

"**Required Exceptions**" has the meaning ascribed to such term in Section 6.3(b).

"Scheduled Closing Date" means September 30, 2004.

"Seller's Affiliates" means any past, present or future: (i) shareholder, partner, member, manager or owner of Seller; (ii) entity that, directly or indirectly, controls, is controlled by or is under common control with Seller and (iii) the heirs, executors, administrators, personal or legal representatives, successors and assigns of any or all of the foregoing.

"Seller's Knowledge" means the present **actual** (as opposed to constructive or imputed) knowledge solely of Albert Spring, Vice President of Operations, and John DeCaro, Property Manager, of Mack-Cali Realty Corporation, without any independent investigation or inquiry whatsoever.

"Significant Portion" means, for purposes of the casualty provisions set forth in Article XI hereof, damage by fire or other casualty to the Real Property and the Improvements or a portion thereof, (a) the cost of which to repair would exceed Five Million Dollars ($5,000,000) in the aggregate, or (b) which would allow the Tenant to terminate its Leases.

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

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

"Tenant"means AT&T Corp.

"Termination Surviving Obligations" means the rights, liabilities and obligations set forth in Sections 5.4, 12.1, 16.1, 18.3 and 18.9, and Articles XIII and XIV, and any other provisions which pursuant to their terms survive any termination of this Agreement.

"Title Commitment" has the meaning ascribed to such term in Section 6.2(a).

"Title Company" means Commonwealth Land Title Insurance Company having an address at 655 Third Avenue, 11th Floor, New York, New York 10017, Attention: Peter G. Doyle, or any other title insurance company or title companies designated by Purchaser after the date hereof.

"Title Objections" has the meaning ascribed to such term in Section 6.2(a).

"Title Policy" has the meaning ascribed to such term in Section 6.2(a).

"**Township**" has the meaning ascribed to such term in Section 7.1(d).

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

"**Voluntary New Title Defect**" has the meaning ascribed to such term in Section 6.2(a).

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

ARTICLE II
AGREEMENT OF PURCHASE AND SALE

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

(a) the Real Property;

(b) the Improvements;

(c) the Personal Property;

(d) all of Seller's right, title and interest as lessor in and to the Leases;

(e) to the extent assignable, the Licenses and Permits;

(f) the Access Agreement; and

(g) all of Seller's right, title and interest, to the extent assignable or transferable, in and to (i) the rights of Seller (if any) to the name "Kemble Plaza I"; (ii) any goodwill related to the Property; (iii) any guaranties and warranties in effect with respect to any portion of the Real Property, Improvements or the Personal Property; (iv) the plans and specifications prepared in connection with the construction of the Improvements, including, but not limited to, "as built" plans and specifications; (v) all booklets and manuals, advertising materials, utility contracts, telephone exchange numbers (if any); and (vi) all other intangible rights, titles, interests, privileges and appurtenances owned by Seller and related to or used exclusively in connection with the ownership, use or operation of the Real Property, the Improvements, Personal Property, or Leases, but specifically excluding any proprietary or confidential materials and any property that serves or is used in connection with any property other than the Property (all of the foregoing being collectively referred to herein as the "**Intangible Property**"). Purchaser and Seller acknowledge and agree that the only Personal Property included in this sale are keys and security cards to the Real Property.

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

ARTICLE III
CONSIDERATION

Section 3.1 **Purchase Price.** The purchase price for the Property (the "**Purchase Price**") shall be SEVENTY-SEVEN MILLION DOLLARS ($77,000,000) in lawful currency of the United States of America, payable as provided in Section 3.3**. No portion of the Purchase Price shall be allocated to the Personal Property**

Section 3.2 **Assumption of Obligations.** As additional consideration for the purchase and sale of the Property, at Closing Purchaser will assume all of the covenants and obligations of Seller pursuant to the Leases, Access Agreement, Licenses and Permits and the Intangible Property, which are to be performed subsequent to the Closing Date. Seller shall be liable for and shall satisfy all of the obligations of Seller pursuant to the Access Agreement, the Licenses and Permits, the Intangible Property, and, except as set forth in Section 5.2 and 10.4(e), the Leases, that are to be performed prior to Closing, except to the extent credit is given to Purchaser at Closing for the cost of any such obligations that Seller has not performed prior to Closing (in which event, Purchaser shall assume such obligations).

Section 3.3 **Method of Payment of Purchase Price.** No later than 1:00 p.m. Eastern Time on the Closing Date, Purchaser shall pay to Seller the Purchase Price (less the Earnest Money Deposit), together with all other costs and amounts to be paid by Purchaser at the Closing pursuant to the terms of this Agreement ("**Purchaser's Costs**"), by Federal Reserve wire transfer of immediately available funds to the account of Escrow Agent, subject to adjustments and prorations set forth herein. Escrow Agent, following authorization and instruction by the parties at Closing, shall (i) pay to Seller by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price subject to adjustments and prorations set forth herein, less any costs or other amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, (ii) pay to the appropriate payees out of the proceeds of Closing payable to Seller all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (iii) pay Purchaser's Costs to the appropriate payees at Closing pursuant to the terms of this Agreement. All such costs and payments shall be set forth on the Closing Statement executed by the parties at closing.

ARTICLE IV
EARNEST MONEY DEPOSIT
AND ESCROW INSTRUCTIONS

Section 4.1 **The Earnest Money Deposit; Failure to Make Deposit.** Within three (3) Business Days of the execution and delivery of this Agreement by Purchaser (the "**Deposit Delivery Date**"), Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of Three Million Dollars ($3,000,000) as the earnest money deposit on account of the Purchase Price (together with any interest earned thereon, the **"Earnest Money Deposit"**). In the event Purchaser shall fail to post the Earnest Money Deposit on or before the Deposit Delivery Date, then Purchaser shall be deemed in default of this Agreement, and Seller shall be entitled to exercise those remedies contained in Section 13.2 below which remedies shall include, for purposes of this such default only, the right to institute suit against Purchaser to collect liquidated damages in an amount equal to the required Earnest Money Deposit not made.

Section 4.2 **Escrow Instructions**. The Earnest Money Deposit shall be held in escrow by the Escrow Agent in an interest-bearing account, in accordance with the provisions of Article XVII. The Earnest Money Deposit and the interest earned thereon are non-refundable to Purchaser, except as otherwise expressly provided in this Agreement.

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

(a) The Escrow Agent agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, and Seller and Purchaser hereby designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e)of the Code (the **"Certifying Person"**).

(b) Seller and Purchaser each hereby agree:

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

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

ARTICLE V

INSPECTION OF PROPERTY

Section 5.1 **Evaluation Completed**. Purchaser acknowledges that it has completed its investigation and inspection of the Property to its satisfaction and has accepted the condition and circumstances of the Property as they currently exist.

Section 5.2 **Roof Replacement Agreement**. Seller and Purchaser acknowledge that the landlord under the Lease with Tenant has the obligation to install a new roof on the building constituting a portion of the Improvements (the "**Roof Replacement**"), and that such work shall not be completed by Closing. Accordingly, Seller and Purchaser hereby mutually approve those contractors listed on **Exhibit C** attached hereto as acceptable contractors for the Roof Replacement. Seller, on or before Closing, will negotiate a form guaranteed maximum price contract (the "**Roof Replacement Agreement**") with any one of such contractors with such warranties and other provisions as shall be reasonably acceptable to Purchaser, which Purchaser shall execute at the Closing (the "GMP"). Notwithstanding Purchaser's execution of the Roof Replacement Agreement, Seller shall oversee the Roof Replacement work and shall consult with Purchaser as necessary, but not less than on a weekly basis, to advise Purchaser as to the status and progress of such work. In addition, any changes to the GMP shall require Purchaser's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. At Closing, Seller shall deposit in to escrow an amount equal to 110% of the cost set forth in the GMP (the "**Roof Replacement Deposit**"), which shall be held by Escrow Agent pursuant to Escrow Instructions executed by Seller and Purchaser which will, among other things, provide for (a) the release of funds to pay for the Roof Replacement under the GMP, and (b) the return on monies on deposit to Seller after completion of the Roof Replacement under the GMP. However, and notwithstanding the deposit of the Roof Replacement Deposit in to escrow, Seller shall be responsible for all costs incurred in connection with the Roof Replacement and, to the extent that the Roof Replacement Deposit is insufficient, Seller shall pay the same to Purchaser promptly (but no more than 15 days) after notice to Seller of such additional costs.

Section 5.3 **Intentionally Omitted.**

Section 5.4 **Sale "As Is."** **THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND PURCHASER. THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF SELLER AND PURCHASER, AND PURCHASER HAD THE RIGHT TO CONDUCT ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. OTHER THAN THE MATTERS EXPRESSLY REPRESENTED BY SELLER IN THIS AGREEMENT OR THE CLOSING DOCUMENTS, BY WHICH ALL OF THE FOLLOWING PROVISIONS OF THIS SECTION 5.4 ARE LIMITED, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ANY OF SELLER'S AGENTS OR REPRESENTATIVES, AND PURCHASER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE.**

SELLER SPECIFICALLY DISCLAIMS, AND NEITHER SELLER NOR ANY OF SELLER'S AFFILIATES IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO PURCHASER, AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY PURCHASER WITH RESPECT TO THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (e) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, (f) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY AND (g) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, INCLUDING WITHOUT LIMITATION ENVIRONMENTAL LAWS, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR ANY OF THE CLOSING DOCUMENTS, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS," WITH ALL FAULTS, AND SUBJECT TO REASONABLE WEAR AND TEAR BETWEEN THE DATE HEREOF AND CLOSING. PURCHASER REPRESENTS THAT IT IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED PURCHASER OF REAL ESTATE, AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER'S CONSULTANTS IN PURCHASING THE PROPERTY. PURCHASER HAS BEEN GIVEN A SUFFICIENT OPPORTUNITY HEREIN TO CONDUCT AND HAS CONDUCTED SUCH INSPECTIONS, INVESTIGATIONS AND OTHER INDEPENDENT EXAMINATIONS OF THE PROPERTY AND RELATED MATTERS AS PURCHASER DEEMS NECESSARY, INCLUDING BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND WILL RELY UPON SAME AND NOT UPON ANY STATEMENTS OF SELLER (EXCLUDING THE LIMITED MATTERS REPRESENTED BY SELLER IN THIS AGREEMENT OR ANY OF THE CLOSING DOCUMENTS INCLUDING, WITHOUT LIMITATION, SECTION 8.1 HEREOF) NOR OF ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF SELLER. PURCHASER ACKNOWLEDGES THAT ALL INFORMATION OBTAINED BY PURCHASER WAS OBTAINED FROM A VARIETY OF SOURCES, AND, EXCEPT FOR MATTERS EXPRESSLY REPRESENTED BY SELLER IN THIS AGREEMENT OR THE CLOSING DOCUMENTS, SELLER WILL NOT BE DEEMED TO HAVE REPRESENTED OR WARRANTED THE COMPLETENESS, TRUTH OR ACCURACY OF ANY OF THE DOCUMENTS OR OTHER SUCH INFORMATION HERETOFORE OR HEREAFTER FURNISHED TO PURCHASER. UPON CLOSING, PURCHASER WILL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. PURCHASER ACKNOWLEDGES AND AGREES THAT, UPON CLOSING, SELLER WILL SELL AND CONVEY TO PURCHASER, AND PURCHASER WILL ACCEPT THE PROPERTY, "AS IS, WHERE IS," WITH ALL FAULTS SUBJECT TO SELLER'S AGREEMENTS CONTAINED IN THIS AGREEMENT OR IN ANY DOCUMENT DELIVERED AT CLOSING. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER, ANY AGENT OF SELLER OR ANY THIRD PARTY. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH OR REFERRED TO HEREIN OR IN THE CLOSING DOCUMENTS. PURCHASER ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS THE "AS IS, WHERE IS" NATURE OF THIS SALE AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE PROPERTY. PURCHASER, WITH PURCHASER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT AND UNDERSTANDS THEIR SIGNIFICANCE AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO PURCHASER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT.

PURCHASER AND PURCHASER'S AFFILIATES FURTHER COVENANT AND AGREE NOT TO SUE SELLER AND SELLER'S AFFILIATES AND HEREBY RELEASE SELLER AND SELLER'S AFFILIATES OF AND FROM AND WAIVE ANY CLAIM OR CAUSE OF ACTION ARISING IN CONNECTION WITH THIS AGREEMENT OR THE PROPERTY (OTHER THAN THOSE CLAIMS OR CAUSES OF ACTION PURCHASER'S AFFILIATES MAY HAVE WHICH ARE UNRELATED TO THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT), INCLUDING WITHOUT LIMITATION ANY STRICT LIABILITY CLAIM OR CAUSE OF ACTION, THAT PURCHASER OR PURCHASER'S AFFILIATES MAY HAVE AGAINST SELLER OR SELLER'S AFFILIATES UNDER ANY ENVIRONMENTAL LAW, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, RELATING TO ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, OR BY VIRTUE OF ANY COMMON LAW RIGHT, NOW EXISTING OR HEREAFTER CREATED, RELATED TO ENVIRONMENTAL CONDITIONS OR ENVIRONMENTAL MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY. THE TERMS AND CONDITIONS OF THIS SECTION 5.4 WILL EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT OR THE CLOSING, AS THE CASE MAY BE, AND WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND ARE HEREBY DEEMED INCORPORATED INTO THE DEED AS FULLY AS IF SET FORTH AT LENGTH THEREIN.

ARTICLE VI
TITLE AND SURVEY MATTERS

Section 6.1 **Survey**. Purchaser acknowledges receipt of the Existing Survey, and that Purchaser has reviewed and accepted all of the matters shown on the Existing Survey with the exception of a discrepancy between the metes and bounds legal description included on the Survey and the metes and bounds legal description included on the Title Commitment in that the Title Commitment contains one course and call within the metes and bounds description that is not included on the Existing Survey (the "**Existing Legal Discrepancy**"). Any modification, update or recertification of the Existing Survey shall be at Purchaser's election and sole cost and expense. The Existing Survey together with any update Purchaser has elected to obtain, if any, is herein referred to as the **"Updated Survey**."

Section 6.2 **Title Commitment.**

(a) Purchaser acknowledges receipt of that certain title insurance commitment issued by the Commonwealth Land Title Insurance Company under Commitment No. S-04 0425 (the "**Title Commitment**"), that Purchaser and Seller have reviewed all of the matters shown on the Title Commitment, and agree that the state of title shown on the pro forma title policy attached hereto as **Exhibit G** so long as the Existing Legal Discrepancy is resolved constitutes an acceptable state of title to be conveyed by Seller to Purchaser at Closing and that the exceptions noted thereon constitute Permitted Exceptions (subject, however, to Purchaser obtaining the Updated Survey and providing the same to the Title Company as required by the pro forma title policy). By the date (the "**New Objection Date**") which is five (5) Business Days after Purchaser's counsel receives notice of any new exception to the title to the Real Property raised by the Title Company after the effective date of the Title Commitment and prior to the Closing (or as promptly as possible prior to the Closing if such notice is received with less than five (5) Business Days prior to the Closing), Purchaser shall provide Seller with written notice of its objection to such new exception if Purchaser deems same unacceptable ("**Title Objections**"). Seller covenants and agrees that neither it nor Seller's Affiliates shall voluntarily place or allow any defects, objections or exceptions to title to the Property after the date of the Title Commitment without Purchaser's consent, which consent may be granted or withheld in Purchaser's sole discretion (a "**Voluntary New Title Defect**"). In the event Seller does not receive the Title Objections by the New Objection Date, Purchaser will be deemed to have accepted the exceptions to title set forth on any updates to the Title Commitment as Permitted Exceptions. **Exhibit G** constitutes a preliminary title report or title commitment, by the terms of which the Title Company agrees to issue to Purchaser at Closing, at Purchaser's sole cost and expense, an owner's policy of title insurance (the **"Title Policy**") in the amount of the Purchase Price on the then standard ALTA owner's form insuring Purchaser's fee simple title to the Real Property, subject to the terms of such policy and the exceptions described therein (including, without limitation, the standard or general exceptions). Subject to this Section 6.2(a), all matters shown on the Existing Survey and the exceptions shown on **Exhibit G** (collectively, the "**Permitted Exceptions**") are conclusively deemed to be acceptable to Purchaser.

(b) All taxes, water rates or charges, sewer rents and assessments due and payable with respect to 2004 and all previous years on the Closing Date which are liens against the Real Property and which Seller is obligated to pay and discharge will be credited against the Purchase Price (subject to the provision for apportionment of taxes, water rates and sewer rents herein contained) and shall not be deemed a Title Objection. Notwithstanding the foregoing, to the extent that Tenant is obligated to pay such items under the Leases, such items shall not be adjusted between the parties at Closing or credited against the Purchase Price. If on the Closing Date there shall be financing statements evidencing security interests filed against the Property, such items shall not be Title Objections if (i) such personal property or fixtures are the property of a Tenant, and Seller executes and delivers an affidavit to such effect, or (ii) the financing statement was filed more than five (5) years prior to the Closing Date and was not renewed. Any other financing statements filed against the Property which exist on the Closing Date will be removed by Seller.

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

(d) No franchise, transfer, inheritance, income, corporate or other tax open, levied or imposed against Seller or any former owner of the Property, that may be a lien against the Property on the Closing Date, shall be an objection to title if the Title Company omits such exception to the tile policy, and provided further that Seller deposits with the Title Company a sum reasonably sufficient to secure a release of the Property from the lien thereof. If a search of title discloses judgments, bankruptcies, or other returns against other persons having names the same as or similar to that of Seller, Seller will deliver to Purchaser and the Title Company an affidavit stating that such judgments, bankruptcies or other returns do not apply to Seller, and such search results shall not be deemed Title Objections so long as Title Company agrees to omit all such exceptions from the Title Policy.

Section 6.3 **Title Defect.**

(a) In the event Seller receives any Title Objection (collectively and individually, a "**Title Defect**") within the time periods required under Section 6.2 above, Seller shall remove any Required Exceptions (as hereinafter defined) and may elect (but shall not be obligated) to attempt to remove, or cause to be removed at its expense, any other Title Defect, and shall provide Purchaser with notice, within ten (10) days of its receipt of any such objection, of its intention to cure any such Title Defect that is not a Required Exception. Seller's failure to reply within such 10 day period shall be deemed an election by Seller to cause the Title Defects to be removed. If Seller is obligated or elects to attempt to cure any Title Defect, the Scheduled Closing Date shall be extended, for a period not to exceed thirty (30) days, for the purpose of attempting such removal. In the event that Seller elects not to attempt to cure any such Title Defect other than a Required Exception, Seller shall so advise Purchaser and Purchaser shall have the right to terminate this Agreement and receive a refund of the Earnest Money Deposit, together with all interest which has accrued thereon, or to waive such Title Defect and proceed to the Closing. Purchaser shall make such election within ten (10) days of receipt of Seller's notice. If Purchaser elects to proceed to the Closing, any Title Defects waived by Purchaser shall be deemed Permitted Exceptions. In any such event of termination, neither party shall have any further obligation to the other under this Agreement except for the Termination Surviving Obligations. If Seller is unable to timely cure any Required Exception or any other Title Defect which Seller elects or is deemed to elect to remove within any period elected by Seller shall be deemed a default by Seller hereunder.

(b) Notwithstanding any provision of this Article VI to the contrary, Seller will be obligated to cure exceptions to title to the Property, in the manner described above, relating to liens and security interests securing any financings to Seller, any mechanic's liens resulting from work at the Property commissioned by Seller, and any Voluntary New Title Defect (collectively the "Required Exceptions").

ARTICLE VII
INTERIM OPERATING COVENANTS, ESTOPPELS AND SNDA

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

(a) **Operations**. From the Effective Date until Closing, continue to operate and manage the Improvements in the ordinary course of Seller's business and substantially in accordance with Seller's present practice, subject to ordinary wear and tear and further subject to Article XI (Condemnation and Casualty) of this Agreement. From the Effective Date through the Closing, Seller shall not amend or terminate any existing Lease or enter into any new Lease or any leasing commissions agreement. In addition, Seller shall not enter in to any service contract or any other agreement with respect to the Property where work to be undertaken under any such service contract or other agreement will not be completed prior to Closing or which cannot be terminated upon a sale of the Property or thirty (30) days notice without Purchaser's prior written consent, which may be given or denied in Purchaser's sole discretion.

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

(c) **Notices**. To the extent received by Seller, from the Effective Date until Closing, promptly deliver to Purchaser copies of written default notices, notices of lawsuits, notices of violations affecting the Property, notices of any pending or threatened condemnation proceeding, written notices that Tenant intends to vacate any portion of the Property prior to the expiration of the term of the Lease and shall promptly notify Purchaser of any significant casualty that occurs with respect to any portion of the Property or if Seller receives written notice that any bankruptcy or similar proceedings have been filed against Tenant or Tenant has filed for protection under bankruptcy or similar laws.

(d) **Pond Inspection and Certification.** The parties acknowledge that, pursuant to an agreement (the "**Drainage Agreement**"), dated May 14, 1980, between Mack Properties Co. No. 4 and the Township of Morris (the "**Township**"), the owner of the Property has an annual obligation to cause a New Jersey licensed engineer to inspect and test the retention pond (the "**Pond**") on the Property and to deliver the results of such tests to the Township's engineer. If such tests disclose a reduction in storage capacity or sediment accumulation that exceeds the levels set forth in the Drainage Agreement, the owner of the Property must perform restoration to the Pond as set forth in the Drainage Agreement (all of such required action is hereinafter referred to as the "**Detention Pond Annual Actions**".) Seller believes that it is the Tenant's responsibility under the Leases to perform the Detention Pond Annual Actions. On or before Closing, Seller will deliver to Purchaser a written acknowledgement from Tenant confirming that Tenant has the obligation under the Leases to perform the Detention Pond Annual Actions. In the event that Seller cannot deliver such a certification, then Seller shall be obligated to perform the Detention Pond Annual Actions for the current year at its sole cost and expense. If such Detention Pond Annual Actions cannot be completed prior to Closing, then Seller and Purchaser shall cooperate and enter into a reasonably acceptable agreement pursuant to which Seller shall promptly complete the same after Closing and, thereafter, any Detention Pond Annual Actions shall be the responsibility of Purchaser. The provisions of the subparagraph (d) shall survive Closing

Section 7.2 **Estoppel and SNDA.** (a) It will be a condition to Closing that Seller obtain from the Tenant (a) an executed estoppel certificate containing the information prescribed by the Leases (the "Tenant Estoppel"), and (b) an executed subordination, non-disturbance and attornment agreement in the form prescribed by the Leases (the "Tenant SNDA"). Notwithstanding the foregoing, Seller agrees to request, promptly upon request of Purchaser, that Tenant execute an estoppel certificate in the form reasonably requested by Purchaser, and a subordination, non-disturbance and attornment agreement in the form reasonably requested by Purchaser, each of which will be hereafter provided to Seller by Purchaser, and Seller shall use good faith efforts to obtain same. Seller shall not be in default of its obligations hereunder if the Tenant fails to deliver an estoppel certificate, or delivers an estoppel certificate which is not in accordance with this Agreement but Purchaser shall have the right to terminate this Agreement and receive a return of the Deposit if Seller in unable to deliver the Tenant Estoppel and the Tenant SNDA with the information or in the form required by the Leases with no material revisions.

ARTICLE VIII
REPRESENTATIONS AND WARRANTIES

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

(a) **Status**. Seller is a limited liability company, duly organized and validly existing under the laws of the State of New Jersey.

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

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

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

(e) **Non-Foreign Entity**. Seller is not a "foreign person" or "foreign corporation" as those terms are defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(f) **Tenants**. As of the date of this Agreement, the only direct tenant of the Property is Tenant under the Leases listed on the Lease Schedule listed on **Exhibit F**. To the Seller's Knowledge, there exist no sub-tenancies at the Property except as set forth on **Exhibit F**.

(g) **Leasing Commission Agreements**. There are no leasing commission agreements in effect with respect to the Property.

(h) **Environmental Condition.** Except as disclosed in the Seller's existing environmental reports, copies of which have been delivered or made available to Purchaser in accordance with subparagraph (i) below, to Seller's Knowledge:

(i) there are no Hazardous Substances on or affecting the Property, except those in compliance with all applicable Environmental Laws;

(ii) Seller has not received any notice from any governmental authority that Hazardous Substances have been discharged on the Property, which would allow a governmental authority to demand that a cleanup be undertaken; and

(iii) there are no underground storage tanks at the Property.

(i) **Material Documents.** Seller has made available to Purchaser at Seller's management office at 325 Columbia Turnpike, Florham Park, New Jersey, copies of all material documents in its possession relating to the Property. The Leases constitute all of the leases, tenancies or occupancies affecting the Property entered into by Seller or its predecessors and, except as contained in the Leases, Seller has not granted any party the right or option to purchase the Property or to lease or occupy any portion thereof. Seller has delivered to Purchaser true, correct and complete copies of the Leases listed on **Exhibit F.**

(j) **Service Contracts.** There are no service contracts or similar agreements for the provision of goods or services to the Property to which Seller is a party other than any such agreements entered pursuant to Section 7.1(a)

(k) **Net Worth.** Seller hereby represents, warrants, covenants and agrees that it shall maintain a minimum net worth of not less than Twenty Million Dollars ($20,000,000) for a period of not less than two (2) years following Closing.

(l) **Adverse Notices**. To Seller's Knowledge, Seller has not received any written notice (i) of a default under the Leases which remains uncured, (ii) of any violations of law against the Property issued as a result of any work or improvements undertaken by Seller or for which Seller would have an obligation to cure under the Leases, which remain open and uncured, (iii) that Tenant intends to vacate any portion of the Property prior to the expiration of the term of the Leases, or (iv) that any bankruptcy or similar proceedings have been filed against Tenant or that Tenant has filed for protection under bankruptcy or similar laws.

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

(a) **Status**. Neither Purchaser, nor any officer, director, shareholder, partner, investor or member of Purchaser is named by any Executive Order of the United States Treasury Department as a terrorist, a "Specially Designated National and Blocked Person," or any other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control (collectively, an "**Identified Terrorist**".) Purchaser is not engaging in this transaction on the behalf of, either directly or indirectly, any Identified Terrorist.

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

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

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

Section 8.3 **Survival of Representations, Warranties and Covenants.** The representations and warranties of Seller set forth in Section 8.1(d), (f), (g), (h), (i), (j) and (l) (the "Limited Survival Representations and Warranties") will survive the Closing for a period of nine (9) months, and the representations, warranties, covenants and agreements of Seller set forth in Section 8.1(k) will survive Closing for a period of two (2) years, after which time they will merge into the Deed. Purchaser will not have any right to bring any action against Seller as a result of any untruth or inaccuracy of any Limited Survival Representations and Warranties, or any such breach, unless and until the aggregate amount of all liability and losses arising out of any such untruth or inaccuracy, or any such breach, exceeds Fifty Thousand Dollars ($50,000). In addition, in no event will Seller's liability for all such breaches exceed, in the aggregate, the sum of Seven Million Seven Hundred Thousand Dollars ($7,700,000). Seller shall have no liability with respect to any such Limited Survival Representations and Warranties if, prior to the Closing, Purchaser has knowledge of any breach of such representation, warranty, certification or covenant, or any Document made available for Purchaser's review as set forth in Section 8.1(i), tenant estoppel certificate, due diligence test, investigation or inspection of the Property by Purchaser or any Licensee Party, or written disclosure by Seller or Seller's agents or employees delivered to Purchaser discloses one or more facts that conflict with any such Limited Survival Representations and Warranties, and Purchaser nevertheless consummates the transaction contemplated by this Agreement. The Closing Surviving Obligations and the Termination Surviving Obligations will survive Closing or termination of this Agreement, as applicable, without limitation unless a specified period is otherwise provided in this Agreement. All other representations, warranties, covenants and agreements made or undertaken by Seller under this Agreement, unless otherwise specifically provided herein, will not survive the Closing for nine (9) months or two (2) years, as the case may be, and will be merged into the Deed and other Closing documents delivered at the Closing.

ARTICLE IX
CONDITIONS PRECEDENT TO CLOSING

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

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

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

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

(d) Seller shall have delivered to Purchaser a letter of non-applicability from the New Jersey Department of Environmental Protection specifying that the provisions of the Industrial Site Recovery Act do not apply to the sale of this Property.

(e) Title to the Property shall be in the form as required by Article VI of this Agreement.

(f) Any Updated Survey received by Purchaser prior to the Closing Date shall not disclose any "material changes" from those conditions shown on the Existing Survey. For purposes of this sub-paragraph (e), "material changes" shall mean a condition which either (i) prevents or materially interferes with the use of the Property as it is currently being used, (ii) would result in a material lessening in the value or utility of the Property, or (iii) discloses the material violation of an easement on the Property, including the construction of any building within such easement area in violations of the terms of such easement. In addition, such Updated Survey shall correct the Existing Survey Error.

(g) It shall be a condition to Closing that the Updated Survey and the title insurance policy to be issued to Purchaser at Closing shall contain the exact same metes and bounds legal description and that the Title Company shall issue an endorsement to the title insurance policy that the property insured by such policy is the same property that is depicted on the Updated Survey. Purchaser and Seller shall cooperate to ensure that the Existing Legal Discrepancy is resolved prior to Closing. In the event that Purchaser shall be unable to resolve the discrepancy, then, upon notice of the same to Seller, Seller shall be provided with a ten (10) day period to attempt to reconcile the discrepancy and satisfy the conditions of this subparagraph (g).

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

(a) Escrow Agent shall have received the Purchase Price as adjusted pursuant to, and payable in the manner provided for, in this Agreement, and Purchaser shall have provided authority to Escrow Agent to release such amount to Seller.

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

(c) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the date of Closing

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

ARTICLE X

CLOSING

Section 10.1 **Closing**. The consummation of the transaction contemplated by this Agreement (the "Closing") by delivery of documents and payments of money shall take place at 10:00 a.m. Eastern Time on the Scheduled Closing Date at the offices of the Escrow Agent provided, however, that Seller and Purchaser shall endeavor to have all documents required hereunder executed the day prior to Closing for delivery to Escrow Agent so that neither party will have to be physically present at the Closing. At Closing, the events set forth in this Article X will occur, it being understood that the performance or tender of performance of all matters set forth in this Article X are mutually concurrent conditions which may be waived by the party for whose benefit they are intended. The acceptance of the Deed by Purchaser shall be deemed to be full performance and discharge of each and every agreement and obligation on the part of Seller to be performed hereunder other than the Closing Surviving Obligations.

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

(a) The Purchase Price, after all adjustments and prorations are made as herein provided, by Federal Reserve wire transfer of immediately available funds to the account of Escrow Agent;

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

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

(d) Evidence reasonably satisfactory to Seller that the person executing the documents delivered by Purchaser pursuant to this Section 10.2 on behalf of Purchaser has full right, power and authority to do so;

(e) Form of written notice executed by Purchaser and to be addressed and delivered to the Tenant by Purchaser in accordance with Section 10.6 herein, (i) acknowledging the sale of the Property to Purchaser, and (ii) indicating that rent should thereafter be paid to Purchaser and giving instructions therefore (the "**Tenant Notice Letter**");

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

(g) A certificate, dated as of the date of Closing, stating (i) that the representations and warranties of Purchaser contained in Section 8.2 are true and correct in all material respects as of the Closing Date or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. In the event any representation or warranty is at any time or at all times not true or correct in all respects, then Purchaser shall be deemed in default of the Agreement and Seller shall be entitled to exercise those remedies contained in Section 13.2 below;

(h) The Roof Replacement Agreement;

(i) The Escrow Agreement for the Roof Replacement Deposit; and

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

Section 10.3 **Seller's Closing Obligations**. At the Closing, Seller will deliver to Purchaser the following documents:

(a) A bargain and sale deed with covenant against the grantor's act (the **"Deed"**), duly executed and acknowledged by Seller, conveying to Purchaser the Real Property and the Improvements subject only to the Permitted Exceptions in the form attached hereto as **Exhibit E**;

(b) [Intentionally Omitted.]

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

(d) A counterpart original of an assignment and assumption of Seller's interest in the Access Agreements, the Licenses and Permits and the Intangible Property in the form attached hereto as **Exhibit A** (the "**Assignment**"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title, and interest, if any, in the Licenses and Permits, the Intangible Property and the Access Agreement;

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

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

(g) A certificate in the form attached hereto as **Exhibit J**("**Certificate as to Foreign Status**") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended;

(h) All original Leases, to the extent in Seller's possession (or copies where originals are not available), and all original Licenses and Permits and Access Agreement in Seller's possession (or copies where originals are not available), all of which may remain on site at the Property and need not be delivered to the location of the Closing;

(i) The Roof Replacement Agreement;

(j) The Tenant Estoppel and Tenant SNDA;

(k) (Intentionally Omitted);

(l) The Escrow Agreement for the Roof Replacement Deposit;

(m) A certificate, dated as of the date of Closing, stating that the representations and warranties of Seller contained in Section 8.1 are true and correct in all material respects as of the Closing Date or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. In the event any representation or warranty is at any time or at all times not true or correct in all respects, then Seller shall be deemed in default of the Agreement and Purchaser shall be entitled to exercise those remedies contained in Section 13.1 below; and

(n) An owner's affidavit in a form reasonably required by the Title Company and such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.4 Prorations.

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

(i) Rentals, in accordance with Section 10.4(b) below and other income from the Property.

(ii) Any prepaid rents.

(iii) Taxes.

(iv) All operating expenses paid by the owner of the Property.

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

(b) Purchaser will receive a credit on the Closing Statement for the prorated amount (as of the Proration Time) of all Rental previously paid to or collected by Seller and attributable to any period following the Proration Time. After the Closing, Seller will cause to be paid or turned over to Purchaser all Rental, if any, received by Seller after Closing and attributable to any period following the Proration Time. **"Rental"** as used herein includes fixed monthly rentals, additional rentals, percentage rentals, retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, telephone receipts, locker rentals, vending machine receipts and other sums and charges payable by the Tenant under the Leases or from other occupants or users of the Property. Rental is **"Delinquent"** when it was due prior to the Closing Date, and payment thereof has not been made on or before the Proration Time. Purchaser agrees to use commercially reasonable efforts with respect to the collection of any Delinquent Rental, but Purchaser will have no liability for the failure to collect any such amounts and will not be required to pursue legal action to enforce collection of any such amounts owed to Seller by Tenant. All sums collected by Purchaser from and after Closing from Tenant (excluding tenant specific billings for tenant work orders and other specific services as described in and governed by Section 10.4(c) below) will be applied first to current amounts owed by the Tenant to Purchaser and then to delinquencies owed by Tenant to Seller. Any sums due Seller will be promptly remitted to Seller. Seller shall have no rights after Closing to attempt to collect any amounts due under the Lease or to otherwise pursue Tenant.

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

(d) Notwithstanding any provision of this Section 10.4 to the contrary, Purchaser shall be responsible for all leasing commissions, tenant improvement costs or other expenditures, (collectively "**Tenant Costs**"), due with respect to (i) any Lease amendments entered into after the Closing Date; (ii) any expansions or renewals of any Leases pursuant to an option exercised after the Closing Date, and (iii) any new Lease executed on or after the Closing Date (collectively, **"New Tenant Costs"**).

(e) Notwithstanding any provision of this Section 10.4 to the contrary, Seller shall be responsible for all Tenant costs relating to that period of time up to, but not including, the Closing Date, including, without limitation, the obligation to reimburse the Tenant an amount up to One Million Nine Hundred Thirty-Five Thousand Dollars ($1,935,000) for tenant improvement costs (the "Tenant Improvement Allowance") and up to Two Hundred Thousand Dollars ($200,000) for structural repairs to a pedestrian bridge at the Real Property, upon the terms and conditions and as set forth in the Leases (the "Bridge Repair Allowance"). If either of the Tenant Improvement Allowance or the Bridge Repair Allowance have not been fully paid to Tenant (which payments shall be confirmed or denied in writing by the Tenant), Seller shall give Purchaser a credit against the Purchase Price at Closing in the amount of any Tenant Improvement Allowance and/or Bridge Repair Allowance which has not been paid to Tenant.

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

(a) Seller shall pay (i) Seller's attorney's fees; (ii) the cost of discharging any lien and other title matters required to be discharged by Seller under this Agreement or which Seller elects to discharge under this Agreement; (iii) one-half (1/2) of escrow fees, if any; (iv) all realty transfer fees including, without limitation, all state, county and local transfer taxes, and (v) the Broker's commission.

(b) Purchaser shall pay (i) the costs of recording the Deed to the Property and all other documents other than as set forth in subparagraph (a) above; (ii) the cost of the premium for the Title Policy and customary title searches, endorsements, and the costs of the modification or deletion of the survey exception to the Title Policy that are desired by Purchaser; (iii) all premiums and other costs for any mortgagee policy of title insurance, if any, including but not limited to any endorsements; (iv) Purchaser's attorney's fees; (v) one-half (1/2) of escrow fees, if any; and (vi) the costs of the Updated Survey, as provided for in Section 6.1.

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

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

Section 10.7 **Like-Kind Exchange.** Seller and Purchaser each hereby acknowledge that the other (the "Exchanging Party") may now or hereafter desire to enter into a partially or completely nontaxable exchange (a "Section 1031 Exchange") involving the Property under Section 1031 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. In connection therewith, and notwithstanding anything herein to the contrary, the non-Exchanging Party (the "Accommodating Party") shall cooperate with the Exchanging Party and shall take, and consent to the Exchanging Party taking, any action in furtherance of effectuating a Section 1031 Exchange (including, without limitation, any action undertaken pursuant to Revenue Procedure 2000-37, 2000-40 IRB, as may hereafter be amended or revised (the "Revenue Procedure")), including, without limitation, (a) permitting the Exchanging Party or an "exchange accommodation titleholder" (within the meaning of the Revenue Procedure) ("EAT") to assign, or cause the assignment of, this Agreement and all of the Exchanging Party's rights hereunder with respect to any or all of the Property to a "qualified intermediary" (as defined in Treasury Regulations Section 1.1031(k)-1(g)(4)(iii)) (a "QI"); (b) permitting the Exchanging Party to assign this Agreement and all of the Exchanging Party'srights and obligations hereunder with respect to any or all of the Property and/or to convey, transfer or sell any or all of the Property, to (i) an EAT; (ii) any one or more limited liability companies ("LLCs") that are wholly-owned by an EAT; or (iii) any one or more LLCs that are wholly-owned by the Exchanging Party and/or any affiliate of the Exchanging Party and to thereafter permit the Exchanging Party to assign its interest in such one or more LLCs to an EAT; and (c) pursuant to the terms of this Agreement, having any or all of the Property conveyed by an EAT or any one or more of the LLCs referred to in (b)(ii) or (b)(iii) above, and allowing for the consideration therefor to be paid by an EAT, any such LLC or a QI; provided, however, that (1) the Accommodating Party shall not be required to delay the Closing; (2) the Exchanging Party shall provide whatever safeguards are reasonably requested by the Accommodating Party, and not inconsistent with the Exchanging Party's desire to effectuate a Section 1031 Exchange involving any of the Property,to ensure that all of the Exchanging Party's obligations under this Agreement shall be satisfied in accordance with the terms thereof, (3) the Accommodating Party shall incur no liability as a result thereof, and (3) the Exchanging Party shall pay all out of pocket expenses reasonably incurred by the Accommodating Party in connection with the Accommodating Party's obligations under this Section 10.7.

ARTICLE XI
CONDEMNATION AND CASUALTY

Section 11.1 **Casualty**. If, prior to the Closing Date, all or a Significant Portion of the Real Property and Improvements is destroyed or damaged by fire or other casualty, Seller will notify Purchaser of such casualty. Purchaser will have the option to terminate this Agreement upon notice to Seller given not later than twenty (20) days after receipt of Seller's notice. If this Agreement is terminated, the Earnest Money Deposit and all interest accrued thereon will be returned to Purchaser and thereafter neither Seller nor Purchaser will have any further rights or obligations to the other hereunder except with respect to the Termination Surviving Obligations. If Purchaser does not elect to terminate this Agreement or less than a Significant Portion of the Real Property and Improvements is destroyed or damaged as aforesaid, Seller will not be obligated to repair such damage or destruction but (a) Seller will assign and turn over to Purchaser any insurance proceeds actually received by Seller net of reasonable collection costs (or if such have not been awarded, all of its right, title and interest therein) with respect to such fire or other casualty together with any deductible payable by Seller under such insurance or received from Tenant, and (b) the parties will proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price.

Section 11.2 **Condemnation of Property**. In the event of prior to Closing there occurs (a) any condemnation or sale in lieu of condemnation (or notice of either) of all of the Property; or (b) any condemnation or sale in lieu of condemnation (or notice of either) of greater than ten percent (10%) of the fair market value of the Property; or (c) any condemnation or sale in lieu of condemnation (or notice of either) that would give Tenant the right to terminate its Lease, Seller will notify Purchaser of such notice of or condemnation or sale in lieu of condemnation, Purchaser will have the option, to be exercised within twenty (20) days after receipt of notice of such condemnation or sale, of terminating Purchaser's obligations under this Agreement, or electing to have this Agreement remain in full force and effect. In the event that either (i) Purchaser is not entitled to terminate this Agreement pursuant to the foregoing terms of this Section 11.2, or (ii) Purchaser does not terminate this Agreement pursuant to the preceding sentence, Seller will assign to Purchaser any and all claims for the proceeds of such condemnation or sale to the extent the same are applicable to the Property, and Purchaser will take title to the Property with the assignment of such proceeds and subject to such condemnation and without reduction of the Purchase Price. Should Purchaser elect to terminate Purchaser's obligations under this Agreement under the provisions of this Section 11.2, the Earnest Money Deposit and any interest thereon will be returned to Purchaser and neither Seller nor Purchaser will have any further obligation under this Agreement, except for the Termination Surviving Obligations.

ARTICLE XII
CONFIDENTIALITY

Section 12.1 **Confidentiality**. Except as hereinafter permitted, Seller and Purchaser each expressly acknowledge and agree that prior to Closing, the transactions contemplated by this Agreement and the terms, conditions, and negotiations concerning the same will be held in the strictest confidence by each of them and will not be

disclosed by either of them except to their respective legal counsel, accountants, consultants, officers, partners, directors, shareholders, members, brokers, consultants, potential lenders, investors and potential investors and other Licensee Parties, and except and only to the extent that such disclosure may be necessary for their respective performances hereunder (collectively, the "Permitted Parties"). Prior to making such information available to the Permitted Parties, Seller and Purchaser, as the case may be, will advise them of the confidential nature of the same. Notwithstanding the foregoing, Purchaser understands and agrees that Seller intends to immediately announce to the public the existence of the Agreement and certain of its basic provisions, including the Purchase Price, but will not disclose the name of the Purchaser prior to Closing without Purchaser's consent or as otherwise provided herein. Except as expressly provided in this Agreement, Purchaser further acknowledges and agrees that, unless and until the Closing occurs, all information obtained by Purchaser in connection with the Property will not be disclosed by Purchaser to any third persons other than Permitted Parties without the prior written consent of Seller. Nothing contained in this Article XII will preclude or limit either party to this Agreement from issuing a press release or making other disclosures with respect to any information otherwise deemed confidential under this Article XII (a) in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or (b) required by law or (c) required by rule or regulation of the Securities and Exchange Commission or the New York Stock Exchange, including without limitation in any filings required by a governmental authority. In determining whether a disclosure contemplated in the preceding sentence is required by law or by rule or regulation of the Securities and Exchange Commission or the New York Stock Exchange, the disclosing party is entitled to rely upon the written advice of counsel. Nothing in this Article XII will negate, supersede or otherwise affect the obligations of the parties under the Confidentiality Agreement, and the provisions of this Article XII will survive the termination of this Agreement.

ARTICLE XIII
REMEDIES

Section 13.1 Default by Seller. In the event the Closing and the transactions contemplated hereby do not occur as herein provided by reason of any default of Seller, Purchaser may, as Purchaser's sole and exclusive remedy, elect by notice to Seller within thirty (30) days following the Scheduled Closing Date, either of the following: (a) terminate this Agreement, in which event Purchaser will receive from the Escrow Agent the Earnest Money Deposit, together with all interest accrued thereon whereupon Seller and Purchaser will have no further rights or obligations under this Agreement, except with respect to the Termination Surviving Obligations; or (b) seek to enforce specific performance of Seller's obligations hereunder. Except as set forth below, Purchaser expressly waives its rights to seek damages in the event of Seller's default hereunder. Purchaser shall be deemed to have elected to terminate this Agreement and receive back the Earnest Money Deposit if Purchaser fails to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located on or before thirty (30) days following the Scheduled Closing Date. Notwithstanding the foregoing, (i) nothing contained in this Section 13.1 will limit Purchaser's remedies at law, in equity or as herein provided in pursuing remedies for a breach by Seller of any of the Termination Surviving Obligations, and (ii) should the right of specific performance be unavailable to Purchaser through no fault or action on the part of the Purchaser or Purchaser's Affiliates, then Purchaser shall have the right to recover from Seller damages in an amount equal to all actual out-of-pocket third party costs incurred by Purchaser in connection with the transaction contemplated by this Agreement up to a maximum aggregate amount of Three Million Dollars ($3,000,000).

Section 13.2 Default by Purchaser. In the event the Closing and the consummation of the transactions contemplated herein do not occur as provided herein by reason of any default of Purchaser, Purchaser and Seller agree it would be impractical and extremely difficult to fix the damages which Seller may suffer. Purchaser and Seller hereby agree that (a) an amount equal to the Earnest Money Deposit, together with all interest accrued thereon, is a reasonable estimate of the total net detriment Seller would suffer in the event Purchaser defaults and fails to complete the purchase of the Property, and (b) such amount will be the full, agreed and liquidated damages for Purchaser's default and failure to complete the purchase of the Property, and will be Seller's sole and exclusive remedy (whether at law or in equity) for any default of Purchaser resulting in the failure of consummation of the Closing, whereupon this Agreement will terminate and Seller and Purchaser will have no further rights or obligations hereunder, except with respect to the Termination Surviving Obligations. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty but is intended to constitute liquidated damages to Seller. Notwithstanding the foregoing, nothing contained herein will limit Seller's remedies at law, in equity or as herein provided in the event of a breach by Purchaser of any of the Termination Surviving Obligations.

ARTICLE XIV
NOTICES

Section 14.1 Notices.

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

If to Purchaser:
c/o Falcon Real Estate Investment Company
570 Lexington Avenue, 32nd Floor
New York, NY 10022
Attn: Kenneth Lorman
(212) 271-5445 ext. 111 (tele.)
(212) 251-5589 (fax)
email: klorman@FalconReal.com

with a copy to:
Sonnenschein Nath & Rosenthal, LLP
8000 Sears Tower
Chicago, IL 60606
(312) 876-8928 (tele).
(312) 876-7934 (fax.)
email: mnations@sonnenschein.com

If to Seller: c/o Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

with separate notices to the attention of:

Mr. Mitchell E. Hersh
(908) 272-8000 (tele.)
(908) 272-0214 (fax)

email: mhersh@mack-cali.com

and

Roger W. Thomas, Esq.
(908) 272-2612 (tele.)
(908) 497-0485 (fax)

email: rthomas@mack-cali.com

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

ARTICLE XV
ASSIGNMENT AND BINDING EFFECT

Section 15.1 **Assignment: Binding Effect**. Purchaser will not have the right to assign this Agreement except (i) to Purchaser's Affiliates, (ii) in connection with a transaction contemplated by Section 10.7, or (iii) to an entity which is owned in whole or in part by any entity or person for which Falcon Real Estate Investment Company, Ltd. is an investment advisor on the Effective Date.

ARTICLE XVI
BROKERAGE

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

ARTICLE XVII
ESCROW AGENT

Section 17.1 **Escrow.**

(a) Escrow Agent will hold the Earnest Money Deposit in escrow in an interest-bearing account, as instructed by Purchaser until the earlier of (i) the Closing, or (ii) the termination of this Agreement in accordance with any right hereunder. All interest earned on the Earnest Money Deposit shall be paid to the party entitled to the Earnest Money Deposit . In the event the Closing occurs, the Earnest Money Deposit and all interest accrued thereon will be released to Seller, and Purchaser shall receive a credit against the Purchase Price in the amount of the Earnest Money Deposit, and all interest earned thereon. In all other instances, Escrow Agent shall not release the Earnest Money Deposit to either party until Escrow Agent has been requested by Seller or Purchaser to release the Earnest Money Deposit and has given the other party five (5) Business Days to dispute, or consent to, the release of the Earnest Money Deposit. Purchaser represents that its tax identification number, for purposes of reporting the interest earnings, will be provided later. Seller represents that its tax identification number, for purposes of reporting the interest earnings, is 22-3557187.

(b) Escrow Agent shall not be liable to any party for any act or omission, except for bad faith, gross negligence or willful misconduct, and the parties agree to indemnify Escrow Agent and hold Escrow Agent harmless from any and all claims, damages, losses or expenses arising in connection herewith. The parties acknowledge that Escrow Agent is acting solely as stakeholder for their mutual convenience. In the event Escrow Agent receives written notice of a dispute between the parties with respect to the Earnest Money Deposit and the interest earned thereon (the **"Escrowed Funds"**), Escrow Agent shall not be bound to release and deliver the Escrowed Funds to either party but may either (i) continue to hold the Escrowed Funds until otherwise directed in a writing signed by all parties hereto or (ii) deposit the Escrowed Funds with the clerk of any court of competent jurisdiction. Upon such deposit, Escrow Agent will be released from all duties and responsibilities hereunder. Escrow Agent shall have the right to consult with separate counsel of its own choosing (if it deems such consultation advisable) and shall not be liable for any action taken, suffered or omitted by it in accordance with the advice of such counsel.

(c) Escrow Agent shall not be required to defend any legal proceeding which may be instituted against it with respect to the Escrowed Funds, the Property or the subject matter of this Agreement unless requested to do so by Purchaser or Seller and is indemnified to its satisfaction against the cost and expense of such defense. Escrow Agent shall not be required to institute legal proceedings of any kind and shall have no responsibility for the genuineness or validity of any document or other item deposited with it or the collectibility of any check delivered in connection with this Agreement. Escrow Agent shall be fully protected in acting in accordance with any written instructions given to it hereunder and believed by it to have been signed by the proper parties.

ARTICLE XVIII
MISCELLANEOUS

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

Section 18.2 **TIME OF THE ESSENCE. TIME IS OF THE ESSENCE WITH RESPECT TO ALL TIME PERIODS AND DATES FOR PERFORMANCE SET FORTH IN THIS AGREEMENT.**

Section 18.3 **Recovery of Certain Fees**. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, then in that event the prevailing party will be entitled to have and recover certain fees from the other party including all reasonable attorneys'fees and costs resulting therefrom. For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photocopying, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 18.3 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

Section 18.4 **Construction**. Headings at the beginning of each Article and Section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular will include the plural and the masculine will include the feminine and vice versa. This Agreement will not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule will have the meaning attributable to such term in the body of this Agreement. In the event the date on which Purchaser or Seller is required to take any action under the terms of this Agreement is not a Business Day, the action will be taken on the next succeeding Business Day.

Section 18.5 **Counterparts**. This Agreement may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement.

Section 18.6 **Severability**. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 18.7 **Entire Agreement**. This Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof, and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument, signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

Section 18.8 **Governing Law**. THIS AGREEMENT WILL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED. SELLER AND PURCHASER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN A STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED.

Section 18.9 **No Recording**. The parties hereto agree that neither this Agreement nor any affidavit or memorandum concerning it will be recorded and any recording of this Agreement or any such affidavit or memorandum by Purchaser will be deemed a default by Purchaser hereunder.

Section 18.10 **Further Actions**. The parties agree to execute such instructions to the Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

Section 18.11 **Exhibits.** The following sets forth a list of Exhibits to the Agreement:

Exhibit A -	Assignment
Exhibit B -	Assignment of Leases
Exhibit C -	List of Roofing Contractors
Exhibit D -	Legal Description of Real Property
Exhibit E -	Deed
Exhibit F -	Lease Schedule
Exhibit G -	Pro Forma Title Policy

Exhibit H - Intentionally Deleted

Exhibit I - Suits and Proceedings
Exhibit J - Certificate as to Foreign Status

Section 18.12 **No Partnership**. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, it being the intention of the parties to merely create the relationship of Seller and Purchaser with respect to the Property to be conveyed as contemplated hereby.

Section 18.13 **Limitations on Benefits**. It is the explicit intention of Purchaser and Seller that no person or entity other than Purchaser or Seller and their permitted successors and assigns is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, Purchaser and Purchaser's Affiliates, Seller and Seller's Affiliates or their respective successors and assigns as permitted hereunder. Except as set forth in this Section 18.13, nothing contained in this Agreement shall under any circumstances whatsoever be deemed or construed, or be interpreted, as making any third party (including, without limitation, Broker) a beneficiary of any term or provision of this Agreement or any instrument or document delivered pursuant hereto, and Purchaser and Seller expressly reject any such intent, construction or interpretation of this Agreement.

Section 18.14 **Facsimile Signatures.** Signatures to this Agreement transmitted by telecopy shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an execution original to this Agreement with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Agreement, it being expressly agreed that each party to this Agreement shall be bound by its own telecopied signature and shall accept the telecopied signature of the other party to this Agreement.

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

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

Date Executed:

August 5, 2004

PURCHASER:

PERGOLA HOLDING, INC.

By: Falcon Real Estate Investment Company, Ltd., as authorized agent

By: /s/ Howard E. Hallengren
_____
Name: Howard E. Hallengren
Title: Chairman

SELLER:

August 5, 2004

KEMBLE-MORRIS L.L.C.

By: Mack-Cali Realty, L.P., sole member
By: Mack-Cali Realty Corporation, general partner

By: /s/ Mitchell E. Hersh
_____
Name: Mitchell E. Hersh
Title: President and Chief Executive Officer

As to Sections 3.3, 4.3 and Article XVII only:

ESCROW AGENT:

August 5, 2004

COMMONWEALTH LAND TITLE INSURANCE COMPANY

By: /s/ Mark S. Baillie
_____
Name: Mark S. Baillie
Title: Vice President

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE ("**Agreement**") is made this 10th day of August, 2004 by and between MACK-CALI TEXAS PROPERTY L.P., a limited partnership organized under the laws of the State of Texas having an address c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a corporation organized under the laws of the State of Texas having an address at 17400 Dallas Parkway, Suite 216, Dallas, Texas 75287, and WARAMAUG ACQUISITION CORP., a corporation organized under the laws of the State of Texas having an address of 17400 Dallas Parkway, Suite 216, Dallas, Texas 75287 (collectively, "**Purchaser**").

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

ARTICLE I
DEFINITIONS

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

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

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

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

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

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

"Century Property" means that certain Real Property located at 84 N.E. Loop 410, San Antonio, Texas.

"Certificate as to Foreign Status" has the meaning ascribed to such term in Section 10.3(g) and shall be in the form attached as **Exhibit J**.

"Certifying Person" has the meaning ascribed to such term in Section 4.3(a).

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

"Closing Date" means the date on which the Closing of the transaction contemplated hereby actually occurs.

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

"Closing Surviving Obligations" means the rights, liabilities, obligations and interpretive sections set forth in Sections 3.2, 4.3, 5.3, 5.4, 8.1, 8.2, 8.3, 10.4, 10.6, 11.1, 11.2, 16.1, 18.3, 18.4, 18.6, 18.7, 18.8, 18.9, 18.10, 18.11, 18.13, 18.14 and 18.15, Article XIV, and any other provisions which pursuant to their terms survive the Closing hereunder, subject to any limitations expressly set forth herein.

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

"Confidentiality Agreement" means that certain Confidentiality Agreement dated July 1, 2004 among Centennial Acquisition Company, Paul Nussbaum and Seller.

"Consultant" has the meaning ascribed to such term in Section 10.3(s).

"Consulting Agreement" has the meaning ascribed to such term in Section 10.2(i).

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

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

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

"Earnest Money Deposit" has the meaning ascribed to such term in Section 4.1.

"Effective Date" means the date on which an original of this Agreement (or original counterparts of this Agreement) executed by both Seller and Purchaser is received by the Escrow Agent.

"Employee Notice" has the meaning ascribed to such term in Section 9.2(e).

"Environmental Laws" means each and every federal, state, county and municipal statute, ordinance, rule, regulation, code, order, requirement, directive, binding written interpretation and binding written policy pertaining to Hazardous Substances issued by any Authorities with respect to or which otherwise pertains to or affects the Real Property or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Real Property or the Improvements, or any portion thereof, or Purchaser, and as same have been amended, modified or supplemented from time to time, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon Gas and Indoor Air Quality Research Act of 1986 (42 U.S.C. § 7401 et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) (collectively, the

"**Environmental Statutes**"), and any and all rules and regulations which have become effective under any and all of the Environmental Statutes.

"Environmental Reports" means those documents set forth on **Exhibit M**.

"Escrow Agent" means Commonwealth Land Title Insurance Company, c/o LandAmerica Financial Group, Inc., 7557 Rambler Road, Suite 1200, Dallas, Texas 75231, Attention: John Pettiette, Esq.

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

"Existing Survey" means Seller's existing survey of the Century Property dated October 28, 1997 and last revised on November 25, 1997, prepared by International Land Services, Inc.; Seller's existing survey of the Santa Fe Property dated October 13, 1997 and last revised on November 26, 1997, prepared by International Land Services, Inc.; and Seller's existing survey of the Tri West Property dated November 1, 1997 and last revised on November 26, 1997, prepared by International Land Services, Inc..

"Free Rent Credit" has the meaning ascribed to such term on **Exhibit P**.

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

"Hazardous Substances" means (a) asbestos, radon gas and urea formaldehyde foam insulation, (b) any solid, liquid, gaseous or thermal contaminant, including smoke vapor, soot, fumes, acids, alkalis, chemicals, petroleum products or byproducts, polychlorinated biphenyls, phosphates, lead or other heavy metals and chlorine, (c) any solid or liquid waste (including, without limitation, hazardous waste), hazardous air pollutant, hazardous substance, hazardous chemical substance and mixture, toxic substance, pollutant, pollution, regulated substance and contaminant, and (d) any other chemical, material or substance, the use or presence of which, or exposure to the use or presence of which, is prohibited, limited or regulated by any Environmental Laws.

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

"Initial Objection Date" has the meaning ascribed to such term in Section 6.2(a).

"Lease Schedule" means the current schedule of Leases attached as **Exhibit F**, as such schedule may be updated as permitted by this Agreement.

"Leased Property" means all items of Personal Property leased by or on behalf of Seller.

"Leases" means all of the leases and other agreements entered into by Seller (or a predecessor-in-interest) as landlord prior to the Effective Date with respect to the use and occupancy of the Property, together with all amendments, renewals and modifications thereof, if any, and all guaranties thereof, if any, entered into as of the Effective Date, together with all new leases, amendments, renewals and modifications of existing leases and lease guaranties entered into after the Effective Date in accordance with the terms of this Agreement.

"Leasing Commission Agreements" means all leasing commission agreements set forth on **Exhibit L** attached hereto, together with all amendments, renewals and modifications thereof, if any, and any new leasing commission agreements entered into after the Effective Date in accordance with the terms of this Agreement.

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

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

"Major Tenant" means any Tenant leasing in excess of 10,000 square feet of space at a Project, in the aggregate.

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

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

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

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

"Personal Property" means all of Seller's right, title and interest in and to all equipment, appliances, tools, supplies, machinery, artwork, furnishings and other tangible personal property attached to, appurtenant to, located in and used exclusively in connection with the ownership or operation of the Improvements and situated at the Property at the time of Closing. Notwithstanding the preceding sentence, "Personal Property" shall not include (a) any proprietary or confidential materials, (b) any property owned by tenants or others or (c) any Leased Property.

"Pre-Approved Lease" has the meaning ascribed to such term in Section 7.1(a).

"Project" means that portion of the Property located on and used exclusively in connection with the Century Property, the Santa Fe Property or the Tri West Property.

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

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

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

"Purchaser's Affiliates" means any past, present or future: (i) shareholder, partner, member, manager or owner of Purchaser; (ii) entity in which Purchaser or any past, present or future shareholder, partner, member, manager or owner of Purchaser has or had an interest; (iii) entity that, directly or indirectly, controls, is controlled by or is under common control with Purchaser and (iv) the heirs, executors, administrators, personal or legal representatives, successors and assigns of any or all of the foregoing.

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

"Real Property" means that certain parcel or parcels of real property located at 84 N.E. Loop 410, San Antonio, Texas; 1122 North Alma Road, Richardson, Texas; and 3030 LBJ Freeway, Dallas, Texas, as more particularly described on the legal descriptions attached hereto and made a part hereof respectively as **Exhibit D-1**, **Exhibit D-2** and **Exhibit D-3**, together with all of Seller's right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller's right, title and interest in and to the adjacent streets, alleys and right-of-ways, and any easement rights, air rights, subsurface development rights and water rights.

"**Related Party"** has the meaning ascribed to such term on **Exhibit R**.

"Rental" has the meaning ascribed to such term in Section 10.4(b), and same are "Delinquent" in accordance with the meaning ascribed to such term in Section 10.4(b).

"Rent Rolls" means the rent rolls for each Project attached hereto as **Exhibit N-1**, **Exhibit N-2** and **Exhibit N-3**.

"Right of First Offer" has the meaning ascribed to such term in Section 7.3.

"Santa Fe Property" means that certain Real Property located at 1122 North Alma Road, Richardson, Texas.

"Scheduled Closing Date" means the thirtieth (30^{th}) day following the expiration of the Evaluation Period or such earlier or later date to which Purchaser and Seller may hereafter agree in writing.

"Security Deposits" means all cash security deposits, letters of credit and any other instruments of security paid to or received by Seller, as landlord under the Leases (together with any interest which has accrued thereon, but only to the extent such interest has accrued for the account of the Tenant).

"Seller Closing Documents" has the meaning ascribed to such term in Section 5.4.

"Seller's Affiliates" means any past, present or future: (i) shareholder, partner, member, manager or owner of Seller; (ii) entity in which Seller or any past, present or future shareholder, partner, member, manager or owner of Seller has or had an interest; (iii) entity that, directly or indirectly, controls, is controlled by or is under common control with Seller and (iv) the heirs, executors, administrators, personal or legal representatives, successors and assigns of any or all of the foregoing.

"Seller's Knowledge" means the present actual (as opposed to constructive or imputed) knowledge solely of any of Jeff Kennemer, Senior Director of Property Management of M-C Texas Management L.P. and property manager of the Santa Fe Property; Mitchell Hersh, Chief Executive Officer of Mack-Cali Sub XVII, Inc; Sandi Ruffo, property manager, with respect to the Century Property only; and Kathy Czorniak, property manager, with respect to the Tri West Property only, without any independent investigation or inquiry whatsoever.

"Separation Agreements" means those agreements with Seller's current employees relating to stay-on bonuses and separation pay.

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

"Significant Portion" means, for purposes of the casualty provisions set forth in Article XI hereof, damage by fire or other casualty to the Real Property and the Improvements relating to a particular Project or a portion thereof, the cost of which to repair would exceed Five Hundred Thousand Dollars ($500,000) in the aggregate.

"Spectrasite Agreements" means that certain Agreement for the management of rooftop transmitting sites dated July 6, 1998, between Mack-Cali Realty Corporation on behalf of Seller and Spectrasite Building Group, Inc. ("**Spectrasite**"), as successor-in-interest to Apex Site Management, Inc., as extended by that certain letter, dated July 8, 2003, from Mack-Cali Realty Corporation on behalf of Seller to Spectrasite (affecting the Century Property, the Santa Fe Property and the Tri West Property) and that certain Agreement for the management of telecommunications access sites dated October 24, 2001, between Mack-Cali Realty Corporation on behalf of Seller and Spectrasite, as amended and terminated by that certain Telecommunications Access Sites Management Agreement Termination Agreement, dated July 3, 2003, between Mack-Cali Realty Corporation on behalf of Seller and Spectrasite (affecting the Tri West Property only).

"Subsequent Objection Date" has the meaning ascribed to such term in Section 6.2(a).

"Survey Objection" has the meaning ascribed to such term in Section 6.2.

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

"Tenants" means the tenants or users of all or any portion of the Property claiming rights pursuant to Leases.

"Termination Surviving Obligations" means the rights, liabilities, obligations and interpretive sections set forth in Sections 5.2, 5.3, 5.4, 7.1(h), 12.1, 16.1, 18.3, 18.4, 18.6, 18.7, 18.8, 18.9, 18.11, 18.13 and 18.14 and Articles XIII and XIV, and any other provisions which pursuant to their terms survive any termination of this Agreement.

"Title Commitment" has the meaning ascribed to such term in Section 6.2(a).

"Title Company" means Commonwealth Land Title Insurance Company.

"Title Objections" has the meaning ascribed to such term in Section 6.2(a).

"Title Policy" has the meaning ascribed to such term in Section 9.1(f).

"Tri West Property" means that certain Real Property located at 3030 LBJ Freeway, Dallas, Texas.

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

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

ARTICLE II
AGREEMENT OF PURCHASE AND SALE

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

(a) the Real Property;

(b) the Improvements;

(c) the Personal Property;

(d) all of Seller's right, title and interest as lessor in and to the Leases, the Leasing Commission Agreements and, subject to the terms of the respective applicable Leases, the Security Deposits;

(e) to the extent assignable, the Service Contracts and the Licenses and Permits;

(f) the Spectrasite Agreements; and

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

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

ARTICLE III
CONSIDERATION

Section 3.1 Purchase Price. The purchase price (the "**Purchase Price**") of the Property shall be Forty-Two Million Three Hundred Fifty Thousand and No/100 Dollars ($42,350,000.00) in lawful currency of the United States of America, payable as provided in Section 3.3. The Purchase Price shall be allocated to the Real Property as follows:

Century Property	$ 11,000,000.00
Santa Fe Property	$ 2,350,000.00
Tri West Property	$ 29,000,000.00

No portion of the Purchase Price shall be allocated to the Personal Property.

Section 3.2 Assumption of Obligations. As additional consideration for the purchase and sale of the Property, at Closing Purchaser will assume all of the covenants and obligations of Seller pursuant to the Leases, Spectrasite Agreements, Service Contracts, Leasing Commission Agreements and Licenses and Permits, which are to be performed from and after the Closing Date. Seller shall remain liable for all covenants and obligations of Seller pursuant to the Leases, Spectrasite Agreements, Service Contracts, Licenses and Permits, and, except as set forth in Section 10.4(e), Leasing Commission Agreements, which are to be performed prior to the Closing Date, except to the extent Purchaser has received a credit at Closing for the cost to fulfill any obligations thereunder (in which event, Purchaser shall assume such obligations).

Section 3.3 **Method of Payment of Purchase Price.** No later than 1:00 p.m. Eastern Time on the Closing Date, and subject to adjustment as provided in Section 10.4 of this Agreement, Purchaser shall pay to Seller the Purchase Price (less the Earnest Money Deposit), together with all other costs and amounts to be paid by Purchaser at the Closing pursuant to the terms of this Agreement ("**Purchaser's Costs**"), by Federal Reserve wire transfer of immediately available funds to the account of Escrow Agent. Escrow Agent, following authorization by the parties at Closing, shall (a) pay to Seller by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price, less any costs or other amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, (b) pay to the appropriate payees out of the proceeds of Closing payable to Seller all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (c) pay Purchaser's Costs to the appropriate payees at Closing pursuant to the terms of this Agreement.

ARTICLE IV
EARNEST MONEY DEPOSIT
AND ESCROW INSTRUCTIONS

Section 4.1 **The Earnest Money Deposit and Independent Contract Consideration**.

(a) Not later than two (2) Business Days after the Effective Date, Purchaser shall deposit with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of One Hundred Twenty-five Thousand and No/100 Dollars ($125,000.00) as the earnest money deposit on account of the Purchase Price (the **"Earnest Money Deposit"**). The Earnest Money Deposit shall be allocated to the Real Property as follows:

Century Property	$ 32,500.00
Santa Fe Property	$ 6,900.00
Tri West Property	$ 85,600.00

In the event that Purchaser does not terminate this Agreement prior to the expiration of the Evaluation Period as provided for in Section 5.3(c), Purchaser shall, prior to the expiration of the Evaluation Period, deposit with Escrow Agent, by wire transfer of immediately available funds, the sum of Three Hundred Seventy-five Thousand and No/100 Dollars ($375,000.00) as additional earnest money on account of the Purchase Price, which additional earnest money will, upon deposit with Escrow Agent, become part of the Earnest Money Deposit. The Additional Earnest Money Deposit shall be allocated to the Real Property as follows:

Century Property	$ 97,400.00
Santa Fe Property	$ 20,800.00
Tri West Property	$ 256,800.00

(b) Simultaneously with the execution and delivery of this Agreement by Purchaser, Purchaser shall, in addition to the Earnest Money Deposit, pay to Seller, by Federal Reserve wire transfer of immediately available funds or by check payable to the order of Seller, One Hundred Dollars ($100.00) as independent consideration for Seller's execution of this Agreement.

Section 4.2 **Escrow Instructions**. The Earnest Money Deposit shall be held in escrow by the Escrow Agent in an interest-bearing account, in accordance with the provisions of Article XVII. In the event this Agreement is not terminated by Purchaser pursuant to the terms hereof by the end of the Evaluation Period in accordance with the provisions of Section 5.3(c)herein, the Earnest Money Deposit and the interest earned thereon shall become non-refundable to Purchaser, except as otherwise expressly provided in this Agreement. In the event this Agreement is terminated by Purchaser prior to the expiration of the Evaluation Period, the Earnest Money Deposit, together with all interest earned thereon, shall be refunded to Purchaser.

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

(a) The Escrow Agent agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, and Seller and Purchaser hereby designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e)of the Code (the **"Certifying Person"**).

(b) Seller and Purchaser each hereby agree:

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

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

ARTICLE V
INSPECTION OF PROPERTY

Section 5.1 **Evaluation Period**. For a period (the **"Evaluation Period"**) ending at 5:00 p.m. Eastern Time on the sixtieth (60^{th}) day after the Effective Date, Purchaser and its authorized agents and representatives, including consultants (collectively, for purposes of this Article V, the **"Licensee Parties"**), shall have the right, subject to the right of any Tenants, to enter upon the Real Property at all reasonable times during normal business hours to perform an inspection of the Property. Purchaser will provide to Seller

notice of the intention of Purchaser or the other Licensee Parties to enter the Real Property at least 24 hours prior to such intended entry and specify the intended purpose therefor and the inspections and examinations contemplated to be made and with whom any Licensee Party will communicate. At Seller's option, Seller may be present for any entry, communication and inspection. Purchaser shall not communicate with or contact any of the Tenants without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed. Purchaser may communicate with or contact Authorities regarding the Property without Seller's prior written consent so long as such communication or contact is not reasonably expected to cause an inspection of the Property by such Authorities, provided that, if Purchaser becomes aware that an inspection by any of such Authorities is likely as a result of Purchaser's request for information, then Purchaser shall withdraw such request and not renew such request without first obtaining Seller's prior written consent. Notwithstanding anything to the contrary contained herein, no physical testing or sampling shall be conducted during any such entry by Purchaser or any Licensee Party upon the Real Property without Seller's specific prior written consent, which consent shall not be unreasonably withheld or delayed.

Section 5.2 Document Review.

(a) During the Evaluation Period, Purchaser and the Licensee Parties shall have the right to review and inspect, at Purchaser's sole cost and expense, all of the following which, to Seller's Knowledge, are in Seller's possession or control (collectively, the **"Documents"**): all of the Environmental Reports (which Purchaser shall have the right to have updated at Purchaser's sole cost and expense); real estate tax bills, together with assessments (special or otherwise), ad valorem and personal property tax bills, covering the period of Seller's ownership of the Property; current operating statements; the Leases, lease files, Leasing Commission Agreements, Spectrasite Agreements, Service Contracts and Licenses and Permits; engineering reports and studies pertaining to the Property; budgets and appraisals pertaining to the Property; and proposals for work not actually undertaken that are in Seller's files located at the Real Property. Such inspections shall occur at a location selected by Seller, which may be at the office of Seller, Seller's counsel, Seller's property manager, at the Real Property or any of them. Purchaser shall not have the right to review or inspect materials not directly related to the leasing, maintenance and/or management of the Property, including, without limitation, all of Seller's internal memoranda, financial projections, proposals for work not actually undertaken (other than proposals for work not actually undertaken that are in Seller's files located at the Real Property), accounting and tax records and similar proprietary, elective or confidential information.

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

(c) Purchaser acknowledges that some of the Documents may have been prepared by third parties and may have been prepared prior to Seller's ownership of the Property. **PURCHASER HEREBY ACKNOWLEDGES THAT, EXCEPT AS OTHERWISE MAY BE EXPRESSLY SET FORTH IN SECTION 8.1 OF THIS AGREEMENT, SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY REGARDING THE TRUTH, ACCURACY OR COMPLETENESS OF THE DOCUMENTS OR THE SOURCES THEREOF. SELLER HAS NOT UNDERTAKEN ANY INDEPENDENT INVESTIGATION AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF THE DOCUMENTS AND IS PROVIDING THE DOCUMENTS SOLELY AS AN ACCOMMODATION TO PURCHASER.**

Section 5.3 Entry and Inspection Obligations; Termination of Agreement.

(a) Purchaser agrees that in entering upon and inspecting or examining the Property, Purchaser and the other Licensee Parties will not materially disturb the Tenants or materially interfere with the use of the Property pursuant to the Leases; materially interfere with the operation and maintenance of the Real Property or Improvements; damage any part of the Property or any personal property owned or held by Tenants or any other person or entity; injure or otherwise cause bodily harm to Seller or any Tenant, or to any of their respective agents, guests, invitees, contractors and employees, or to any other person or entity; permit any liens to attach to the Real Property by reason of the exercise of Purchaser's rights under this Article V; or reveal or disclose any information obtained concerning the Property and the Documents to anyone outside Purchaser's organization, except in accordance with the confidentiality standards set forth in Section 5.2(b) and Article XII. Purchaser will, and shall cause its contractors to, maintain comprehensive general liability (occurrence) insurance on terms and in amounts reasonably satisfactory to Seller and Workers' Compensation insurance in statutory limits, and, if Purchaser or any Licensee Party performs any physical inspection or sampling at the Real Property, in accordance with Section 5.1, Purchaser shall maintain (if applicable), and shall cause the relevant Licensee Parties to maintain, errors and omissions insurance and contractor's pollution liability insurance on terms and in amounts acceptable to Seller. In each case (other than with respect to Worker's Compensation insurance), such policies shall insure Seller, Purchaser, Mack-Cali Sub XVII, Inc., M-C Texas Management L.P. and such other parties as Seller shall reasonably request, and Purchaser shall deliver to Seller evidence of insurance verifying such coverage prior to entry upon the Real Property or Improvements. Purchaser shall also (i) promptly pay when due the costs of all entry and inspections and examinations done with regard to the Property; (ii) cause any inspection to be conducted in accordance with standards customarily employed in the industry and in compliance with all Governmental Regulations; (iii) at Seller's request, and upon Seller paying to Purchaser an amount equal to the cost thereof, furnish to Seller any studies, reports or test results received by Purchaser regarding the Property, promptly after such receipt, in connection with such inspection; and (iv) repair any damage to the Real Property or Improvements caused by Purchaser or any Licensee Party to the reasonable satisfaction of Seller.

(b) Purchaser hereby indemnifies, defends and holds Seller and its partners, agents, directors, officers, employees, successors and assigns (each, an **"Indemnified Party"**) harmless from and against any loss, damage, liability or claim for personal injury or property damage or lien arising from (i) an act (or a failure to act) at, upon or adjacent to the Property by or on behalf of Purchaser or any Licensee Party, Permitted Outside Party or any consultant of any of those, including reasonable attorneys' fees and expenses, and INCLUDING ANY SUCH LOSS, DAMAGE OR CLAIM TO WHICH THE NEGLIGENCE OF SELLER OR ANY OTHER INDEMNIFIED PARTY MAY HAVE CONTRIBUTED, but excluding any such loss, damage or claim if and to the extent caused by the gross negligence or willful misconduct of Seller or any other Indemnified Party, whether prior to or after the date hereof, with respect to the Property or (ii) any violation of the provisions of this Article V.

(c) In the event that Purchaser determines, after its inspection of the Documents and Real Property and Improvements, that it does not want to proceed with the transaction as set forth in this Agreement, Purchaser shall have the right to terminate this Agreement with respect to all of the Projects by providing written notice to Seller prior to the expiration of the Evaluation Period. In no event may Purchaser terminate this Agreement pursuant to this Section 5.3(c) with respect to fewer than all of the Projects, thereby electing to proceed to Closing with respect to fewer than all of the Projects. In the event Purchaser terminates this Agreement in accordance with this Section 5.3(c), or under any other right of termination as set forth herein, Purchaser shall have the right to receive a refund of the Earnest Money Deposit, together with all interest which has accrued thereon, and except with respect to the Termination Surviving Obligations, this Agreement shall be null and void and the parties shall have no further obligation to each other. In the event this Agreement is terminated, Purchaser shall return to Seller all copies Purchaser has made of the Documents and, provided Seller pays for such reports, studies, surveys and test results, all copies of any studies, reports, surveys or test results regarding any part of the Property obtained by Purchaser, before or after the execution of this Agreement, in connection with Purchaser's inspection of the Property (collectively, "**Purchaser's Information**") promptly following the time this Agreement is terminated for any reason, provided, however, that Purchaser shall not be obligated to deliver to Seller any materials of a proprietary nature (such as, for purposes of example only, any financial forecasts or marketing repositioning plans) prepared for Purchaser in connection with the Property, and provided further that Seller acknowledges that any materials delivered to Seller by Purchaser pursuant to the provisions of this Agreement shall be without warranty or representation whatsoever.

Section 5.4 Sale "As Is." THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND PURCHASER. THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF SELLER AND PURCHASER, AND PURCHASER HAS THE RIGHT TO CONDUCT ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. OTHER THAN THE MATTERS EXPRESSLY REPRESENTED IN SECTION 8.1 HEREOF AND REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN ANY DOCUMENTS DELIVERED BY SELLER TO PURCHASER (OR TO ESCROW AGENT TO BE HELD BY ESCROW AGENT FOR PURCHASER IN THE EVENT OF CLOSING) AT OR BEFORE CLOSING (COLLECTIVELY, THE "SELLER CLOSING DOCUMENTS"), BY WHICH ALL OF THE FOLLOWING PROVISIONS OF THIS SECTION 5.4 ARE LIMITED, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ANY OF SELLER'S AGENTS OR REPRESENTATIVES, AND PURCHASER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE.

EXCEPT FOR REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY CONTAINED IN THIS AGREEMENT AND IN ANY SELLER CLOSING DOCUMENTS, SELLER SPECIFICALLY DISCLAIMS, AND NEITHER SELLER NOR ANY OF SELLER'S AFFILIATES NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO PURCHASER, AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY PURCHASER WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (e) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, (f) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY AND (g) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, INCLUDING WITHOUT LIMITATION ENVIRONMENTAL LAWS, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY SELLER CLOSING DOCUMENTS, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS,"WITH ALL FAULTS. PURCHASER REPRESENTS THAT IT IS A KNOWLEDGEABLE, EXPERIENCED

AND SOPHISTICATED PURCHASER OF REAL ESTATE, AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER'S CONSULTANTS IN PURCHASING THE PROPERTY. PURCHASER HAS BEEN GIVEN A SUFFICIENT OPPORTUNITY HEREIN TO CONDUCT AND HAS CONDUCTED OR WILL CONDUCT SUCH INSPECTIONS, INVESTIGATIONS AND OTHER INDEPENDENT EXAMINATIONS OF THE PROPERTY AND RELATED MATTERS AS PURCHASER DEEMS NECESSARY, INCLUDING BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND WILL RELY UPON SAME AND NOT UPON ANY STATEMENTS OF SELLER (EXCLUDING THE LIMITED MATTERS EXPRESSLY REPRESENTED BY SELLER IN SECTION 8.1 HEREOF OR EXPRESSLY REPRESENTED IN ANY SELLER CLOSING DOCUMENTS) NOR OF ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF SELLER. PURCHASER ACKNOWLEDGES THAT ALL INFORMATION OBTAINED BY PURCHASER WAS OBTAINED FROM A VARIETY OF SOURCES, AND SELLER WILL NOT BE DEEMED TO HAVE REPRESENTED OR WARRANTED THE COMPLETENESS, TRUTH OR ACCURACY OF ANY OF THE DOCUMENTS OR OTHER SUCH INFORMATION HERETOFORE OR HEREAFTER FURNISHED TO PURCHASER. SUBJECT TO ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN SECTION 8.1 AND IN ANY SELLER CLOSING DOCUMENTS, UPON CLOSING, PURCHASER WILL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. SUBJECT TO ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN SECTION 8.1 AND IN ANY SELLER CLOSING DOCUMENTS, PURCHASER ACKNOWLEDGES AND AGREES THAT, UPON CLOSING, SELLER WILL SELL AND CONVEY TO PURCHASER, AND PURCHASER WILL ACCEPT THE PROPERTY, "AS IS, WHERE IS," WITH ALL FAULTS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER, ANY AGENT OF SELLER OR ANY THIRD PARTY. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH OR REFERRED TO HEREIN. PURCHASER ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS THE "AS IS, WHERE IS" NATURE OF THIS SALE AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE PROPERTY. PURCHASER, WITH PURCHASER'S

COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT AND UNDERSTANDS THEIR SIGNIFICANCE AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO PURCHASER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT.

PURCHASER AND PURCHASER'S AFFILIATES FURTHER COVENANT AND AGREE NOT TO SUE SELLER AND SELLER'S AFFILIATES AND RELEASE SELLER AND SELLER'S AFFILIATES OF AND FROM AND WAIVE ANY CLAIM OR CAUSE OF ACTION, INCLUDING WITHOUT LIMITATION ANY STRICT LIABILITY CLAIM OR CAUSE OF ACTION, THAT PURCHASER OR PURCHASER'S AFFILIATES MAY HAVE AGAINST SELLER OR SELLER'S AFFILIATES UNDER ANY ENVIRONMENTAL LAW, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, RELATING TO ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, OR BY VIRTUE OF ANY COMMON LAW RIGHT, NOW EXISTING OR HEREAFTER CREATED, RELATED TO ENVIRONMENTAL CONDITIONS OR ENVIRONMENTAL MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY. NOTWITHSTANDING THE PRECEDING SENTENCE, (i) SUBJECT TO SECTION 8.3, THE PROVISIONS OF THE PRECEDING SENTENCE SHALL NOT APPLY TO ANY BREACH OF A REPRESENTATION OR WARRANTY EXPRESSLY SET FORTH IN SECTION 8.1 BELOW OR IN ANY SELLER CLOSING DOCUMENT, AND (ii) IF PURCHASER OR ANY OF PURCHASER'S AFFILIATES IS THE SUBJECT OF ANY CLAIM OR CAUSE OF ACTION BY A THIRD PARTY UNAFFILIATED WITH PURCHASER THAT ALLEGES A WRONGFUL ACT BY SELLER DURING SELLER'S PERIOD OF OWNERSHIP OF THE PROPERTY, THEN PURCHASER OR PURCHASER'S AFFILIATES, AS APPLICABLE, MAY SEEK CONTRIBUTORY DAMAGES FROM SELLER WITH RESPECT TO SUCH CLAIM OR CAUSE OF ACTION. THE TERMS AND CONDITIONS OF THIS SECTION 5.4 WILL EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT OR THE CLOSING, AS THE CASE MAY BE, AND, EXCEPT FOR THE PROVISIONS OF THE PRECEDING SENTENCE THAT ARE LIMITED AS SET FORTH IN SECTION 8.3, WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND ARE HEREBY DEEMED INCORPORATED INTO THE DEEDS AS FULLY AS IF SET FORTH AT LENGTH THEREIN.

ARTICLE VI
TITLE AND SURVEY MATTERS

Section 6.1 **Survey**. Purchaser acknowledges receipt of each Existing Survey. Any modification, update or recertification of an Existing Survey shall be at Purchaser's election. Each Existing Survey together with each update Purchaser has elected to obtain, if any, is herein referred to as an "**Updated Survey**."Provided that the transactions contemplated by this Agreement proceed to Closing, Seller shall credit Purchaser at Closing for the actual cost of each Updated Survey, up to Four Thousand Dollars ($4,000.00) per Project, that Purchaser elects to obtain.

Section 6.2 **Title Commitments and Objections**.

(a) Promptly after execution of this Agreement, Seller shall if it has not already done so, order title insurance commitments for each of the Century Property, the Santa Fe Property and the Tri West Property (each, a **"Title Commitment**"), together with copies of the title exceptions listed thereon. By the tenth (10^{th}) Business Day after the receipt of all of the Title Commitments and relevant exception documents (the "**Initial Objection Date**"), Purchaser shall provide Seller with written notice of its objection to any matters shown on the Title Commitments or Existing Surveys if Purchaser deems same unacceptable. By the tenth (10^{th}) Business Day after receipt of any Updated Survey or any revised Title Commitment (each, a "**Subsequent Objection Date**"), Purchaser shall provide Seller with written notice of its objection to any matters shown on such Updated Survey or revised Title Commitment if Purchaser deems same unacceptable, provided that Purchaser may object only to new matters that were not previously revealed by an Existing Survey or Title Commitment. Purchaser's objections made in accordance with the preceding two sentences are referred to herein as "**Title Objections**" or "**Survey Objections**," as applicable. In the event Seller does not receive the Title Objections and Survey Objections by the Initial Objection Date or relevant Subsequent Objection Date, Purchaser will be deemed to have accepted the exceptions to title set forth on each Title Commitment and the matters shown on each Existing Survey and Updated Survey as permitted exceptions (together with any Title Objections and Survey Objections ultimately waived by Purchaser or cured by Seller, the "**Permitted Exceptions**"). Notwithstanding anything to the contrary set forth in this Section 6.2(a), any Survey Objection received after the fortieth (40^{th}) day after the Effective Date shall be deemed to be a Permitted Exception unless the issue giving rise to such Survey Objection was created by or on behalf of Seller such that Purchaser could not reasonably be expected to object thereto by the fortieth (40^{th}) day after the Effective Date.

(b) All ad valorem taxes, water rates or charges, sewer rents and assessments, plus interest and penalties thereon, which on the Closing Date are liens against the Real Property, will be credited against the Purchase Price (subject to the provision for apportionment of taxes, water rates and sewer rents herein contained) and shall not be deemed a Title Objection. If on the Closing Date there shall be financing statements evidencing security interests filed against the Property, such items shall not be Title Objections if (i) the personal property covered by such security interests is no longer in or on the Real Property and Seller signs an affidavit to that effect, or (ii) such personal property is the property of a Tenant, and Seller executes and delivers an affidavit to such effect, or (iii) the financing statement was filed more than five (5) years prior to the Closing Date and was not renewed.

(c) If on the Closing Date the Real Property shall be affected by any monetary lien which, pursuant to the provisions of this Agreement, is required to be discharged or satisfied by Seller, Seller shall not be required to discharge or satisfy the same of record provided that (i) the money necessary to satisfy the lien is retained by the Title Company at Closing, and the Title Company either omits the lien as an exception from the Title Commitment or insures against collection thereof from out of the Real Property and Improvements, and a credit is given to Purchaser for the recording charges for a satisfaction or discharge of such lien that is recorded promptly after Closing, or (ii) Seller discharges such lien by filing a bond and notices relating thereto in accordance with Texas Property Code Section 53.171 et seq. and the Title Company omits such lien as an exception from the Title Commitment.

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

Section 6.3 Title Defect.

(a) In the event Seller receives any Survey Objection or Title Objection (collectively and individually, a **"Title Defect**") within the time periods required under Section 6.2 above, Seller may elect (but shall not be obligated) to attempt to remove, or cause to be removed at its expense, any such Title Defect (provided that Seller shall be obligated to cure those Title Defects described in Section 6.3(b)), and shall provide Purchaser with notice, within seven (7) days after its receipt of any such objection, of its intention to cure any such Title Defect. If Seller elects to attempt or is obligated to cure any Title Defect, the Scheduled Closing Date shall be extended with respect to all of the Projects to the extent necessary in Seller's discretion, for a period not to exceed thirty (30) days, for the purpose of such removal. In the event that (i) Seller elects not to attempt to cure any such Title Defect, or (ii) Seller is unable to cure any such Title Defect within such thirty (30) day time period, Seller shall so advise Purchaser and Purchaser shall have the right to terminate this Agreement with respect to all of the Projects and receive a refund of the Earnest Money Deposit, together with all interest which has accrued thereon, or to waive such Title Defect in a written notice delivered to Seller and proceed to the Closing. In addition, if such Title Defect is the result of Seller acting knowingly and with the intent to prevent Purchaser from purchasing the Property, Purchaser shall be entitled to the remedies set forth in Section 13.1(b). Purchaser shall make such written election within seven (7) days after receipt of Seller's notice. If Purchaser elects to proceed to the Closing, any Title Defects waived by Purchaser shall be deemed Permitted Exceptions. In any such event of termination, Purchaser shall promptly return Purchaser's Information to Seller (provided Seller has paid to Purchaser the amount of the cost of Purchaser's Information other than the cost of copying the Documents), after which neither party shall have any further obligation to the other under this Agreement except for the Termination Surviving Obligations.

(b) Notwithstanding any provision of this Article VI to the contrary, Seller will be obligated to cure exceptions to title to the Property, in the manner described above, relating to (i) mortgages, deeds of trust, liens and security interests securing any financings to Seller, (ii) any mechanic's liens resulting from work at the Property commissioned by Seller, provided that Seller may elect to discharge any mechanic's liens by filing a bond and notices relating thereto in accordance with Texas Property Code Section 3.171 et seq., (iii) any judgment liens not exceeding Two Hundred Thousand Dollars ($200,000) in the aggregate per Projectand (iv) delinquent ad valorem taxes.

ARTICLE VII
INTERIM OPERATING COVENANTS, ESTOPPELS AND POST-CLOSING MANAGEMENT

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

(a) **Operations**. From the Effective Date until Closing, continue to operate, manage and maintain the Improvements in the ordinary course of Seller's business and substantially in accordance with Seller's present practice, subject to ordinary wear and tear and further subject to Article XI of this Agreement, and including (i) maintaining in full force and effect all insurance policies or replacing such policies with substantially similar policies, (ii) performing and discharging all material obligations and undertakings of Seller under the Leases and not permitting a material default by Seller to occur thereunder, (iii) using and operating the Property in material compliance with any mortgage, ground lease, Lease, Service Contract and insurance policy affecting the Property, and (iv) not marketing the Property for sale or entering into any discussions or negotiations with a potential purchaser of the Property, provided that if this Agreement has been terminated pursuant to its terms or Seller receives a notice or other communication indicating that Purchaser is seeking or will seek a reduction in the Purchase Price, Seller may market the Property to other potential purchasers and/or enter into direct negotiations or discussions with other potential purchasers.

From the Effective Date through the expiration of the Evaluation Period, Seller will notify Purchaser in writing prior to the last day of the Evaluation Period of any new Leases and Leasing Commission Agreements and amendments to existing Leases and Leasing Commission Agreements and provide copies thereof to Purchaser prior to such day, and will notify Purchaser of any real estate tax appeals initiated or settled during such period. Notwithstanding the foregoing, from the Effective Date until Closing, Seller may not enter into any new lease at the Santa Fe Project without Purchaser's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed (provided that Purchaser shall have no obligation to consent to any new lease unless and until a copy thereof certified by Seller as being true, correct and complete has been furnished to Purchaser).

After the expiration of the Evaluation Period, Seller shall not amend any existing Lease or Leasing Commission Agreement or enter into any new Lease or Leasing Commission Agreement, or initiate or settle any tax appeal, without Purchaser's prior written consent, which shall not be unreasonably withheld, conditioned or delayed (provided that Purchaser shall have no obligation to consent to any new Lease or Leasing Commission Agreement or amendments to any existing or new Leases or Leasing Commission Agreements unless and until copies of the foregoing certified by Seller as true, correct and complete have been furnished to Purchaser); provided that Purchaser's consent will not be required in connection with the settlement of a tax appeal in the event that the settlement results in an assessed value that is equal to or less than the assessed value of the Real Property and Improvements that was used by the taxing authority to calculate taxes owed for the calendar year prior to the year in which the Closing occurs; and provided further that Purchaser's consent will not be required in connection with Seller entering into the Lease referenced on **Exhibit Q** attached hereto and made a part hereof (the "**Pre-Approved Lease**"), provided that the Pre-Approved Lease conforms in all material respects to the parameters set forth on **Exhibit Q**.

Notwithstanding the foregoing, Seller hereby reserves the right, prior to the expiration of the Evaluation Period, to bring suit against, settle disputes with, and negotiate the surrender of the Lease of, defaulting Tenants, provided that Seller shall provide Purchaser with prompt written notice of any such suit, settlement or surrender, and, after the expiration of the Evaluation Period, to bring suit against, settle disputes with, and negotiate the surrender of the Lease of, any defaulting Tenant with the prior written consent of Purchaser, which consent may be withheld in Purchaser's sole and absolute discretion.

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

(c) **Service Contracts**. From the Effective Date through the expiration of the Evaluation Period, Seller will notify Purchaser in writing prior to the last day of the Evaluation Period of any new Service Contracts or amendments to existing Service Contracts and provide copies thereof to Purchaser prior to such day. After the expiration of the Evaluation Period, Seller shall not amend any existing Service Contract or enter into a new Service Contract without Purchaser's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, provided that Purchaser's consent shall not be required if such Service Contract is terminable on thirty (30) days notice without penalty to Purchaser. Seller agrees to cancel and terminate, effective as of the Closing Date, Seller's management agreements and any other Service Contracts that are terminable without penalty unless Purchaser requests in writing, prior to the expiration of the Evaluation Period, that one or more remain in effect after Closing.

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

(e) **Updates**. Up to and through the Closing, promptly advise Purchaser, in writing, of any material changes to the representations set forth in Section 8.1.

(f) **Licenses and Permits**. Seller shall not, before or after Closing, release or modify any Licenses and Permits except with the prior written consent of Purchaser, which shall not be unreasonably withheld, conditioned or delayed.

(g) **Spectrasite Agreements**. Seller will not amend the Spectrasite Agreements without Purchaser's prior written consent, which shall not be unreasonably withheld, conditioned or delayed; provided, however, that no such consent of Purchaser shall be required with respect to any amendment of a Spectrasite Agreement that does not either (i) increase the monetary obligations of the property owner(s) affected by such amendment or (ii) decrease the amounts, if any, to be paid to the property owner(s) under the applicable Spectrasite Agreement as long as, in each instance in which a Spectrasite Agreement is amended, Seller notifies Purchaser in writing of the same as soon as reasonably practicable thereafter.

(h) **Return of Earnest Money Deposit**. In the event of a termination of this Agreement after which Purchaser is entitled to receive a refund of all or a portion of the Earnest Money Deposit and the interest thereon, Seller shall promptly execute and deliver to the Escrow Agent such documents as may reasonably be required in connection therewith.

Section 7.2 Estoppels. It will be a condition to Closing that Seller obtain from each Major Tenant and, to the extent required to bring the aggregate rented square footage covered to no less than 75% of the aggregate rented square footage of the buildings located at each Project, other Tenants (such condition shall be referred to herein as collectively, "**Minimum Estoppel Coverage**"), an executed estoppel certificate in the form, or limited to the substance, prescribed by each Major Tenant's or, as applicable, other Tenant's Lease, executed by the applicable Tenant to be effective as of a date not earlier than twenty (20) days prior to the Scheduled Closing Date. Notwithstanding the foregoing, Seller agrees to request, no later than ten (10) days after the expiration of the Evaluation Period, that each Major Tenant and other Tenant in such buildings execute an estoppel certificate in the form annexed hereto as **Exhibit H**, and Seller shall use good faith efforts to obtain same. Seller shall not be in default of its obligations hereunder if any Major Tenant or other Tenant fails to deliver an estoppel certificate, or delivers an estoppel certificate which is not in accordance with this Agreement. Each Friday prior to the Closing, Seller shall send to Purchaser a copy of each estoppel certificate received by Seller during the previous week. If Minimum Estoppel Coverage is not achieved at least two (2) Business Days prior to the Scheduled Closing Date, Purchaser may, at its option, waive delivery of the remaining estoppel certificates and proceed to close the transaction in accordance with this Agreement, or, if Purchaser does not waive delivery of the estoppel certificates, then the Scheduled Closing Date shall be extended until two (2) Business Days following the date on which Purchaser receives the last estoppel certificate necessary to satisfy Minimum Estoppel Coverage; provided, however, in no event will the Scheduled Closing Date be extended more than thirty (30) days. If the Minimum Estoppel Coverage is not satisfied two (2) Business Days prior to the expiration of the thirty-day extension, Purchaser shall have the right, at its option, to (i) waive such condition to Closing in writing and proceed to close the transaction on the Scheduled Closing Date or (ii) terminate this Agreement by written notice and receive a prompt return of the Earnest Money Deposit, together with all interest which has accrued thereon, and except with respect to the Termination Surviving Obligations, this Agreement shall be null and void and the parties shall have no further obligations to each other hereunder.

Section 7.3 Seller shall obtain (a) approval from its Board of Directors (or its general partner's Board of Directors) to proceed to Closing and (b) a waiver from certain holders of Mack-Cali Realty, L.P. units of all of their rights of first offer (the "**Right of First Offer**") with respect to each of the Projects under the Contribution and Exchange Agreement among the MK Contributors, the MK Entities, the Patriot Contributors, the Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997, and shall provide written evidence to Purchaser of such approval and waiver, no later than 5 p.m. Eastern Time on the tenth (10^{th}) Business Day after the Effective Date (the "**Outside Approval** Date"). Failure by Seller to obtain said approval and waiver shall not be deemed a default hereunder, but if Seller fails to obtain such approval and waiver, and provide written evidence thereof to Purchaser, on or before the Outside Approval Date, then Purchaser shall have the right to terminate this Agreement by written notice to Seller at any time thereafter until such written evidence is delivered to Purchaser, and in the event of such termination, Purchaser shall receive a refund of the Earnest Money Deposit and this Agreement shall be of no further force and effect, except for the Termination Surviving Obligations, which shall survive any such termination.

ARTICLE VIII
REPRESENTATIONS AND WARRANTIES

Section 8.1 Seller's Representations and Warranties. The following constitute the sole representations and warranties of Seller, which representations and warranties shall be true as of the Effective Date and, subject to Section 10.3(i), the Closing Date. Subject to the limitations set forth in Section 8.3 of this Agreement, Seller represents and warrants to Purchaser the following:

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

(b) **Authority**. Subject to Section 7.3 above, the execution and delivery of this Agreement and the performance of Seller's obligations hereunder have been or will be duly authorized by all necessary action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller.

(c) **Non-Contravention**. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of, or constitute a default under the organizational documents of Seller, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement (other than the Right of First Offer with respect to which Seller is obligated to obtain a waiver as set forth in Section 7.3) or instrument to which Seller is a party or by which it is bound.

(d) **Suits, Proceedings and Violations**. Except as listed in **Exhibit I**, there are no legal actions, suits or similar proceedings pending and served, or, to Seller's Knowledge, threatened in writing against Seller or the Property which (i) are not adequately covered by existing insurance and (ii) if adversely determined, would materially and adversely affect the value of the Property, the continued operations thereof, Seller's ability to consummate the transactions contemplated hereby, or the validity or enforceability of this Agreement. To Seller's Knowledge, except as listed in **Exhibit I**, Seller has not received any written notice of any violations with respect to the Property of any Governmental Regulations that have not been cured.

(e) **Non-Foreign Entity**. Seller is not a "foreign person" or "foreign corporation" as those terms are defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(f) **Tenants**. As of the date of this Agreement, the only tenants of the Property are the Tenants set forth in the Lease Schedule listed on **Exhibit F**. The Documents made available to Purchaser pursuant to Section 5.2 hereof include true, correct and complete copies of all of the Leases listed on **Exhibit F**. None of the Leases and none of the rents or other amounts payable thereunder have been assigned, pledged or encumbered by Seller except for any assignments, pledges or encumbrances that will be released at or before the Closing. There are no leases or occupancy agreements in effect with respect to the Property other than the Leases or as contained in the Leases, and the only concessions made to Tenants are those that are set forth in the Leases.

(g) **Defaults; Rent Rolls**. To Seller's Knowledge, (i) all written default notices to or from any Tenant are or will be included in the Documents, (ii) there are no existing material defaults by Tenants under the Leases except as may be set forth on the schedule of Arrearages attached hereto as **Exhibit K**, and (iii) Seller has not received any written notice of any material landlord defaults under the Leases that have not been cured. To Seller's Knowledge, the Rent Rolls attached hereto as **Exhibit N-1**, **Exhibit N-2**, and **Exhibit N-3** are true and accurate in all material respects as of the respective dates set forth thereon.

(h) **Service Contracts and Separation Agreements**. To Seller's Knowledge (i) none of the service providers listed on **Exhibit E** is in default under any Service Contract and (ii) Seller is not in default under any Service Contract. The Documents made available to Purchaser pursuant to Section 5.2 hereof include true, correct and complete copies of the Spectrasite Agreements and all Service Contracts listed on **Exhibit E** under which Seller is currently paying for services rendered in connection with the Property. There are no management, service, supply, maintenance, employment or other contracts in effect with respect to the Property of any nature whatsoever, written or oral, which could be binding on Purchaser after Closing, other than (x) the Service Contracts listed on **Exhibit E** hereof and (y) the Spectrasite Agreements. To Seller's Knowledge, Seller has performed all of its current, material obligations under the Spectrasite Agreements and each of the Service Contracts.

(i) **Hazardous Substances**. To Seller's Knowledge, Seller has not received any written notice that Seller or any previous owner, tenant, occupant or user of the Property, or any other person or entity, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Property or any portion thereof, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Substances on, under, in or about the Property in violation of any Governmental Regulations. To Seller's Knowledge, Seller has not received any written notice that any Hazardous Substances have migrated from or to the Property in violation of any Environmental Laws. To Seller's Knowledge, Seller has not received any written notice that the Property or its existing or prior uses fail or failed to materially comply with Environmental Laws. To Seller's Knowledge, Seller has not received any written notice of any permits, licenses or other authorizations required under any Environmental Laws with respect to the current uses of the Property, which have not been obtained and complied with. To Seller's Knowledge, Seller has not received any written notice of any alleged violation of Environmental Laws in connection with the Property or any liability for environmental damage in connection with the Property for which Seller (or Purchaser after Closing) may be liable. Notwithstanding the foregoing, each and every representation and warranty set forth in this subparagraph is modified and superseded by any and all information and documentation contained in the Environmental Reports set forth on **Exhibit M**.

(j) **Condemnation Proceedings**. To Seller's Knowledge, Seller has received no written notice of any condemnation or eminent domain proceeding pending or threatened against the Property or any part thereof.

(k) **Labor and Employment Matters**. Neither Seller nor M-C Texas Management L.P. is a party to any oral or written employment contracts or agreements with respect to the Property, other than the Separation Agreements.

(l) **Bankruptcy**. Seller is not insolvent and has not (i) made a general assignment for the benefit of creditors; (ii) filed a petition for bankruptcy or commenced any other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any debtor relief laws; or (iii) had any involuntary case, proceeding or other action commenced against it that seeks to have any order for relief entered against it, as debtor, under any debtor relief laws.

(m) **No Commitments**. To Seller's Knowledge, Seller has not made any binding commitments (other than with respect to the payment of taxes and special assessments and in connection with ordinary utility services) that have not been fulfilled to any Authority, utility company, school board, church or other religious body or property owners association, or any other organization or individual relating to the Property (other than those that may be contained in the Leases or in a recorded document) that would impose an obligation upon Purchaser or its successors or assigns to make any contribution or dedication of money or land or to construct, install or maintain any improvements of a public or private nature on or off the Property.

(n) **Leasing Commissions**. No brokerage or leasing commissions or other compensations are due or payable to any person, firm, corporation or other entity with respect to or on account of any of the Leases or any extensions or renewals thereof other than pursuant to Leasing Commission Agreements. The Documents to be made available to Purchaser for review pursuant to Section 5.2 hereof include copies of all Leasing Commission Agreements listed on **Exhibit L**.

(o) **No Options**. To Seller's Knowledge, except for persons or entities that have a Right of First Offer or as set forth in the Leases or any other Documents made available to Purchaser to review, no third party has any option to purchase all or any part of the Property.

(p) **Tax Appeals**. There are no on-going tax appeals other than those listed on Exhibit S.

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

(a) **Status**. Centennial Acquisition Company is a duly organized and validly existing corporation in good standing under the laws of the State ofTexas and is directly or indirectly controlled by Steven H. Levin. Waramaug Acquisition Corp. is a duly organized and validly existing corporation in good standing under the laws of the State of Texas and is directly or indirectly controlled by Paul Nussbaum.

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

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

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

Section 8.3 Survival of Representations, Warranties and Covenants. The representations and warranties of Seller set forth in Section 8.1 or in any Seller Closing Documents and the covenants of Seller set forth in Section 7.1 will survive the Closing for a period of twelve (12) months, after which time they will merge into the Deeds. Purchaser will not have any right to bring any action against Seller as a result of any untruth or inaccuracy of such representations or warranties or any such breach, unless and until the aggregate amount of all liability and losses arising out of any such untruth or inaccuracy, or any such breach, exceeds Twenty-Five Thousand Dollars ($25,000) per Project from the first dollar. In addition, in no event will Seller's liability for all such breaches exceed, in the aggregate, the sum of One Million and No/100 Dollars ($1,000,000.00) per Project. Seller shall have no liability with respect to any such representation, warranty or covenant if, prior to the Closing, Purchaser has knowledge of any breach of such representation, warranty or covenant, or any Document made available for Purchaser's review, tenant estoppel certificate, due diligence test, investigation or inspection of the Property by Seller, or written disclosure by Seller or Seller's agents and employees discloses one or more facts that conflict with any such representation, warranty or covenant, and Purchaser nevertheless consummates the transaction contemplated by this Agreement. The Closing Surviving Obligations and the Termination Surviving Obligations will survive Closing or termination of this Agreement, as applicable, without limitation unless a specified period is otherwise provided in this Agreement. All other representations, warranties, covenants and agreements made or undertaken by Seller under this Agreement, unless otherwise specifically provided herein, will not survive the Closing but will be merged into the Deeds and other Closing documents delivered at the Closing.

ARTICLE IX
CONDITIONS PRECEDENT TO CLOSING

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

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

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

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

(d) The estoppel letters required to be delivered at Closing pursuant to this Agreement shall have been obtained and delivered and shall reflect no facts at material adverse variance with the facts disclosed in the Leases and any related correspondence provided to Purchaser during the Evaluation Period in accordance with Section 5.2 hereof.

(e) Except for those matters of which Seller has given written notice to Purchaser or with respect to which Purchaser otherwise had knowledge prior to the end of the Evaluation Period, on the Closing Date, there shall be (i) no pending litigation seeking to enjoin the consummation of the sale and purchase hereunder and (ii) no pending or threatened litigation to recover fee title to the Property, or any part thereof or any interest therein.

(f) Purchaser shall have received marked Title Commitments from the Title Company by the terms of which the Title Company agrees to issue to Purchaser at Closing an owner's policy of title insurance (the "**Title Policy**") in the amount of the Purchase Price on the then standard TLTA owner's form insuring Purchaser's fee simple indefeasible title to the Real Property, identifying only Permitted Exceptions on the Schedule B attached thereto and with (i) the standard exception for parties in possession modified to refer only to parties in possession as tenants or licensees under Leases set forth on a schedule attached thereto, which schedule shall correspond to the Lease Schedule delivered to Purchaser at Closing, (ii) the standard pre-printed exceptions as to unrecorded easements, visible and apparent easements, public or private roadways, or other matters which would be disclosed by an inspection of the Property deleted (if Purchaser has obtained an Updated Survey of the relevant Project that is satisfactory to the Title Company), and (iii) the standard exception as to mechanic's, materialmen's or similar liens or other matters relating to the completion of construction and payment of bills with respect thereto deleted.

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

(a) Escrow Agent shall have received the Purchase Price as adjusted pursuant to, and payable in the manner provided for in, this Agreement, and Purchaser shall have provided written authority to Escrow Agent to release such amount to Seller.

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

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

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

(e) Purchaser shall have delivered to Seller, before the expiration of the Evaluation Period, a notice setting forth the names of those persons currently employed at the Property by Seller to whom Purchaser will make an offer of employment at a level of compensation equal to or higher than such employee's current level of compensation (the "**Employee Notice**"); and if Purchaser intends to make no such offers, the Purchaser shall so state in the Employee Notice.

ARTICLE X
CLOSING

Section 10.1 Closing. The consummation of the transaction contemplated by this Agreement by delivery of documents and payments of money shall take place at 12:00 p.m. Central Time on the Scheduled Closing Date at the offices of the Escrow Agent. At Closing, the events set forth in this Article X will occur, it being understood that the performance or tender of performance of all matters set forth in this Article X are mutually concurrent conditions which may be waived by the party for whose benefit they are intended. The acceptance of the Deeds by Purchaser shall be deemed to be full performance and discharge of each and every agreement and obligation on the part of Seller to be performed hereunder at or prior to Closing unless otherwise specifically provided herein.

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

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

(b) Two counterpart originals of each Assignment of Leases, duly executed by Purchaser;

(c) Two counterpart originals of each Assignment, duly executed by Purchaser;

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

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

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

(g) A certificate, dated as of the date of Closing, stating (i) that the representations and warranties of Purchaser contained in Section 8.2 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change and (ii) that Purchaser has extended an offer of employment to those persons, if any, listed on the Employee Notice at a level of compensation equal to or higher than the level of compensation such person was earning as Seller's employee as of the Closing Date. In no event shall Purchaser be liable to Seller for, or be deemed to be in default hereunder if any representation or warranty is not true and correct in all material respects; provided, however, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.2(c); provided further that such limitation of liabilities and waiver of default in the event of Closing shall not apply with respect to the representation and warranty set forth in 10.2(g)(ii) above. If, despite changes or other matters described in such certificate, the Closing occurs, Purchaser's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

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

(i) A counterpart original of a consulting agreement substantially in the form attached hereto as Exhibit R (the "**Consulting Agreement**"), duly executed by Purchaser.

Section 10.3 Seller's Closing Obligations. At the Closing, Seller will deliver to Escrow Agent the following documents:

(a) A special warranty deed for each Project with covenants against the grantor's acts (each, a **"Deed"**), duly executed and acknowledged by Seller, conveying to Purchaser the Real Property and the Improvements subject only to the relevant Permitted Exceptions;

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

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

(d) Two counterpart originals of an assignment and assumption of Seller's interest in the Spectrasite Agreements, the Service Contracts being assumed by Purchaser and the Licenses and Permits for each Project in the form attached hereto as **Exhibit A** (each, an "**Assignment**"), duly executed by Seller, conveying and assigning to Purchaser all of Seller's right, title, and interest, if any, in the Service Contracts being assumed by Purchaser, the Licenses and Permits and the Spectrasite Agreements (only to the extent the Spectrasite Agreements pertain to the Property), together with consents to such assignments to the extent required by the relevant agreement, license or permit and obtained by Seller, provided that Seller shall be obligated only to make commercially reasonable efforts to obtain such required consents and Seller's failure to do so shall not constitute a failure of a condition precedent to Closing or a default under this Agreement and Purchaser shall not have a right to terminate this Agreement or pursue any other remedy hereunder if Seller is unable to obtain any such consent;

(e) The Tenant Notice Letters, duly executed by Seller, provided that, at least five (5) Business Days prior to Closing, Purchaser shall provide to Seller, in writing, the name and address to which Rental is to be paid after Closing and, if such information is so delivered, Seller shall prepare the Tenant Notice Letters for Purchaser's signature as required under Section 10.2(e);

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

(g) A certificate in the form attached hereto as **Exhibit J**("**Certificate as to Foreign Status**") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended;

(h) Copies of the Spectrasite Agreements, all original Leases, to the extent in Seller's possession or control (or copies where originals are not available), all original Licenses and Permits and Service Contracts being assumed by Purchaser in Seller's possession or control (or copies where originals are not available), and all Documents, all of which may remain on site at the Project to which they pertain and need not be delivered to the location of the Closing;

(i) A certificate, dated as of the date of Closing, stating that the representations and warranties of Seller contained in Section 8.1 are true and correct in all material respects as of the Closing Date (with appropriate modifications to reflect any changes therein as permitted by this Agreement) or identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. In no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder, if any representation or warranty is not true and correct in all material respects (unless Seller failed to perform covenants under this Agreement and such failure caused such representation or warranty to no longer be true and correct in all material respects, in which event Purchaser shall be entitled to the remedy set forth in the second sentence of Section 13.1(b), or unless Seller knowingly and intentionally made a representation or warranty that was materially untrue at the time it was made, in which event Purchaser shall be entitled to all of the remedies set forth in Section 13.1(b)); provided, however, that such event shall constitute the non-fulfillment of the condition set forth in Section 9.1(b), entitling Purchaser to terminate this Agreement by written notice to Seller and receive the prompt return of the Earnest Money Deposit from the Escrow Agent, together with the interest earned thereon, whereupon Purchaser and Seller will have no further rights or obligations under this Agreement, except with respect to the Termination Surviving Obligations. Notwithstanding anything herein to the contrary, however, if, after the expiration of the Evaluation Period, any representation and warranty provided by Seller in Sections 8.1(d) (except to the extent such legal actions, suits or proceedings are not adequately covered by insurance and relate to (1) violations of Environmental Laws which, if adversely determined, would materially and adversely affect the value of a Project or the continued operations thereof or (2) Seller's ability to consummate the transactions contemplated hereby or (3) the validity or enforceability of this Agreement), (g) (other than subpart (iii) thereof), (h) (only subpart (i) of the first sentence and, to the extent relating to a Service Contract not being assumed by Purchaser at Closing or relating to a Service Contract that is terminable upon thirty (30) days notice or less, subpart (ii) of the first sentence), (i) (but only to the extent that such change would not have a material adverse effect on the value of a Project or continued operations thereof), or (j) above is no longer true and correct in all material respects (with appropriate modifications to reflect any changes therein as permitted by this Agreement) and is disclosed accordingly by Seller to Purchaser, Purchaser shall not be entitled to terminate this Agreement as a result thereof unless the inaccurate representation prevents Purchaser from obtaining its intended financing for its acquisition of the Property. If, despite changes or other matters described in such certificate, the Closing occurs, Seller's representations and warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate;

(j) The Lease Schedule and Rent Rolls, updated to show any changes, dated no more than five (5) days prior to the Closing Date, and certified by Seller as being, to Seller's Knowledge, true and accurate in all material respects;

(k) Such affidavits or other documents as may reasonably be required by the Title Company to issue each Title Policy subject only to the Permitted Exceptions and to modify or eliminate the standard exceptions described in Section 9.1(f) above;

(l) The marked-up Title Commitments required by Section 9.1(f) above;

(m) To the extent in Seller's possession or control, originals of complete sets of all architectural, mechanical, structural, electrical and as-built plans and specifications used in connection with (i) the construction of or alterations or repairs to each Project and (ii) the initial construction of the Improvements, all of which may remain on site at the Project to which they pertain and need not be delivered to the location of the Closing;

(n) All current unpaid real estate and personal property tax bills relating to each Project and in Seller's possession or control, all of which may remain on site at the Project to which they pertain and need not be delivered to the location of the Closing;

(o) All Documents in Seller's possession or control that are necessary to maintain the continuity of operation of the Property, all of which may remain on site at the Project to which they pertain and need not be delivered to the location of the Closing;

(p) To the extent in Seller's possession or control, (i) all access and security cards to restricted or secured areas of each Project and (ii) keys to all locks at each Project, together with an accounting for such keys and access and security cards in the possession of others, to the extent such an accounting exists as of the Effective Date, all of which may remain on site at the Project to which they pertain and need not be delivered to the location of the Closing;

(q) Possession of each Project subject only to the Permitted Exceptions;

(r) Such other documents as may reasonably be necessary or appropriate to effect the consummation of the transaction contemplated by this Agreement, including, if applicable, assignments of any Security Deposits that are letters of credit; and

(s) A counterpart original of the Consulting Agreement, duly executed by Seller or an affiliate of Seller (in either case, "**Consultant**").

Section 10.4 Prorations.

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

(i) Rentals, in accordance with Section 10.4(b) below.

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

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

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

(v) Real estate taxes due and payable for the calendar year. If the Closing Date shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. If, subsequent to the Closing Date, real estate taxes (by reason of change in either assessment or rate or for any other reason) for the Real Property and Improvements should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Seller agrees to pay Purchaser any increase shown by such recomputation and vice versa. Purchaser shall pay its pro rata share of all expenses incurred in connection with the real estate tax appeals relating to taxes for calendar year 2004.

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

(b) Purchaser will receive a credit on the Closing Statement for the prorated amount (as of the Proration Time) of all Rental previously paid to or collected by Seller and attributable to any period from and after the Proration Time. After the Closing, Seller will cause to be paid or turned over to Purchaser all Rental, if any, received by Seller after Closing and attributable to any period from and after the Proration Time. **"Rental"** as used herein includes fixed monthly rentals, additional rentals, percentage rentals, escalation rentals (which include each Tenant's proration share of building operation and maintenance costs and expenses as provided for under the Lease, to the extent the same exceeds any expense stop specified in such Lease), retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, telephone receipts, locker rentals, vending machine receipts and other sums and charges payable by Tenants under the Leases or from other occupants or users of the Property. Rental is **"Delinquent"** when it was due prior to the Closing Date, and payment thereof has not been made on or before the Proration Time. Delinquent Rental will not be prorated. With respect to Tenants still in occupancy, Purchaser agrees to use commercially reasonable efforts with respect to the collection of any Delinquent Rental, but Purchaser will have no liability for the failure to collect any such amounts and will not be required to pursue legal action to enforce collection of any such amounts owed to Seller by any Tenant. With respect to Tenants no longer in occupancy, Seller reserves the right to pursue the collection of Delinquent Rental. All sums collected by Purchaser from and after Closing from each Tenant (excluding tenant specific billings for tenant work orders and other specific services as described in and governed by Section 10.4(d) below) will be applied first to Purchaser's costs of collection; then to current Rental (which may include delinquencies owed to Seller for the calendar month of Closing); and then to delinquencies owed by such Tenant to Seller together with Seller's costs of collection, if applicable and only to the extent incurred by Seller prior to the Closing, provided that in no event shall Seller be entitled to recover Rental that is more than one hundred twenty (120) days Delinquent. Any sums due Seller will be promptly remitted to Seller. The provisions of this Section 10.4(b) shall survive the Closing.

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

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

(e) Notwithstanding any provision of this Section 10.4 to the contrary, Purchaser shall be responsible for all leasing commissions under Leasing Commission Agreements, tenant improvement costs or other expenditures due with respect to (i) any Lease amendments entered into after the Effective Date in accordance with the provisions of Section 7.1(a), (ii) any expansions or renewals of any Leases pursuant to an option exercised after the Effective Date, and (iii) any new Lease executed on or after the Effective Date in accordance with the provisions of Section 7.1(a) (collectively, "**New Leasing Costs**"), provided that the New Leasing Costs shall be prorated between Seller and Purchaser such that Seller pays an amount equal to the New Leasing Costs times a fraction, the numerator of which is the amount of Rental, if any, received by Seller from the relevant Tenant prior to Closing for the relevant lease term (or term of the renewal or expansion, as applicable), and the denominator of which is the total Rental anticipated to be received for such Tenant for such lease term, and Purchaser pays the remainder of the New Leasing Costs. Purchaser will pay to Seller at Closing as an addition to the Purchase Price an amount equal to any New Leasing Costs paid by Seller. Notwithstanding the foregoing, all initial leasing commissions under Leasing Commission Agreements, initial tenant improvement costs or other initial expenditures attributable only to (x) the Pre-Approved Lease, (y) the Leases listed on **Exhibit P** and (z) that certain Lease of 7,100 rentable square feet of space at the Century Property executed July 14, 2004, between Seller and Altria Corporate Services, Inc.shall be paid by Seller or, if not paid at or prior to Closing, shall be assumed by Purchaser with a credit made against the Purchase Price in the amount thereof.

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

(a) Seller shall pay (i) Seller's attorney's fees; (ii) one-half (1/2) of escrow fees, if any; and (iii) the cost of the premium for the Title Policy and customary title searches; (iv) the cost of recording any lien releases such that Purchaser obtains the Title Policy subject only to the Permitted Exceptions; and (v) the cost of the Updated Surveys up to Four Thousand Dollars ($4,000) per Project.

(b) Purchaser shall pay (i) the costs of recording the Deeds to the Property and all other documents (other than lien releases); (ii) all costs of any additional coverage under the Title Policy or endorsements or deletions (including, without limitation, the modification of the survey exception) to the Title Policy that are desired by Purchaser; (iii) all premiums and other costs for any mortgagee policy of title insurance, if any, including but not limited to any endorsements or deletions; (iv) Purchaser's attorney's fees; (v) one-half (1/2) of escrow fees, if any; and (vi) the costs of each Updated Survey, except to the extent set forth in Section 10.5(a).

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

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

Section 10.7 Like-Kind Exchange. Purchaser hereby acknowledges that Seller may now or hereafter desire to enter into a partially or completely nontaxable exchange (a "**Section 1031 Exchange**") involving the Property (and/or any one or more of the properties comprising the Property) under Section 1031 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. In connection therewith, and notwithstanding anything herein to the contrary, Purchasershall, at no cost or expense to Purchaser, reasonably cooperate with Seller and shall take, and consent to Seller taking, any reasonable action in furtherance of effectuating a Section 1031 Exchange (including, without limitation, any action undertaken pursuant to Revenue Procedure 2000-37, 2000-40 IRB, as may hereafter be amended or revised (the "**Revenue Procedure**")), including, without limitation, (a) permitting Seller or an "exchange accommodation titleholder" (within the meaning of the Revenue Procedure) ("**EAT**") to assign, or cause the assignment of, this Agreement and all of Seller's rights hereunder with respect to any or all of the Property to a "qualified intermediary" (as defined in Treasury Regulations Section 1.1031(k)-1(g)(4)(iii)) (a "**QI**"); (b) permitting Seller to assign this Agreement and all of Seller's rights and obligations hereunder with respect to any or all of the Property and/or to convey, transfer or sell any or all of the Property, to (i) an EAT; (ii) any one or more limited liability companies ("**LLCs**") that are wholly-owned by an EAT; or (iii) any one or more LLCs that are wholly-owned by Seller and/or any affiliate of Seller and to thereafter permit Sellerto assign its interest in such one or more LLCs to an EAT; and (c) pursuant to the terms of this Agreement, having any or all of the Property conveyed by an EAT or any one or more of the LLCs referred to in (b)(ii) or (b)(iii) above, and allowing for the consideration therefor to be paid by an EAT, any such LLC or a QI; provided, however, that Purchaser shall not be required to delay the Closing; and providedfurther that Seller shall provide whatever safeguards are reasonably requested by Purchaser, and not inconsistent with Seller's desire to effectuate a Section 1031 Exchange involving any of the Property,to ensure that all of Seller's representations, covenants and obligations under this Agreement shall be satisfied in accordance with the terms thereof and that Purchaser shall not be required to take title to any property other than the Property.

Section 10.8 Special Lease Provisions. Purchaser shall receive a credit at Closing toward the Purchase Price in an amount equal to the Free Rent Credit calculated in accordance with **Exhibit P**.

ARTICLE XI
CONDEMNATION AND CASUALTY

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

Section 11.2 Condemnation of Property. In the event of (a) any condemnation or sale in lieu of condemnation of any Project; or (b) any condemnation or sale in lieu of condemnation of greater than twenty percent (20%) of the allocated Purchase Price of any Project prior to the Closing or that materially interferes with the operations of the Project, Purchaser will have the option, to be exercised within fifteen (15) days after receipt of notice of such condemnation or sale, of (i) electing to have this Agreement remain in full force and effect with respect to all of the Projects or (ii) terminating this Agreement as to all of the Projects. In the event that either (x) any condemnation or sale in lieu of condemnation of any Project is for equal to or less than twenty percent (20%) of the allocated Purchase Price of the Project and does not materially interfere with the operations of the Project, or (y) Purchaser does not terminate this Agreement pursuant to the preceding sentence, Seller will assign to Purchaser any and all claims for the proceeds of such condemnation or sale, and Purchaser will take title to such Project with the assignment of such proceeds and subject to such condemnation and without reduction of the Purchase Price. The term **"materially interfere"** shall refer to a condemnation or sale that (a) leaves the remaining balance of the Project in a condition such that the Project may not reasonably be anticipated to be economically operated for the purposes and in the manner in which it was operated prior to such taking or (b) affects a sufficient amount of the Project such that the Project no longer complies with Governmental Regulations or (c) causes a default under any of the Leases or gives any Major Tenant a right to terminate its Lease. Should Purchaser elect to terminate Purchaser's obligations under this Agreement under the provisions of this Section 11.2, the Earnest Money Deposit and any accrued interest thereon shall be returned to Purchaser, and neither Seller nor Purchaser will have any further obligation under this Agreement, except for the Termination Surviving Obligations. Notwithstanding anything to the contrary herein, if any eminent domain or condemnation proceeding is instituted (or notice of same is given) solely for the taking of any subsurface rights for utility easements or for any right-of-way easement, and the surface may, after such taking, be used in substantially the same manner as though such rights have not been taken, Purchaser will not be entitled to terminate this Agreement, but any award resulting therefrom will be assigned to Purchaser at Closing and will be the exclusive property of Purchaser upon Closing.

ARTICLE XII
CONFIDENTIALITY

Section 12.1 Confidentiality. Except as hereinafter permitted, Seller and Purchaser each expressly acknowledge and agree that prior to Closing, the transactions contemplated by this Agreement and the terms, conditions, and negotiations concerning the same will be held in the strictest confidence by each of them and will not be

disclosed by either of them except to

their respective legal counsel, accountants, consultants, officers, partners, directors, shareholders**,** brokers, lenders, consultants and other Licensee Parties, and except and only to the extent that such disclosure may be necessary for their respective performances hereunder. Except as expressly provided in this Agreement, Purchaser further acknowledges and agrees that, unless and until the Closing occurs, all information obtained by Purchaser in connection with the Property will not be disclosed by Purchaser to any third persons without the prior written consent of Seller. Nothing contained in this Article XII will preclude or limit either party to this Agreement from issuing a press release or making other public disclosures with respect to any information otherwise deemed confidential under this Article XII (a) in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or (b) required by law or (c) required by rule or regulation of the Securities and Exchange Commission or the New York Stock Exchange, including without limitation in any filings required by a governmental authority, or (d) after Closing, provided that neither party shall issue a press release pertaining to the Closing without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. Seller and Purchaser hereby agree, however, that the press release of either party issued in connection with the Closing may contain a reference to the Purchase Price. In determining whether a disclosure contemplated in the preceding sentence is required by law or by rule or regulation of the Securities and Exchange Commission or the New York Stock Exchange, the disclosing party is entitled to rely upon the written advice of counsel. Nothing in this Article XII will negate, supersede or otherwise affect the obligations of the parties under the Confidentiality Agreement, and the provisions of this Article XII will survive the termination of this Agreement.

ARTICLE XIII
REMEDIES

Section 13.1 Default by Seller.

(a) In the event any Closing and any of the transactions contemplated hereby do not occur as herein provided by reason of any default of Seller, Purchaser may, as Purchaser's sole and exclusive remedy, elect by written notice to Seller within fifteen (15) days following the Scheduled Closing Date (as the same may be extended pursuant to any express provision of this Agreement), any of the following: (i) proceed to Closing on the unaffected Projects and terminate this Agreement with respect to the Projects affected by any such default, provided that Seller shall have thirty (30) days after notice from Purchaser to cure any such default (the **"Default Cure Period**") and if, at the expiration of the Default Cure Period, all such defaults are cured, the parties shall proceed to Closing on all of the Projects as to which Closing has not yet occurred; or (ii) delay the Closing on all of the Projects until the expiration of the Default Cure Period, at which time Purchaser may, by giving Seller written notice thereof, terminate this Agreement with respect to the Projects affected by any such default that has not been cured and proceed to Closing with respect to the remaining Projects or may terminate this Agreement with respect to all of the Projects; or (iii) proceed to Closing on the unaffected Projects and seek to enforce specific performance of Seller's obligations under Article X of this Agreement, it being understood and agreed that the remedy of specific performance shall not be available to enforce any other obligation of Seller hereunder. Purchaser shall be deemed to have elected not to proceed under clause (iii) of this Section 13.1 if after giving written notice as required above of its intent to seek specific performance, Purchaser has failed to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the relevant Project is located on or before forty-five (45) days following the Scheduled Closing Date, in which event Purchaser shall be deemed to have elected to proceed under clause (i) of this Section 13.1. Purchaser may not, in any event, terminate this Agreement by reason of Seller default with respect to any Project until the expiration of the Default Cure Period.

(b) In the event of any termination by Purchaser under this Section 13.1, Purchaser will receive from the Escrow Agent the Earnest Money Deposit allocated to the relevant Project, together with all interest accrued thereon, whereupon Seller and Purchaser will have no further rights or obligations under this Agreement with respect to such Project, except with respect to the Termination Surviving Obligations pertaining to such Project. If the default by Seller is a material breach of any of Seller's covenants set forth in Section 7.1, then Seller shall be obligated upon demand to reimburse Purchaser for Purchaser's actual out-of-pocket third-party expenses incurred by Purchaser in connection with (i) its due diligence investigation of the Projects, (ii) financing related to the transactions contemplated hereby and (iii) its negotiation of this Agreement, provided that Seller's liability for such expenses shall not exceed, in the aggregate, One Hundred Thousand and No/100 Dollars ($100,000.00). If such default was also knowing and intentional with the intent to prevent Purchaser from purchasing the Project, or if such termination was due to Seller knowingly and intentionally having made a representation or warranty that was materially untrue at the time it was made, in addition to the remedy in the preceding sentence, Purchaser shall also be entitled to recover from Seller its actual damages suffered as a result of the applicable Seller default(s), such damages not to exceed the amount of the Earnest Money Deposit allocated to such Project that is in escrow with the Escrow Agent at the time of such breach.

(c) Except as otherwise expressly set forth in Section 13.1 of this Agreement, Purchaser expressly waives its rights to seek damages in the event of Seller's default hereunder, provided that, notwithstanding the foregoing, nothing contained in this Section 13.1 will limit Purchaser's remedies at law, in equity or as herein provided in pursuing remedies of a breach by Seller of any of the Termination Surviving Obligations.

Section 13.2 Default by Purchaser. In the event the Closing and the consummation of the transactions contemplated herein do not occur as provided herein by reason of any default of Purchaser, Purchaser and Seller agree it would be impractical and extremely difficult to fix the damages which Seller may suffer. Purchaser and Seller hereby agree that (a) an amount equal to the Earnest Money Deposit, together with all interest accrued thereon, is a reasonable estimate of the total net detriment Seller would suffer in the event Purchaser defaults and fails to complete the purchase of the Property, and (b) such amount will be the full, agreed and liquidated damages for Purchaser's default and failure to complete the purchase of the Property, and will be Seller's sole and exclusive remedy (whether at law or in equity) for any default of Purchaser resulting in the failure of consummation of the Closing, whereupon this Agreement will terminate and Seller and Purchaser will have no further rights or obligations hereunder, except with respect to the Termination Surviving Obligations. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty but is intended to constitute liquidated damages to Seller. Notwithstanding the foregoing, nothing contained herein will limit Seller's remedies at law, in equity or as herein provided in the event of a breach by Purchaser of any of the Termination Surviving Obligations.

ARTICLE XIV
NOTICES

Section 14.1 Notices.

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

If to Purchaser:
Centennial Acquisition Company and
Waramaug Acquisition Corp.
17400 Dallas Parkway, Suite 216
Dallas, Texas 75287
Attn.: Steven H. Levin, Esq.
(214) 386-4920 (tele.)
(214) 490-7070 (fax)

With a copy to:
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201
Attn.: Cynthia B. Nelson, Esq.
(214) 969-2882 (tele.)
(214) 969-4343 (fax)

If to Seller:
c/o Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

with separate notices to the attention of:

Mr. Mitchell E. Hersh
(908) 272-8000 (tele.)
(908) 272-0214 (fax)

and

Roger W. Thomas, Esq.
(908) 272-2612 (tele.)
(908) 497-0485 (fax)

With a copy to:
Jones Day
2727 North Harwood Street
Dallas, Texas 75201
Attn: Martha Wach, Esq.
(214) 220-3939 (tele.)
(214) 969-5121 (fax)

If to Escrow Agent:
LandAmerica Financial Group, Inc.
7557 Rambler Road, Suite 1200
Dallas, Texas 75231
Attn.: John Pettiette, Esq.
(214) 346-7142 (tele.)
(214) 346-7132 (fax)

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

ARTICLE XV
ASSIGNMENT AND BINDING EFFECT

Section 15.1 Assignment: Binding Effect. Purchaser shall have a one-time right to assign this Agreement to one or more entities (but no more than two entities per Project) in which Paul Nussbaum and Steven H. Levin, together or either of them individually, own, directly or indirectly, at least 5% of the equity interest, provided that Purchaser must provide notice of such assignment to Seller at least five (5) Business Days prior to the Closing Date and such notice shall include evidence that the assignment complies with the requirements of this Section 15.1. Purchaser will not otherwise have the right to assign this Agreement without Seller's prior written consent. No assignment of this Agreement by Purchaser shall relieve Purchaser of its obligations hereunder.

ARTICLE XVI
BROKERAGE

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

ARTICLE XVII
ESCROW AGENT

Section 17.1 **Escrow**.

(a) Escrow Agent will hold the Earnest Money Deposit in escrow in an interest-bearing account of the type generally used by Escrow Agent for the holding of escrow funds until the earlier of (i) the Closing, or (ii) the termination of this Agreement in accordance with any right hereunder. In the event Purchaser has not terminated this Agreement by the end of the Evaluation Period, the Earnest Money Deposit shall be non-refundable to Purchaser, except as otherwise expressly provided in this Agreement, but if not refunded in accordance with this Agreement shall be credited against the Purchase Price at the Closing. In the event this Agreement is terminated prior to the expiration of the Evaluation Period, the Earnest Money Deposit and all interest accrued thereon will be returned by the Escrow Agent to Purchaser. In the event the Closing occurs, the Earnest Money Deposit and all interest accrued thereon will be released to Seller, and Purchaser shall receive a credit against the Purchase Price in the amount of the Earnest Money Deposit. In the event this Agreement is terminated due to a Purchaser default, the Earnest Money Deposit and all interest accrued thereon will be released to Seller in accordance with Section 13.2. In all other instances, Escrow Agent shall not release the Earnest Money Deposit to either party until Escrow Agent has been requested by Seller or Purchaser to release the Earnest Money Deposit and has given the other party five (5) Business Days to dispute, or consent to, the release of the Earnest Money Deposit. Purchaser represents that the tax identification number for purposes of reporting the interest earnings of Centennial Acquisition Company is 75-2822668, and the tax identification number for purposes of reporting the interest earnings of Waramaug Acquisition Corp. is 20-1457393.

(b) Escrow Agent shall not be liable to any party for any act or omission, except for bad faith, gross negligence or willful misconduct, and the parties agree to indemnify Escrow Agent and hold Escrow Agent harmless from any and all claims, damages, losses or expenses arising in connection herewith. The parties acknowledge that Escrow Agent is acting solely as stakeholder for their mutual convenience. In the event Escrow Agent receives written notice of a dispute between the parties with respect to the Earnest Money Deposit and the interest earned thereon (the **"Escrowed Funds"**), Escrow Agent shall not be bound to release and deliver the Escrowed Funds to either party but may either (i) continue to hold the Escrowed Funds until otherwise directed in a writing signed by all parties hereto or (ii) deposit the Escrowed Funds with the clerk of any court of competent jurisdiction. Upon such deposit, Escrow Agent will be released from all duties and responsibilities hereunder. Escrow Agent shall have the right to consult with separate counsel of its own choosing (if it deems such consultation advisable) and shall not be liable for any action taken, suffered or omitted by it in accordance with the advice of such counsel.

(c) Escrow Agent shall not be required to defend any legal proceeding which may be instituted against it with respect to the Escrowed Funds, the Property or the subject matter of this Agreement unless requested to do so by Purchaser or Seller and is indemnified to its satisfaction against the cost and expense of such defense. Escrow Agent shall not be required to institute legal proceedings of any kind and shall have no responsibility for the genuineness or validity of any document or other item deposited with it or the collectibility of any check delivered in connection with this Agreement. Escrow Agent shall be fully protected in acting in accordance with any written instructions given to it hereunder and believed by it to have been signed by the proper parties.

ARTICLE XVIII
MISCELLANEOUS

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

Section 18.2 **TIME OF THE ESSENCE**. TIME IS OF THE ESSENCE WITH RESPECT TO ALL TIME PERIODS AND DATES FOR PERFORMANCE SET FORTH IN THIS AGREEMENT.

Section 18.3 **Recovery of Certain Fees**. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, then in that event the prevailing party will be entitled to have and recover certain fees from the other party including all reasonable attorneys'fees and costs resulting therefrom. For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photocopying, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 18.3 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

Section 18.4 **Construction**. Headings at the beginning of each Article and Section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular will include the plural and the masculine will include the feminine and vice versa. This Agreement will not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule will have the meaning attributable to such term in the body of this Agreement. In the event the date on which Purchaser or Seller is required to take any action under the terms of this Agreement is not a Business Day, the action will be taken on the next succeeding Business Day.

Section 18.5 **Counterparts**. This Agreement may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement.

Section 18.6 **Severability**. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 18.7 **Entire Agreement**. This Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof, and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument, signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

Section 18.8 **Governing Law**. THIS AGREEMENT WILL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED. SELLER AND PURCHASER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN A STATE OR FEDERAL COURT SITTING IN THE STATE IN WHICH THE PROPERTY IS LOCATED.

Section 18.9 **No Recording**. The parties hereto agree that neither this Agreement nor any affidavit or memorandum concerning it will be recorded and any recording of this Agreement or any such affidavit or memorandum by Purchaser will be deemed a default by Purchaser hereunder.

Section 18.10 **Further Actions**. The parties agree to execute such instructions to the Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

Section 18.11 **Joint and Several Liability**. If Purchaser is composed of more than one person or entity, all obligations of Purchaser in, under or pursuant to this Agreement shall be joint and several obligations of all parties composing Purchaser.

Section 18.12 **Exhibits**. The following sets forth a list of Exhibits to the Agreement:

Exhibit A	Assignment
Exhibit B	Assignment of Leases
Exhibit C	Bill of Sale
Exhibit D-1	Legal Description of Century Property
Exhibit D-2	Legal Description of Santa Fe Property
Exhibit D-3	Legal Description of Tri West Property
Exhibit E	Service Contracts
Exhibit F	Lease Schedule
Exhibit G	[Intentionally deleted]
Exhibit H	Tenant Estoppel
Exhibit I	Suits, Proceedings and Violations
Exhibit J	Certificate as to Foreign Status
Exhibit K	Arrearages
Exhibit L	Leasing Commission Agreements
Exhibit M	Environmental Reports
Exhibit N-1	Century Rent Roll
Exhibit N-2	Santa Fe Rent Roll
Exhibit N-3	Tri West Rent Roll
Exhibit O	[Intentionally deleted]
Exhibit P	Free Rent Credit
Exhibit Q	Pre-Approved Lease
Exhibit R	Consulting Agreement
Exhibit S	Tax Appeals

Section 18.13 **No Partnership**. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, it being the intention of the parties to merely create the relationship of Seller and Purchaser with respect to the Property to be conveyed as contemplated hereby.

Section 18.14 **Limitations on Benefits**. It is the explicit intention of Purchaser and Seller that no person or entity other than Purchaser, Seller and Seller's Affiliates and their permitted successors and assigns is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, Purchaser, Seller and Seller's Affiliates or their respective successors and assigns as permitted hereunder. Except as set forth in this Section 18.14, nothing contained in this Agreement shall under any circumstances whatsoever be deemed or construed, or be interpreted, as making any third party (including, without limitation, Broker) a beneficiary of any term or provision of this Agreement or any instrument or document delivered pursuant hereto, and Purchaser and Seller expressly reject any such intent, construction or interpretation of this Agreement.

Section 18.15 Discharge of Obligations. The acceptance of the Deeds by Purchaser shall be deemed to be a full performance and discharge of every representation and warranty made by Seller herein and every agreement and obligation on the part of Seller to be performed pursuant to the provisions of this Agreement, except those which are herein specifically stated to survive the Closing.

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

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

Date Executed:

PURCHASER:

August 9, 2004

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

August 6, 2004

WARAMAUG ACQUISITION CORP.

By: /s/ Paul A. Nussbaum
_____

Name: Paul A. Nussbaum
Title: President

SELLER:

August 9, 2004

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Roger W. Thomas
_____

Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

As to Sections 3.3 and 4.3 and Article XVII only:

August 10, 2004

ESCROW AGENT:

COMMONWEALTH LAND TITLE INSURANCE COMPANY

By: /s/ Nancy Shirar
_____

Name: Nancy Shirar
Title: _____

AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE

THIS AMENDMENT TO AGREEMENT OF SALE AND PURCHASE (this "**Amendment**") is entered into as of the 12th day of October, 2004, by and between MACK-CALI TEXAS PROPERTY L.P., a Texas limited partnership ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a Texas corporation, and WARAMAUG ACQUISITION CORP., a Texas corporation (collectively, "**Purchaser**").

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase dated as of August 10, 2004 (the "**Purchase Agreement**"). All capitalized terms used but not defined herein shall have the meaning given such terms in the Purchase Agreement.

B. Seller and Purchaser now desire to amend the Purchase Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Evaluation Period**. The expiration of the Evaluation Period is hereby extended to 5:00 p.m. Eastern Time on October 18, 2004.

2. **Purchase Price**. The Purchase Price is hereby reduced to Forty-One Million Four Hundred Fifty Thousand and No/100 Dollars ($41,450,000.00).

3. **Reaffirmation**. Except as modified by this Amendment, the Purchase Agreement is hereby ratified and confirmed and in full force and effect. In the event of a conflict between the terms of this Amendment and the Purchase Agreement, the terms of this Amendment shall control.

4. **Counterparts**. This Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of Seller and of Purchaser.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

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

PURCHASER:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____

Name: Cindy Nelson
Title: Vice President

SELLER:

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Barry Lefkowitz
_____

Name: Barry Lefkowitz
Title: Executive Vice President
and Chief Financial Officer

SECOND AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE

THIS SECOND AMENDMENT TO AGREEMENT OF SALE AND PURCHASE (this "**Second Amendment**") is entered into as of the 18th day of October, 2004, by and between MACK-CALI TEXAS PROPERTY L.P., a Texas limited partnership ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a Texas corporation, and WARAMAUG ACQUISITION CORP., a Texas corporation (collectively, "**Purchaser**").

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase dated as of August 10, 2004, as amended by that certain Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 12, 2004 (as amended to date, the "**Purchase Agreement**"). All capitalized terms used but not defined herein shall have the meaning given such terms in the Purchase Agreement.

B. Seller and Purchaser now desire to amend the Purchase Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Evaluation Period**. The expiration of the Evaluation Period is hereby extended to 5:00 p.m. Eastern Time on October 20, 2004.

2. **Reaffirmation**. Except as modified by this Second Amendment, the Purchase Agreement is hereby ratified and confirmed and in full force and effect. In the event of a conflict between the terms of this Second Amendment and the Purchase Agreement, the terms of this Second Amendment shall control.

3. **Counterparts**. This Second Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Second Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Second Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of Seller and of Purchaser.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

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

PURCHASER:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____

Name: Cindy Nelson
Title: Vice President

SELLER:

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Roger W. Thomas
_____

Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

THIRD AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE

THIS THIRD AMENDMENT TO AGREEMENT OF SALE AND PURCHASE (this "**Third Amendment**") is entered into as of the 20th day of October, 2004, by and between MACK-CALI TEXAS PROPERTY L.P., a Texas limited partnership ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a Texas corporation, and WARAMAUG ACQUISITION CORP., a Texas corporation (collectively, "**Purchaser**").

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase dated as of August 10, 2004, as amended by that certain Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 12, 2004, and as amended by that certain Second Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 18, 2004 (as amended to date, the "**Purchase Agreement**"). All capitalized terms used but not defined herein shall have the meaning given such terms in the Purchase Agreement.

B. Seller and Purchaser now desire to amend the Purchase Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Evaluation Period**. The expiration of the Evaluation Period is hereby extended to 5:00 p.m. Eastern Time on October 21, 2004.

2. **Reaffirmation**. Except as modified by this Third Amendment, the Purchase Agreement is hereby ratified and confirmed and in full force and effect. In the event of a conflict between the terms of this Third Amendment and the Purchase Agreement, the terms of this Third Amendment shall control.

3. **Counterparts**. This Third Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Third Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Third Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of Seller and of Purchaser.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

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

PURCHASER:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____

Name: Cindy Nelson
Title: Vice President

SELLER:

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Roger W. Thomas
_____

Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

FOURTH AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE

THIS FOURTH AMENDMENT TO AGREEMENT OF SALE AND PURCHASE (this "**Fourth Amendment**") is entered into as of the 21st day of October, 2004, by and between MACK-CALI TEXAS PROPERTY L.P., a Texas limited partnership ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a Texas corporation, and WARAMAUG ACQUISITION CORP., a Texas corporation (collectively, "**Purchaser**").

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase dated as of August 10, 2004, as amended by that certain Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 12, 2004, as further amended by that certain Second Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 18, 2004, and as further amended by that certain Third Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 20, 2004 (as amended to date, the "**Purchase Agreement**"). All capitalized terms used but not defined herein shall have the meaning given such terms in the Purchase Agreement.

B. Seller and Purchaser now desire to amend the Purchase Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Evaluation Period**. The expiration of the Evaluation Period is hereby extended to 5:00 p.m. Eastern Time on October 25, 2004.

2. **Reaffirmation**. Except as modified by this Fourth Amendment, the Purchase Agreement is hereby ratified and confirmed and in full force and effect. In the event of a conflict between the terms of this Fourth Amendment and the Purchase Agreement, the terms of this Fourth Amendment shall control.

3. **Counterparts**. This Fourth Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Fourth Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Fourth Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of Seller and of Purchaser.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

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

PURCHASER:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____

Name: Cindy Nelson
Title: Vice President

SELLER:

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Roger W. Thomas
_____

Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

FIFTH AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE

THIS FIFTH AMENDMENT TO AGREEMENT OF SALE AND PURCHASE (this "**Fifth Amendment**") is entered into as of the 25th day of October, 2004, by and between MACK-CALI TEXAS PROPERTY L.P., a Texas limited partnership ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a Texas corporation, and WARAMAUG ACQUISITION CORP., a Texas corporation (collectively, "**Purchaser**").

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase dated as of August 10, 2004, as amended by that certain Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 12, 2004, as further amended by that certain Second Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 18, 2004, as further amended by that certain Third Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 20, 2004, and as further amended by that certain Fourth Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 21, 2004 (as amended to date, the "**Purchase Agreement**"). All capitalized terms used but not defined herein shall have the meaning given such terms in the Purchase Agreement.

B. Seller and Purchaser now desire to amend the Purchase Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Evaluation Period**. The expiration of the Evaluation Period is hereby extended to 5:00 p.m. Eastern Time on October 27, 2004.

2. **Reaffirmation**. Except as modified by this Fifth Amendment, the Purchase Agreement is hereby ratified and confirmed and in full force and effect. In the event of a conflict between the terms of this Fifth Amendment and the Purchase Agreement, the terms of this Fifth Amendment shall control.

3. **Counterparts**. This Fifth Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Fifth Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Fifth Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of Seller and of Purchaser.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

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

PURCHASER:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____

Name: Cindy Nelson
Title: Vice President

SELLER:

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Roger W. Thomas
_____

Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

SIXTH AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE

THIS SIXTH AMENDMENT TO AGREEMENT OF SALE AND PURCHASE (this "**Sixth Amendment**") is entered into as of the 27th day of October, 2004, by and between MACK-CALI TEXAS PROPERTY L.P., a Texas limited partnership ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a Texas corporation, and WARAMAUG ACQUISITION CORP., a Texas corporation (collectively, "**Purchaser**").

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase dated as of August 10, 2004, as amended by that certain Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 12, 2004, as further amended by that certain Second Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 18, 2004, as further amended by that certain Third Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 20, 2004, as further amended by that certain Fourth Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 21, 2004, and as further amended by that certain Fifth Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 25, 2004 (as amended to date, the "**Purchase Agreement**"). All capitalized terms used but not defined herein shall have the meaning given such terms in the Purchase Agreement.

B. Seller and Purchaser now desire to amend the Purchase Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Evaluation Period**. The expiration of the Evaluation Period is hereby extended to 5:00 p.m. Central Time on October 28, 2004.

2. **Reaffirmation**. Except as modified by this Sixth Amendment, the Purchase Agreement is hereby ratified and confirmed and in full force and effect. In the event of a conflict between the terms of this Sixth Amendment and the Purchase Agreement, the terms of this Sixth Amendment shall control.

3. **Counterparts**. This Sixth Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Sixth Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Sixth Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of Seller and of Purchaser.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

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

PURCHASER:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____

Name: Cindy Nelson
Title: Vice President

SELLER:

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Roger W. Thomas
_____

Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

SEVENTH AMENDMENT TO
AGREEMENT OF SALE AND PURCHASE

THIS SEVENTH AMENDMENT TO AGREEMENT OF SALE AND PURCHASE (this "**Seventh Amendment**") is entered into as of the 28th day of October, 2004, by and between MACK-CALI TEXAS PROPERTY L.P., a Texas limited partnership ("**Seller**"), and CENTENNIAL ACQUISITION COMPANY, a Texas corporation, and WARAMAUG ACQUISITION CORP., a Texas corporation (collectively, "**Purchaser**").

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase dated as of August 10, 2004, as amended by that certain Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 12, 2004, as further amended by that certain Second Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 18, 2004, as further amended by that certain Third Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 20, 2004, as further amended by that certain Fourth Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 21, 2004, as further amended by that certain Fifth Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 25, 2004, and as further amended by that certain Sixth Amendment to Agreement of Sale and Purchase between Seller and Purchaser dated as of October 27, 2004 (as amended to date, the "**Purchase Agreement**"). All capitalized terms used but not defined herein shall have the meaning given to such terms in the Purchase Agreement.

B. Seller and Purchaser now desire to amend the Purchase Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Definitions**.

(a) The following definitions are hereby added to Section 1.1 of the Purchase Agreement:

"'**Adjacent Parcel**' means that certain 3.9498-acre real property parcel known as Lot 3, Block 9, of Replat of Lots 2&3, Block 9, Corporate Square Third Installment, an Addition to the City of Richardson, Dallas County, Texas, according to the map or plat thereof recorded in Volume 86010, Page 818, of the Map Records of Dallas County, Texas."

"'**Adjacent Parcel Outside Acquisition Date**' means March 31, 2005, provided that Seller may, by providing written notice to Purchaser no later than March 28, 2005, extend the Adjacent Parcel Outside Acquisition Date up to thirty (30) days."

"'**Parking Easement**' has the meaning set forth in Section 2(a) of the Seventh Amendment."

(b) The definitions of "Closing," "Closing Date," "Project," "Real Property," and "Scheduled Closing Date" are hereby deleted from Section 1.1 of the Purchase Agreement in their entirety and replaced with the following:

"'**Closing**' means the consummation of the purchase and sale of the Century Property and the Tri West Property, on the one hand, or the Santa Fe Property and the Adjacent Parcel (or Parking Easement, if applicable) on the other hand, as applicable, as provided for in Article X of the Purchase Agreement."

"'**Closing Date**' means the date on which the Closing of the Century Property and the Tri West Property, on the one hand, or the Santa Fe Property and the Adjacent Parcel (or Parking Easement, if applicable), on the other hand, as applicable, actually occurs."

"'**Project**' means that portion of the Property located on and used exclusively in connection with the Century Property, the Tri West Property or, collectively, the Santa Fe Property and either the Adjacent Parcel or the Parking Easement."

"'**Real Property**' means that certain parcel or parcels of real property located at 84 N.E. Loop 410, San Antonio, Texas; 1122 North Alma Road, Richardson, Texas; and 3030 LBJ Freeway, Dallas, Texas, as more particularly described on the legal descriptions attached to and made a part of the Purchase Agreement respectively as **Exhibit D-1**, **Exhibit D-2** and **Exhibit D-3**, together with the Adjacent Parcel (or Parking Easement, if applicable), and together with all of Seller's right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller's right, title and interest in and to the adjacent streets, alleys and right-of-ways, and any easement rights, air rights, subsurface development rights and water rights."

"'**Scheduled Closing Date**' means, (i) with respect to the Century Property and the Tri West Property, November 23, 2004, and (ii) with respect to the Santa Fe Property and the Adjacent Parcel (or Parking Easement, if applicable), the Adjacent Parcel Outside Acquisition Date (as extended, if applicable), subject to Section 2(f) of the Seventh Amendment."

2. **Purchase of Adjacent Parcel; Parking Easement**.

(a) Seller shall make commercially reasonable efforts to acquire either (i) fee title to the Adjacent Parcel or (ii) a perpetual, appurtenant easement over all or a portion of the Adjacent Parcel for the exclusive use of all of the current parking spaces located on the Adjacent Parcel (the "**Parking Easement**"), in either case on or before the Adjacent Parcel Outside Acquisition Date from the current owner thereof ("**MCI**") and, on the Closing Date pertaining to the Santa Fe Property, transfer the Adjacent Parcel or, if applicable, Parking Easement, to Purchaser, provided that Seller may, at its option, direct that the deed of the Adjacent Parcel or the instrument creating the Parking Easement be from MCI directly to Purchaser, effective as of the date of the Closing of the sale of the Santa Fe Property to Purchaser. If Seller is able to do so, Seller and Purchaser shall proceed to Closing with respect to the Santa Fe Property and the Adjacent Parcel (or Parking Easement, if applicable) on the Scheduled Closing Date and the Earnest Money Deposit then in escrow, together with all interest accrued thereon, will be applied at such Closing to the Purchase Price attributable to the Santa Fe Property and, if applicable, the Adjacent Parcel.

(b) Purchaser shall have the right to review any proposed purchase agreement between Seller and MCI and to make comments to Seller regarding the same promptly after receipt of a draft thereof from Seller, provided that, other than (i) confirming that such purchase agreement allows for a due diligence period that extends no less than the longer of (A) ten (10) Business Days after the receipt of a current title commitment, related exception documents and current survey of the Adjacent Parcel (or area covered by the Parking Easement, if applicable) and (B) thirty (30) days after the date of the purchase agreement with MCI, with the right to conduct a Phase II environmental site assessment if Purchaser reasonably determines that a Phase II environmental site assessment is required and to extend the due diligence period by an additional fifteen (15) days, if necessary, in order to conduct such Phase II environmental site assessment, and (ii) addressing title and survey costs as set forth in Section 2(e)(i) of this Seventh Amendment, the Closing Date as set forth in Section 2(f) of this Seventh Amendment and Purchaser's right to conduct due diligence as set forth in Section 2(e)(ii) of this Seventh Amendment, Seller is under no obligation to incorporate or attempt to incorporate any such comments into any revisions to such purchase agreement.

(c) In the event that neither fee title to the Adjacent Parcel nor a Parking Easement is acquired by Seller by the Adjacent Parcel Outside Acquisition Date (or Seller has not acquired the right to direct the deed of the Adjacent Parcel or the instrument conveying the Parking Easement directly from MCI to Purchaser on or before the Adjacent Parcel Outside Acquisition Date), Seller will not be in default under the Purchase Agreement and (i) Seller and Purchaser shall proceed to Closing on the Santa Fe Property only on the Scheduled Closing Date, (ii) the Earnest Money Deposit then in escrow, together with all interest accrued thereon, will be applied to the Purchase Price attributable to the Santa Fe Property, (iii) the Purchase Agreement will terminate with respect to the Adjacent Parcel and the Parking Easement, and except with respect to the Termination Surviving Obligations applicable to the Adjacent Parcel and the Parking Easement, the Purchase Agreement shall be null and void with respect to the Adjacent Parcel and Parking Easement and the parties shall have no further obligation to each other with respect thereto, and (iv) Purchaser shall receive a credit of Five Hundred Fifty Thousand and No/100 Dollars ($550,000.00) toward the Purchase Price of the Santa Fe Property.

(d) If an agreement with MCI to purchase the Adjacent Parcel cannot be reached and MCI is willing to grant the Parking Easement only if the Parking Easement covers more property than is necessary for the use of the parking spaces currently located on the Adjacent Parcel, then Seller shall notify Purchaser promptly upon such determination and Purchaser shall, within three (3) Business Days after receipt of such notification, notify Seller whether Purchaser is willing to accept the Parking Easement as proposed by MCI. If Purchaser elects (or is deemed to have elected) to accept the Parking Easement as proposed by MCI, then Purchaser and Seller shall proceed to Closing on the Santa Fe Property and the Parking Easement as set forth in Section 2(a) of this Seventh Amendment. In the event that Purchaser elects not to accept such Parking Easement, then Seller will not be in default under the Purchase Agreement and (i) Seller and Purchaser shall proceed to Closing on the Santa Fe Property only on the Scheduled Closing Date, (ii) the Earnest Money Deposit then in escrow, together with all interest accrued thereon, will be applied to the Purchase Price attributable to the Santa Fe Property, (iii) the Purchase Agreement will terminate with respect to the Adjacent Parcel and the Parking Easement, and except with respect to the Termination Surviving Obligations applicable to the Adjacent Parcel and the Parking Easement, the Purchase Agreement shall be null and void with respect to the Adjacent Parcel and Parking Easement and the parties shall have no further obligation to each other with respect thereto. If Purchaser does not respond to Seller's notice within the time period set forth above in this Section 2(d), then Purchaser will be deemed to have elected to accept the Parking Easement as proposed by MCI.

(e) With respect to due diligence investigation by Purchaser of the Adjacent Parcel, Seller and Purchaser agree as follows:

(i) Seller shall have no obligation to provide any title commitment, title policy, survey, environmental reports, tax or utility bills, or any other due diligence items to Purchaser relating to or covering the Adjacent Parcel. To the extent Purchaser desires to obtain a title commitment, title policy or survey of the Adjacent Parcel or to obtain any other reports or conduct any other investigations of the Adjacent Parcel, all of such items and investigations shall be at Purchaser's sole cost and expense (provided that Seller shall use commercially reasonable efforts to obtain an agreement with MCI that the costs of a survey of the Adjacent Parcel (or Parking Easement) and the owner policy of title insurance issued in connection with the purchase of the Adjacent Parcel (or the Parking Easement) from MCI will be paid by MCI), and any such reports shall be addressed to or for the benefit of Seller in addition to Purchaser.

(ii) Purchaser's right to conduct such due diligence investigations of the Adjacent Parcel shall be solely to the extent permitted under the future purchase agreement between Seller and MCI, provided that Seller will require in the negotiations of such purchase agreement that Purchaser be permitted (as Seller's designee, agent or otherwise) to conduct such due diligence as is customary for a transaction of the type contemplated by such purchase agreement and otherwise in accordance with Section 2(b)(i) of this Seventh Amendment. In the event such purchase agreement does not permit Purchaser to conduct such due diligence as aforesaid, Seller shall not be in default under the Purchase Agreement, and Seller and Purchaser shall proceed to Closing on the Santa Fe Property as set forth in Section 2(c).

(iii) Purchaser may request that Seller terminate the purchase agreement between Seller and MCI during the due diligence period thereunder, provided that (A) if Purchaser does not provide notice to Seller such that Seller has adequate time to terminate such purchase agreement before the expiration of the due diligence period contemplated thereby, Purchaser will reimburse Seller immediately for any earnest money deposit lost by Seller as a result of such termination and any other penalty suffered or incurred by Seller as a result of such termination, and (B) Purchaser may request that such purchase agreement be terminated only if Purchaser determines that all or any of the parking spaces currently located on the Adjacent Parcel (or, if applicable, Parking Easement) are not useable for parking because such use (1) is not available because of a failure of title to the Adjacent Parcel, or because a restrictive covenant, setback requirement or third party's easement rights prohibit such use, or (2) is not available without violating an applicable zoning ordinance. In addition, and subject to clause (iii)(A) of this Section 2(e), if an environmental problem exists on the Adjacent Parcel (or Parking Easement, if applicable) with respect to which a governmental agency or other governmental authority is reasonably likely to require remediation or that must be remediated in order for the Adjacent Parcel (or Parking Easement, if applicable) to be used for commercial purposes, then (x) if the estimated remediation costs are $50,000 or less, Seller and Purchaser will proceed to Closing on the Santa Fe Property and the Adjacent Parcel (or Parking Easement, if applicable) and the costs of remediation shall be borne by Purchaser; (y) if the estimated remediation costs are more than $50,000 but do not exceed $100,000, then, if Seller agrees to provide a credit at Closing toward the Purchase Price in the amount of such costs in excess of $50,000, Seller and Purchaser will proceed to Closing on the Santa Fe Property and the Adjacent Parcel (or Parking Easement, if applicable) and the remaining costs of remediation shall be borne by Purchaser and if Seller does not agree to provide such a credit, Purchaser may terminate the Purchase Agreement with respect to the Adjacent Parcel and Parking Easement and, in such event, Seller will terminate the purchase agreement with MCI; and (z) if the estimated remediation costs are more than $100,000 and Seller agrees to provide a credit at Closing toward the Purchase Price in the amount of $50,000, Purchaser may either agree to be responsible for the remediation costs up to $50,000 and in excess of $100,000 and proceed to Closing on the Santa Fe Property and the Adjacent Parcel (or Parking Easement, if applicable) or terminate the Purchase Agreement with respect to the Adjacent Parcel and Parking Easement, in which event Seller will terminate the purchase agreement with MCI, and if Seller does not agree to provide a credit at Closing toward the Purchase Price in the amount of $50,000, Purchaser may terminate the Purchase Agreement with respect to the Adjacent Parcel and Parking Easement, in which event Seller will terminate the purchase agreement with MCI. All such costs of remediation shall be based on the reasonable, good faith estimate of Seller and Purchaser. In the event of a termination of the Purchase Agreement with respect to the Adjacent Parcel (or Parking Easement) pursuant to this clause (iii) of Section 2(e), Seller and Purchaser shall proceed to Closing on the Santa Fe Property as set forth in Section 2(c).

(iv) If the Purchase Agreement is terminated with respect to the Adjacent Parcel and Parking Easement pursuant to Section 2(e)(iii) of this Seventh Amendment as a result of an environmental problem, then if Purchaser or an affiliate of Purchaser obtains fee title to, a lease of or parking easement rights over all or any part of the Adjacent Parcel at any time before the date that is the earlier of (A) three (3) years after the Closing Date of the Santa Fe Property and (B) the date on which the Santa Fe Property is transferred to a third party who is not an affiliate of Purchaser, Purchaser will immediately remit to Seller the $550,000 credit provided for in Section 2(c); provided, however, if the remediation costs exceed $50,000, Purchaser shall receive a credit against the $550,000 in the amount of such excess, up to a maximum credit of $50,000. For the purposes of this paragraph, an "affiliate" of Purchaser means any person or entity in which Purchaser, Steven H. Levin, Paul Nussbaum, The Praedium Fund V, LP and/or any entity controlling, controlled by or under common control with any of them has any equity interest or management rights. If the deed to the Santa Fe Property is not directed to an unaffiliated third party at Closing, then the deed to Purchaser or its affiliate at Closing will contain a provision that conforms to the provisions set forth in this paragraph. The provisions of this clause (iv) shall survive Closing.

(v) Notwithstanding the foregoing, in the event that Purchaser's due diligence investigations with respect to the Adjacent Parcel reveal that, as a result of (A) a failure of title, a restrictive covenant, a setback requirement or third-party easement rights and/or (B) an applicable zoning restriction, Purchaser will not, after acquisition of fee title to the Adjacent Parcel, be able to add a minimum of sixty-seven (67) new parking spaces to the Adjacent Parcel, then Purchaser will receive a credit toward the Purchase Price of the Adjacent Parcel in an amount equal to Five Thousand and No/100 Dollars ($5,000.00) for every such additional parking space, up to 67 such additional parking spaces, that Purchaser will not be able to add to the Adjacent Parcel, and Seller and Purchaser shall proceed to Closing on the Santa Fe Property and the Adjacent Parcel as set forth in Section 2(a) of this Seventh Amendment.

(f) Seller will use commercially reasonable efforts to ensure that the purchase agreement pertaining to the Adjacent Parcel (or Parking Easement) allows for the Closing on the Adjacent Parcel (or Parking Easement) to occur no sooner than March 31, 2005, and if such purchase agreement so provides, the Closing Date for the Santa Fe Property and the Adjacent Parcel (or Parking Easement) will occur no sooner than March 31, 2005, unless Purchaser requests an earlier Closing Date and Seller and MCI both agree to such earlier date. If Seller is unable, using commercially reasonable efforts, to obtain an agreement from MCI with respect to the Closing Date as set forth above in this Section 2(f), and Seller is therefore required to take fee title to the Adjacent Parcel or accept the Parking Easement before the Closing of the sale by Seller to Purchaser thereof, then the owner policy of title insurance provided for under the purchase agreement with MCI will be in the name of Seller and, to the extent any cost therefor (including the cost of modifying the survey exception to read "shortages in area" only) is not paid by MCI, such cost shall be borne by Purchaser, and the cost of any subsequent owner policy of title insurance issued to Purchaser (or its permitted assignee or designee) with respect to the Adjacent Parcel or Parking Easement shall be borne by Purchaser. In no event will the Closing Date for the sale by Seller to Purchaser of the Adjacent Parcel (or Parking Easement) be different than the Closing Date for the sale of the Santa Fe Property to Purchaser.

(g) As a condition to Purchaser's obligation to close on the Santa Fe Property and, if and as applicable, the Adjacent Parcel or the Parking Easement, Purchaser shall have arranged for an affiliate of Seller or for an unaffiliated third party to provide a loan to Purchaser substantially on the terms set forth on **Exhibit A** attached to this Seventh Amendment. In the event such loan is not available on the Scheduled Closing Date for the Santa Fe Property (and, if applicable, Adjacent Parcel or Parking Easement), the Earnest Money Deposit then in escrow, together with all interest accrued thereon, will be returned to Purchaser, this Agreement will terminate with respect to the Santa Fe Property, the Adjacent Parcel and the Parking Easement, and except with respect to the Termination Surviving Obligations applicable thereto, the Purchase Agreement shall be null and void with respect to the Santa Fe Property, the Adjacent Parcel and the Parking Easement, and the parties shall have no further obligation to each other with respect thereto, provided that, notwithstanding the foregoing, if such loan is not available because (i) Purchaser is in default under the Purchase Agreement and/or (ii) Purchaser has failed to satisfy any conditions to funding of the loan as set forth in the relevant loan commitment, then Seller shall have the remedies set forth in Section 13.2 of the Purchase Agreement.

3. **Purchase Price**.

(a) In the event that Seller causes fee title to the Adjacent Parcel to be transferred to Purchaser (or its permitted assignee or designee) at Closing, the Purchase Price shall be increased to Forty-One Million Nine Hundred Eighty-Five Thousand and No/100 Dollars ($41,985,000.00).

(b) Section 3.1 of the Purchase Agreement is revised to reallocate the Purchase Price as follows:

Century Property	$11,000,000.00
Tri West Property	$28,100,000.00
Santa Fe Property	$2,350,000.00
Adjacent Parcel (if applicable)	$535,000.00
Parking Easement (if applicable)	$0.00

4. **Earnest Money Deposit**.

(a) Section 4.1(a) of the Purchase Agreement is hereby revised as follows:

(i) No later than 5:00 p.m. Eastern Time on October 29, 2004, Purchaser shall deposit an additional earnest money deposit in the amount of Three Hundred Seventy-Five Thousand and No/100 Dollars ($375,000.00) on account of the Purchase Price for the Tri West Property and the Century Property with Escrow Agent, and such additional earnest money will, upon deposit, become part of the Earnest Money Deposit.

(ii) No later than 5:00 p.m. Eastern Time on October 29, 2004, Purchaser shall deposit an additional earnest money deposit in the amount of Three Hundred Thousand and No/100 Dollars ($300,000.00) on account of the Purchase Price for the Santa Fe Property and the Adjacent Parcel with Escrow Agent, and such additional earnest money will, upon deposit, become part of the Earnest Money Deposit.

(iii) The Earnest Money Deposit shall be allocated and credited to the Purchase Price paid at the relevant Closings as follows (with any accrued interest proportionally allocated):

Century Property	$140,665.00
Tri West Property	$359,335.00
Santa Fe Property and, if applicable, the Adjacent Parcel	$300,000.00

(iv) In the event that the additional Earnest Money Deposit in the amount of $375,000.00 and the additional Earnest Money Deposit in the amount of $300,000.00 are not deposited by 5:00 p.m. Eastern Time on October 29, 2004, then the Purchase Agreement shall automatically terminate, the Escrow Agent will promptly return to Purchaser all monies deposited toward the Earnest Money Deposit through such deadline, without interest, and except with respect to the Termination Surviving Obligations, this Agreement shall be null and void and the parties shall have no further obligations to each other.

5. **Evaluation Period and Title and Survey Review Period**. The parties acknowledge and agree that the Evaluation Period has expired and that all time periods for the review of title and survey matters relating to the Century Property, Tri West Property and Santa Fe Property have expired. Notwithstanding any right Purchaser may have to conduct due diligence investigations with respect to the Adjacent Parcel or Parking Easement as set forth above in Section 2(e) of this Seventh Amendment, Purchaser shall have no right to terminate the Purchase Agreement with respect to the Tri West Property, Century Property or Santa Fe Property solely as a result of any matters discovered during such due diligence investigations.

6. **Additional Adjacent Parcel Matters**.

(a) The provisions of Section 7.1 of the Purchase Agreement shall not apply to the Adjacent Parcel (or Parking Easement) until such time as Seller acquires it.

(b) None of the representations of Seller set forth in the Purchase Agreement (other than those set forth in Section 8.1(a), (b), (c), (e), (k) and (l) of the Purchase Agreement, to the extent applicable) shall apply to the Adjacent Parcel (or Parking Easement).

(c) The form of Consulting Agreement attached as **Exhibit R** to the Purchase Agreement will be revised as follows:

(i) if either fee title to the Adjacent Parcel is purchased or the Parking Easement is obtained by Purchaser as contemplated hereby, to delete the "Re" line thereof in its entirety and to replace it with the following:

"Consulting Agreement – Leasing/sale of that certain real property located at 1122 North Alma Road, Richardson, Texas, and **[describe Adjacent Parcel or Parking Easement, as applicable]** (collectively, the 'Santa Fe Property')"; and

(ii) if fee title to the Adjacent Parcel is purchased by Purchaser as contemplated hereby, to delete "$2,350,000" from the second sentence of paragraph 3 of the Consulting Agreement and replace it with "$2,885,000," unless any credits toward the Purchase Price are made pursuant to Section 2(e)(v) of this Seventh Amendment, in which case "$2,350,000" will be replaced by an amount equal to $2,885,000 less the aggregate amount of any such credits.

If, ultimately, neither the Adjacent Parcel is purchased nor the Parking Easement obtained by Purchaser in accordance with the provisions of this Seventh Amendment, then the changes to the form of Consulting Agreement set forth above in this Section 6(c) will not be made and clauses (i) and (ii) of this Section 6(c) shall be null and void. In such event, if the credit set forth in Section 2(c)(iv) of this Seventh Amendment applies, then "$2,350,000" will be deleted from the second sentence of paragraph 3 of the Consulting Agreement and replaced with "$1,800,000."

7. **Estoppels**. The words "twenty (20) days" in the first sentence of Section 7.2 of the Purchase Agreement are hereby deleted and replaced with the words "thirty (30) days."

8. **Notices**. The telephone and facsimile numbers of Steven H. Levin are hereby revised as follows:

Telephone: (972) 407-0104
Facsimile: (972) 733-0782

9. **Assignment**. Section 15.1 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"**Assignment; Binding Effect**. Purchaser shall have a one-time right to assign this Agreement to, (a) with respect to the Century Property and the Tri West Property, one or more entities (but no more than two entities per Project) in which Paul Nussbaum and Steven H. Levin, together or either of them individually, own, directly or indirectly, any portion of the equity interest, provided that The Praedium Fund V, LP or a wholly-owned subsidiary thereof is the controlling investor in such assignee(s) and Purchaser provides notice of such assignment to Seller at least five (5) Business Days prior to the Closing Date, which notice shall include evidence that the assignment complies with the requirements of this Section 15.1, and (b) with respect to the Santa Fe Property and, if applicable, the Adjacent Parcel (or Parking Easement), any person or entity so long as Purchaser provides notice of such assignment to Seller at least five (5) Business Days prior to the Closing Date, and if Purchaser so elects, the Deed of the Santa Fe Property and, if applicable, the Adjacent Parcel (or, if applicable, the instrument creating the Parking Easement) will be directly to the person or entity identified by Purchaser. Purchaser will not otherwise have the right to assign this Agreement without Seller's prior written consent. No assignment of this Agreement by Purchaser shall relieve Purchaser of its obligations hereunder."

10. **Reaffirmation**. Except as modified by this Seventh Amendment, the Purchase Agreement is hereby ratified and confirmed and in full force and effect. In the event of a conflict between the terms of this Seventh Amendment and the Purchase Agreement, the terms of this Seventh Amendment shall control.

11. **Counterparts**. This Seventh Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Seventh Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Seventh Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of Seller and of Purchaser.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

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

PURCHASER:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____

Name: Steven H. Levin
Title: President

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____

Name: Cindy Nelson
Title: Vice President

SELLER:

MACK-CALI TEXAS PROPERTY L.P.

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

By: /s/ Roger W. Thomas
_____

Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

Exhibit A

Loan Terms

Loan Amount:	Aggregate Purchase Price of the Santa Fe Property and, if applicable, the Adjacent Parcel, less Purchaser's equity contribution of $750,000.00.
Interest Rate:	6.75% per annum, accrued and payable monthly in arrears and computed on an actual/360-day year basis.

Loan Term:	2 years
Payments:	Interest only, payable monthly in arrears, with all principal and other outstanding amounts payable at maturity.
Loan Documents:	Promissory note in the amount of the loan, deed of trust encumbering the Santa Fe Property and, if and as applicable, the Adjacent Parcel or Parking Easement, and such other ancillary loan documents and financing statements as may be reasonably required.
Miscellaneous:	Loan will be non-recourse to Borrower other than with respect to certain customary carve-out provisions.
	Borrower and its general partner shall each be a single-purpose entity.
	Borrower shall have paid Lender's legal fees

Exhibit 10.72

Mack-Cali Property Trust
11 Commerce Drive
Cranford, New Jersey 07016

October 28, 2004

Centennial Acquisition Company and
Waramaug Acquisition Corp.
17400 Dallas Parkway, Suite 216
Dallas, Texas 75287
Attn.: Steven H. Levin, Esq.

Re: Loan (the "**Loan**") from Mack-Cali Property Trust ("**Lender**") secured by that certain real property and the improvements thereon and related personal property located at 1122 Alma Road, Richardson, Texas (collectively, the "**Santa Fe Property**")

Dear Mr. Levin:

Lender has approved the Loan in the amount set forth below from Lender to you or your assignee(s) as permitted below (as applicable, "**Borrower**"), provided that all of the conditions to the funding of the Loan as set forth herein are satisfied. The Loan shall be used for (a) the purchase of the Santa Fe Property by Borrower pursuant to that certain Agreement of Sale and Purchase dated as of August 10, 2004, between Mack-Cali Texas Property L.P. as seller and Centennial Acquisition Company and Waramaug Acquisition Corp., collectively as purchasers (as amended from time to time, the "**Purchase Agreement**") and (b) if Borrower purchases the Adjacent Parcel pursuant to the Purchase Agreement, the purchase of the Adjacent Parcel.

The following capitalized terms are defined as set forth below:

"**Adjacent Parcel**" means that certain 3.9498-acre real property parcel known as Lot 3, Block 9, of Replat of Lots 2&3, Block 9, Corporate Square Third Installment, an Addition to the City of Richardson, Dallas County, Texas, according to the map or plat thereof recorded in Volume 86010, Page 818, of the Map Records of Dallas County, Texas.

"**Parking Easement**" means a perpetual, appurtenant easement over all or a portion of the Adjacent Parcel for the use of all of the current parking spaces located thereon.

"**Purchase Price**" means the purchase price as set forth in the Purchase Agreement for the Santa Fe Property and, if applicable, the Adjacent Parcel.

"**Title Company**" means Commonwealth Land Title Insurance Company.

Lender shall provide the Loan to Borrower in an amount equal to the aggregate Purchase Price of the Santa Fe Parcel and, if applicable, the Adjacent Parcel, less Purchaser's equity contribution to the purchase of such property of Seven Hundred Fifty Thousand and No/100 Dollars ($750,000.00) (the "**Equity Contribution**"). Any credits against the Purchase Price pursuant to the Purchase Agreement shall not be applied to the Equity Contribution. The Loan will (a) be non-recourse to Borrower, other than with respect to certain customary carve-out provisions as set forth in the Loan Documents (as hereinafter defined), (b) be secured by a deed of trust on the Santa Fe Property and, if and as applicable, the Adjacent Parcel or Parking Easement, which deed of trust shall contain, among other standard provisions, an assignment of leases, a recourse environmental indemnity and a due-on-sale provision, (c) bear interest at a per annum rate of six and three-quarters percent (6.75%), accrued and payable monthly in arrears and computed on an actual/360-day year basis, as more particularly set forth in the Loan Documents, and (d) otherwise be on the terms set forth in the Loan Documents, which shall be on commercially reasonable terms. The maturity date of the Loan will be the date that is two (2) years after the closing date of the Loan, and principal shall be payable at maturity. The closing date for the Loan shall be the closing date of the purchase by Borrower of the Santa Fe Property.

The Loan shall be evidenced and secured by the following documents (collectively, the "**Loan Documents**"):

(a) a promissory note from Borrower payable to the order of Lender in the original principal amount of the Loan;

(b) a deed of trust executed by Borrower in favor of Lender; and

(c) such other ancillary loan documents and financing statements as may be reasonably required by Lender.

The obligation of Lender to fund the Loan shall be subject to the fulfillment on or before the closing date of all of the following conditions (the "**Loan Closing Conditions**"), any or all of which may be waived by Lender in its sole discretion:

(a) Borrower and its general partner shall each be a single-purpose entity as required by the Loan Documents.

(b) Borrower shall have provided evidence reasonably satisfactory to Lender that it and its general partner have been duly formed and are validly existing in good standing under the laws of their respective jurisdictions of formation and Borrower and its general partner are, if applicable, qualified to transact business in the State of Texas.

(c) Borrower shall have provided an officer's certificate certifying that attached thereto are true, complete and correct copies of the organizational documents of Borrower and its general partner and applicable resolutions and consents authorizing Borrower to enter into the Loan Documents.

(d) Borrower shall have delivered to Lender the Loan Documents, each of which shall be executed, acknowledged and in recordable form, as appropriate.

(e) The Title Company shall have agreed to deliver a mortgagee title policy that insures Lender's first lien position with respect to the Santa Fe Property and, if and as applicable, the Adjacent Parcel or the Parking Easement and that is otherwise reasonably satisfactory to Lender, the cost of which shall be borne by Borrower.

(f) Lender shall have received a survey of the Santa Fe Property and, if Borrower purchases the Adjacent Parcel or obtains the Parking Easement, a survey of the Adjacent Parcel or Parking Easement, as applicable, in each case sufficient for the Title Company to modify the survey exception in the mortgagee title policy referenced above to read "shortages in area" only and otherwise reasonably satisfactory to Lender.

(g) Borrower shall have provided evidence reasonably satisfactory to Lender that Borrower has made the Equity Contribution toward the purchase of the Santa Fe Property and, if applicable, the purchase of the Adjacent Parcel.

(h) Borrower shall have provided evidence reasonably satisfactory to Lender that Borrower has obtained the insurance required by the Loan Documents.

(i) There shall be no judicial, quasi-judicial, administrative or other proceeding pending that seeks to enjoin the consummation of the Loan.

(j) Neither Borrower nor any predecessor-in-interest of Borrower shall be in default under the Purchase Agreement.

(k) Borrower shall have paid Lender's legal fees associated with the drafting and negotiation of the Loan Documents and closing of the Loan, which shall be in the amount of $7,500.00.

If, on or before the closing date for the purchase by Borrower of the Santa Fe Property, the Loan Closing Conditions are not satisfied (or waived by Seller) or the parties hereto are unable to agree on the final form of the Loan Documents (both parties hereby agreeing to act reasonably in the negotiation thereof), then Lender will have no obligation to make the Loan, this commitment letter will be null and void and, except for any obligations that expressly survive termination hereof, neither party hereto will have any further obligations hereunder.

If Borrower does not obtain the Adjacent Parcel or the Parking Easement at the time of the closing of the Loan, the deed of trust referenced herein will include a provision under which, if Borrower obtains fee title to, a lease of or a parking easement over all or any portion of the Adjacent Parcel after the closing date of the Loan, the deed of trust shall be spread over the interest so acquired.

The Loan shall be closed on the date of Borrower's purchase of the Santa Fe Property, provided that Borrower shall have the right, by providing written notice to Lender no later than three (3) Business Days before the scheduled closing date of the Loan, to elect not to accept the Loan from Lender, and upon receipt by Lender of such notice, this loan commitment letter will become null and void and neither party will have any further obligations hereunder except Borrower's obligation to pay Lender's legal fees incurred in connection with the drafting and negotiation of the Loan Documents, which obligation shall survive termination or expiration of this commitment letter. If the purchase of the Santa Fe Property is not completed on or before April 30, 2005, this commitment will expire unless otherwise extended by Lender at its option.

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

If to Borrower:	Centennial Acquisition Company and Waramaug Acquisition Corp. 17400 Dallas Parkway, Suite 216 Dallas, Texas 75287 Attn.: Steven H. Levin, Esq. (214) 386-4920 (tele.) (214) 490-7070 (fax)
With a copy to:	Akin, Gump, Strauss, Hauer & Feld, L.L.P. 1700 Pacific Avenue, Suite 4100 Dallas, Texas 75201 Attn.: Cynthia B. Nelson, Esq. (214) 969-2882 (tele.) (214) 969-4343 (fax)
If to Lender:	c/o Mack-Cali Realty Corporation 11 Commerce Drive Cranford, New Jersey 07016 with separate notices to the attention of: Mr. Mitchell E. Hersh (908) 272-8000 (tele.) (908) 272-0214 (fax) and Roger W. Thomas, Esq. (908) 272-2612 (tele.) (908) 497-0485 (fax)

With a copy to: Jones Day
2727 North Harwood Street
Dallas, Texas 75201
Attn: Martha Wach, Esq.
(214) 220-3939 (tele.)
(214) 969-5121 (fax)

Lender shall have the right to assign its rights and obligations under this commitment letter to an affiliate of Lender without the consent of Borrower, and upon any such assignment, Mack-Cali Property Trust shall have no further obligations hereunder. Borrower shall have the right to assign its rights and obligations under this commitment letter to one or more entities in which Paul Nussbaum and Steven H. Levin, together or either of them individually, own, directly or indirectly, any portion of the equity interest, provided that The Praedium Fund V, LP or a wholly-owned subsidiary thereof is the controlling investor in such assignee(s) and Borrower provides notice of such assignment to Lender at least five (5) Business Days prior to the scheduled closing date of the Loan, which notice shall include evidence that the assignment complies with the requirements of this sentence.

TIME IS OF THE ESSENCE WITH RESPECT TO ALL TIME PERIODS AND DATES FOR PERFORMANCE SET FORTH IN THIS COMMITMENT LETTER.

This commitment letter will be construed, performed and enforced in accordance with the laws of the State of Texas.

This commitment letter shall not become effective until it is executed by all parties hereto and each party has received facsimile or original signatures of each other party. It may be executed in any number of counterparts, all of which taken together will constitute one and the same commitment letter, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

Please execute this commitment letter where indicated below to confirm your agreement with the terms and provisions set forth herein.

Sincerely,

MACK-CALI PROPERTY TRUST

By: /s/ Roger W. Thomas
_____
Name: Roger W. Thomas
Title: Executive Vice President
and General Counsel

Accepted and agreed to October 28, 2004:

CENTENNIAL ACQUISITION COMPANY

By: /s/ Steven H. Levin
_____
Name: Steven H. Levin
Title: President

Accepted and agreed to October 28, 2004:

WARAMAUG ACQUISITION CORP.

By: /s/ Cindy Nelson
_____
Name: Cindy Nelson
Title: Vice President

Exhibit 31.1

MACK-CALI REALTY CORPORATION

Certification

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

1. I have reviewed this quarterly report on Form 10-Q of Mack-Cali Realty Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2004

By: /s/ Mitchell E. Hersh

Mitchell E. Hersh
President and
Chief Executive Officer

Exhibit 31.2

MACK-CALI REALTY CORPORATION

Certification

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

1. I have reviewed this quarterly report on Form 10-Q of Mack-Cali Realty Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2004

By: /s/ Barry Lefkowitz

Barry Lefkowitz
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Mack-Cali Realty Corporation (the "Company") for the quarterly period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Mitchell E. Hersh, as President and Chief Executive Officer of the Company, and Barry Lefkowitz, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2004

By: /s/ Mitchell E. Hersh
_____
Mitchell E. Hersh
President and
Chief Executive Officer

Date: November 3, 2004

By: /s/ Barry Lefkowitz
_____
Barry Lefkowitz
Executive Vice President and
Chief Financial Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.