SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) June 12, 1998

Mack-Cali Realty Corporation

(Exact name of registrant as specified in its charter)

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

11 Commerce Drive, Cranford, New Jersey 07016

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

N/A

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

Item 5. Other Events

During the period January 1, 1998 through June 8, 1998, Mack-Cali Realty Corporation and subsidiaries (the "Company") acquired, or entered into contracts to acquire, a 21-building office/flex portfolio, an 18- building office portfolio, a six-building office complex, a three-building office portfolio, a two-building office portfolio and seven separate buildings through 12 individual transactions with separate sellers (to be collectively referred to as the "1998 Acquisitions"). Additionally, during the same period, the Company completed five separate stock offerings (collectively, the "1998 Offerings"), issuing an aggregate of 7,834,878 shares of common stock for total net proceeds of aproximately $284.6 million. The 1998 Acquisitions and the 1998 Offerings are to be hereinafter collectively referred to as the "Reported Events".

The following is a brief description of the Reported Events:

1998 Acquisitions:

On January 30, 1998, the Company acquired a 17-building office/flex portfolio, aggregating approximately 748,660 square feet located in the Moorestown West Corporate Center in Moorestown, Burlington County, New Jersey and in Bromley Commons in Burlington, Burlington County, New Jersey. The 17 properties were acquired for a total cost of approximately $47.5 million. The Company is under contract with the same seller to acquire an additional four office/flex properties, aggregating 199,400 square feet, for a total cost of approximately $12.0 million, in the same locations. The 17 acquired properties and four pending building acquisitions are to be collectively referred to as the "McGarvey Portfolio". The Company also has an option to purchase an additional property following completion of construction and required lease-up for approximately $3.7 million. The purchase contract also provides the Company a right of first refusal to acquire up to six additional office/flex properties totaling 202,000 square feet upon their development and lease-up. The initial transaction was funded primarily from drawing on one of the Company's credit facilities, as well as the assumption of mortgage debt with an estimated fair value of $8.4 million (the "McGarvey Mortgages"). The McGarvey Mortgages currently have a weighted average annual effective interest rate of 6.24 percent and are secured by five of the office/flex properties acquired.

On February 5, 1998, the Company acquired 500 West Putnam Avenue ("500 West Putnam"), a 121,250 square-foot office building located in Greenwich, Fairfield County, Connecticut. The property was acquired for a total cost of approximately $20.1 million, funded from drawing on one of the Company's credit facilities, as well as the assumption of mortgage debt with an estimated fair value of $12.1 million, which bears interest at an annual effective rate of 6.52 percent.

The McGarvey Portfolio and 500 West Putnam acquisitions were previously included as Reported Events in the Company's Current Report on Form 8-K, dated January 16, 1998. They are included in this filing as a result of the inclusion of more current financial statements.

On February 25, 1998, the Company acquired 10 Mountainview Road ("Mountainview"), a 192,000 square-foot office property, located in Upper Saddle River, Bergen County, New Jersey. The property was acquired for approximately $24.7 million, which was made available from proceeds received from the Company's February 1998 offering of common stock.

On March 12, 1998, the Company acquired 1250 Capital of Texas Highway South ("Cielo Center"), a 270,703 square-foot office building in Austin, Travis County, Texas. Cielo Center was acquired for a total cost of approximately $37.1 million, which was made available from drawing on one of the Company's credit facilities.

On March 27, 1998, the Company acquired 10 office properties located in suburban Denver and Colorado Springs, Colorado from Pacifica Holding Company ("Pacifica"), a private real estate owner and operator in Denver, Colorado. The properties were acquired for a total cost of approximately $74.7 million, funded by drawing approximately $68.2 million from the Company's credit facilities, from the issuance of approximately $3.8 million in common operating partnership units and $2.7 million from the Company's cash reserves. These acquired buildings comprised approximately 620,017 square feet of Pacifica's entire 1.2 million square-foot office portfolio, which consists of 18 office buildings and related operations (collectively, the "Pacifica Portfolio"). On June 8, 1998 the Company acquired six of the remaining eight office buildings, encompassing 514,427 square feet, and 2.5 acres of vacant land, located in the Denver Tech Center, from Pacifica for an aggregate purchase price of approximately $80.7 million, funded by drawing approximately $59.9 million from one of the Company's credit facilities and the issuance of approximately $20.8 million in common operating partnership units. The Company currently is a party to a contract to acquire the remaining two office buildings, encompassing 95,360 square feet, from Pacifica for an aggregate purchase price of approximately $11.9 million. William L. Mack, a director and equity holder of the Company, was an indirect owner of an interest in certain of the buildings contained in the Pacifica Portfolio.

Also, on March 27, 1998, the Company acquired four office buildings and a day care center, plus land parcels, and a 50 percent interest in a fifth office building, all of such properties aggregating 859,946 square-feet and located in the Prudential Business Campus office complex in Parsippany and East Hanover, Morris County, New Jersey (collectively, the "Prudential Business Campus"). Prudential Business Campus was acquired for a total cost of approximately $175.9 million, which funds were made available from the Company's cash reserves (made available in part from the proceeds of the sale of 2,705,628 shares of the Company's common stock to Prudential Insurance Company of America, Strategic Value Investors, LLC and Strategic Value Investors International, LLC) and from drawing on one of the Company's credit facilities.

On March 30, 1998, the Company acquired Morris County Financial Center, a 308,215 square-foot, two-building office complex located in Parsippany, Morris County, New Jersey. The property was acquired for approximately $52.8 million, which was made available from drawing on one of the Company's credit facilities.

On May 13, 1998, the Company acquired 3600 South Yosemite ("3600 S. Yosemite"), a 133,743 square-foot office building located in Denver, Denver County, Colorado for approximately $13.5 million, which was made available from drawing on one of the Company's credit facilities.

On May 14, 1998, the Company acquired One Ramland Road ("Ramland Road"), a 232,000 square-foot vacant office/flex building located in Orangeburg, Rockland County, New York, for approximately $6.7 million, which was made available from the Company's cash reserves. The Company intends to redevelop the property.

On May 22, 1998, the Company acquired 500 College Road East ("500 College Road"), a 158,235 square-foot office building located in Plainsboro, Middlesex County, New Jersey, for approximately $21.2 million, which was made available from drawing on one of the Company's credit facilities.

On June 1, 1998, the Company acquired 1709 New York Avenue Northwest and 1400 L Street Northwest, two individual office buildings aggregating approximately 325,000 square feet located in Washington, D.C. The properties were acquired for approximately $90.0 million, which was made available from drawing on one of the Company's credit facilities. Additionally, the Company also entered into a contract with the same seller to acquire a third office building located at 4200 Parliament Drive and vacant land in Lanham, Prince Georges County, Maryland. The 122,000 square-foot office building, in addition to adjacent developable

land, is expected to be acquired for approximately $15.5 million. The completed building acquisitions, and pending building and land acquisitions are to be collectively referred to as the "D.C. Portfolio".

On June 3, 1998, the Company acquired 400 South Colorado Boulevard ("400 South Colorado"), a 125,415 square-foot office building located in Denver, Denver County, Colorado, for approximately $12.0 million, which was made available from drawing on one of the Company's credit facilities.

Further information regarding the 1998 Acquisitions is attached on SCHEDULE A.

Each of the 1998 Acquisitions was, or will be, pursuant to individual agreements for the sale and purchase of each property or group of properties between each selling entity and the Company. The factors considered by the Company in determining the price to be paid for the properties include their historical and expected cash flow, nature of the tenants and terms of leases in place, occupancy rates, opportunities for alternative and new tenancies, current operating costs and real estate taxes on the properties and anticipated changes

therein under Company ownership, the physical condition and locations of the properties, the anticipated effect on the Company's financial results (including particularly funds from operations) and the ability to sustain and potentially increase its distributions to Company stockholders, and other factors. The Company takes into consideration capitalization rates at which it believes other comparable office buildings had recently sold, but determined the price it is willing to pay primarily on the factors discussed above relating to the properties themselves and their fit with the Company's operations. No separate independent appraisals were, or will be, obtained in connection with the acquisition of properties by the Company. The Company, after investigation of the properties, is not aware of any material factors, other than those enumerated above, that would cause the financial information reported not to be necessarily indicative of future operating results.

1998 Offerings:

On February 25, 1998, the Company completed an underwritten public offer and sale of 2,500,000 shares of its common stock and used the net proceeds, which totaled approximately $92.2 million (after offering costs) to pay down a portion of its outstanding borrowings under the Company's credit facilities and fund the acquisition of Mountainview.

On March 18, 1998, in connection with the Company's acquisition of Prudential Business Campus, the Company completed an offer and sale of 2,705,628 shares of its common stock using the net proceeds of approximately $99.9 million (after offering costs) in the funding of such acquisition.

On March 27, 1998, the Company completed an underwritten public offer and sale of 650,407 shares of its common stock and used the net proceeds, which totaled approximately $23.7 million (after offering costs), to pay down a portion of its outstanding borrowings under the Company's credit facilities.

On April 29, 1998, the Company completed an underwritten public offer and sale of 994,228 shares of its common stock and used the net proceeds, which totaled approximately $34.7 million (after offering costs), primarily to pay down a portion of its outstanding borrowings under the Company's credit facilities.

On May 29, 1998, the Company completed an underwritten public offer and sale of 984,615 shares of its common stock and used the net proceeds, which totaled approximately $34.2 million (after offering costs) primarily to pay down a portion of its outstanding borrowings under the Company's credit facilities.

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

(a) Financial Statements

The special-purpose financial statements included in this report encompass the following:

- Audited Statement of Revenue and Certain Expenses for the McGarvey Portfolio for the year ended December 31, 1997 and unaudited interim financial information for the period January 1, 1998 to January 29, 1998,
- Audited Statement of Revenue and Certain Expenses for 500 West Putnam for the year ended December 31, 1997 and unaudited interim financial information for the period January 1, 1998 to February 4, 1998,
- Audited Statement of Revenue and Certain Expenses for Mountainview for the year ended December 31, 1997 and unaudited interim financial information for the period January 1, 1998 to February 24, 1998,
- Audited Statement of Revenue and Certain Expenses for Cielo Center for the year ended December 31, 1997 and unaudited interim financial information for the period January 1, 1998 to March 11, 1998,
- Audited Statements of Revenue and Certain Expenses for the Pacifica Portfolio for the years ended December 31, 1997, 1996, and 1995 and unaudited interim financial information for the period January 1, 1998 to March 26, 1998,
- Audited Historical Statement of Gross Income and Direct Operating Expenses for Prudential Business Campus for the year ended December 31, 1997 and unaudited interim financial information for the period January 1, 1998 to March 26, 1998,
- Audited Historical Statement of Gross Income and Direct Operating Expenses for the Morris County Financial Center for the year ended December 31, 1997 and unaudited interim financial information for the period January 1, 1998 to March 29, 1998,
- Audited Statement of Revenue and Certain Expenses for 3600 S. Yosemite for the year ended December 31, 1997 and unaudited interim financial information for the three months ended March 31, 1998,
- Audited Statement of Revenue and Certain Expenses for 500 College Road East for the year ended December 31, 1997 and unaudited interim financial information for the three months ended March 31, 1998,

- Audited Statement of Revenue and Certain Expenses for the D.C. Portfolio for the year ended December 31, 1997 and unaudited interim financial information for the three months end March 31, 1998, and

- Audited Statement of Revenue and Certain Expenses for 400 South Colorado for the year ended December 31, 1997 and unaudited interim financial information for the three months ended March 31, 1998.

(b) Pro Forma Financial Information (unaudited)

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

- Condensed consolidated balance sheet as of March 31, 1998,

- Condensed consolidated statements of operations for the three months ended March 31, 1998 and the year ended December 31, 1997, and

- Estimated twelve-month pro forma statement of taxable net operating income and operating funds available for the twelve month period ended March 31, 1998.

(c) Exhibits

10.162 Agreement for Purchase and Sale of Real Estate by and between Bayer Corporation, as Seller, and Mack-Cali Realty Acquisition Corporation, as Purchaser, dated March 31, 1998 [Ramland Road]

10.163 Agreement of Sale and Purchase by and between SI Princeton, Inc., as Seller, and Mack- Cali Realty Acquisition Corporation, as Purchaser, dated April 29, 1998 [500 College Road]

10.164 Purchase and Sale Agreement by and between 1709 L.P., as Seller, and Mack-Cali Realty Acquisition Corp., as Purchaser, dated June 1, 1998 [D.C. Portfolio]

10.165 Purchase and Sale Agreement by and between 14L Associates, as Seller, and Mack-Cali Realty Acquisition Corp., as Purchaser, dated June 1, 1998 [D.C. Portfolio]

10.166 Contribution and Exchange Agreement between and among G&G Martco, Lawrence W. Feldman, The Lawrence W. And Marie N. Feldman Trust, Alvin Dworman and Plentitude Partners, L.P. and Mack-Cali Realty, L.P., dated April 30, 1998 [Convention Plaza]

10.167 Underwriting Agreement, dated May 27, 1998, between Mack-Cali Realty Corporation and PaineWebber Incorporated.

SCHEDULE A:

MACK-CALI REALTY CORPORATION

Summary of 1998 Acquisitions

<TABLE>
<CAPTION>

PROPERTY	DATE ACQUIRED (for completed acquisitions)	RENTABLE SQUARE FEET	PERCENT OCCUPIED AS OF CLOSING	YEAR COMPLETED	ACQUIS. COST TO COMPANY (in thousands)	PRINCIPAL TENANTS (based on percentage of property leased)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
McGarvey Portfolio (21 Properties) Moorestown and Burlington, Burlington County, New Jersey	1/30/98 (17 Properties) Pending: (4 Properties)	748,660 199,400	98% N/A	1985 to 1997	$47,452 $11,997	Color Graphics Inc. (7%), Standard Register Co. (5%) Computer Science Corp. (5%)
500 West Putnam 500 West Putnam Ave. Greenwich, Fairfield County, Connecticut	2/05/98	121,250	100%	1973	$20,125	Hachette Magazines, Inc. (27%), Great Brands of Europe (12%), Winklevoss Consultants, Inc. (12%), Orthopaedics Associates, P.C. (11%)
Mountainview 10 Mountainview Road Upper Saddle River, Bergen County, New Jersey	2/25/98	192,000	98%	1986	$24,725	Thomson Minwax Company (23%), Corning Life Sciences Inc. (15%), ITT Fluid Technology (14%), Neuromedical Systems Inc. (14%), Professional Detailing Inc. (14%), Innapharma Inc. (10%)
Cielo Center 1250 Capital of Texas	3/12/98	270,703	92%	1985	$37,062	Executive Environments Inc. (16%), Intelliquest Inc. (14%)

Highway South Austin, Travis County, Texas						
Pacifica Portfolio (18 Properties and vacant parcel) Denver and Colorado Springs, Colorado	3/27/98 (10 Properties) 6/8/98 (6 Properties and vacant parcel) 2 Properties Pending	620,017 514,427 95,360	98% 89% N/A	1982 to 1997	$74,712 $80,701 $11,866	Evolving Systems, Inc. (11%), Sun Microsystems, Inc. (9%), TRW Inc. (9%), First Tennessee Bank, N.A. (6%)
Prudential Business Campus (6 Properties and vacant parcel) Parsippany and East Hanover, Morris County, New Jersey	3/27/98	859,946	97%	1982 to 1991	$175,856	Nabisco Inc. (34%), Deloitte & Touche LLP (14%), Prudential Insurance Co. (11%), Bay Networks (7%)
Morris County Financial Center (2 Properties) Parsippany, Morris County, New Jersey	3/30/98	308,215	97%	1989	$52,753	Coopers & Lybrand LLP (41%), Integrated Communications (25%), Experian Information Solutions (8%)

SCHEDULE A:

MACK-CALI REALTY CORPORATION

Summary of 1998 Acquisitions (continued)

PROPERTY	DATE ACQUIRED (for completed acquisitions)	RENTABLE SQUARE FEET	PERCENT OCCUPIED AS OF CLOSING	YEAR COMPLETED	ACQUIS. COST TO COMPANY (in thousands)	PRINCIPAL TENANTS (based on percentage of property leased)
3600 S. Yosemite 3600 S. Yosemite Rd, Denver, Denver County, Colorado	5/13/98	133,743	100%	1974	$13,500	M.D.C. Holdings, Inc. (100%)
Ramland Road One Ramland Road Orangeburg, Rockland County, New York	5/14/98	232,000	0%	1987	$6,700	N/A
500 College Road East 500 College Road East Plainsboro, Middlesex County, New Jersey	5/22/98	158,235	100%	1984	$21,200	Merrill Lynch Asset Management (73%), Buchanan Ingersoll P.C. (17%), PNC Bank N.A. (10%)
D.C. Portfolio (3 Properties and vacant parcel) 1709 New York Ave. and 1400 L Street Washington, D.C.; 4200 Parliament Drive Lanham, Prince Georges County, Maryland	6/1/98 (2 Properties) Pending: (1 Property)	325,000 122,000	93% N/A	1972 to 1989	$90,000 $15,450	Board of Gov./Federal Reserve (21%), Winston & Strawn (20%), Comnet Corporation (11%), The United States of America (7%), World Resources Institute (6%)
400 South Colorado 400 South Colorado Boulevard Denver, Denver County, Colorado	6/3/98	125,415	94%	1983	$12,000	Community Health Plan (12%), Department of Revenue (12%), Northwest Bank, N.A. (11%), Senter, Goldfarb & Rice (10%)
TOTAL		5,026,371			$696,099	

SIGNATURES

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

MACK-CALI REALTY CORPORATION

June 12, 1998 By: /s/ Thomas A. Rizk
Thomas A. Rizk
Chief Executive Officer

June 12, 1998 By: /s/ Barry Lefkowitz
Barry Lefkowitz
Executive Vice President and
Chief Financial Officer

MACK-CALI REALTY CORPORATION
Index to Financial Information

MACK-CALI REALTY CORPORATION
Index to Financial Information (continued)

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Combined Statement of Revenue and Certain Expenses for the properties known as the McGarvey Portfolio, as more fully described in Note 1, for the year ended December 31, 1997. The combined financial statement is the responsibility of the McGarvey Portfolio's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying Combined Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Mack-Cali Realty Corporation) and is not intended to be a complete presentation of McGarvey Portfolio's revenues and expenses.

In our opinion, the combined financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses of the McGarvey Portfolio for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.

SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
April 6, 1998

McGARVEY PORTFOLIO
COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$5,002,423

Escalations and recoveries from tenants	1,009,119
	6,011,542
Certain Expenses	
Real estate taxes	779,904
Utilities	89,624
Operating services (Note 4)	375,870
General and administrative	2,126
	1,247,524
Revenue in excess of certain expenses	$4,764,018

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

McGARVEY PORTFOLIO
NOTES TO COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

McGarvey Development Company ("McGarvey") is engaged in the development, ownership and operation of office/flex buildings located in New Jersey. On January 30, 1998 McGarvey sold 17 office/flex buildings to certain subsidiaries of Mack-Cali Realty Corporation (the "Company") totaling approximately 748,660 square feet. McGarvey is under contract to sell to the Company four additional office/flex buildings, aggregating 199,400 square feet. The Company also has an option to purchase an office/flex property, as well as rights of first refusal to purchase up to six additional properties. There is no assurance that the purchases of the properties indicated in the preceding two sentences will be consummated or that certain conditions or purchase terms will not be modified or amended. The combined statements of revenue and certain expenses include the 17 acquired buildings and the four buildings under contract, totaling 21 office/flex buildings which are collectively referred to as the "McGarvey Portfolio" or the "Properties".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Statement of Revenue and Certain Expenses has been presented on a combined basis, which is considered to be the most meaningful, due to the common general partners in partnerships or managing members in limited liability companies and common management.

The following table sets forth the Properties included in the Combined Statement of Revenue and Certain Expenses:

Properties Acquired by the Company on January 30, 1998:

Partnership	Property	Address
Bromley Commons	3 Terri Lane	3 Terri Lane, Burlington
	5 Terri Lane	5 Terri Lane, Burlington
Cambridge Management	Garlock Building	1451 Metropolitan Avenue, West Deptford
McGarvey Development	Flex III	201 Commerce Drive, Moorestown
	Color Graphics	101 Commerce Drive, Moorestown
	Flex VII	1 Executive Drive, Moorestown
	Flex IX	102 Executive Drive, Moorestown
Moorestown West	Flex VIII	101 Executive Drive, Moorestown
	Flex XI	225 Executive Drive, Moorestown
	Flex X	1256 N. Church Street, Moorestown
Lenola Flex	Flex XII and	840 N. Lenola Road, Moorestown
	Flex XIV	844 N. Lenola Road, Moorestown

McGARVEY PORTFOLIO
NOTES TO COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Presentation (Continued)

Properties Acquired by the Company on January 30, 1998 (Continued):

Partnership	Property	Address

Twosome Flex	Flex XV	30 Twosome Drive, Moorestown
	Flex XVI	40 Twosome Drive, Moorestown
	Flex XVII	50 Twosome Drive, Moorestown
Foster Flex Assoc.	Flex XXII	97 Foster Road, Moorestown
Lancer Associates	Flex XXIV	1507 Lancer Drive, Moorestown

Properties Under Contract as of This Report Date:

Partnership	Property	Address
McGarvey Development	Flex II	2 Commerce Drive, Moorestown
	Flex IV	102 Commerce Drive, Moorestown
	Flex V	202 Commerce Drive, Moorestown
	Flex VI	2 Executive Drive, Moorestown

The accompanying Combined Statement of Revenue and Certain Expenses has been prepared on the accrual basis of accounting. The accompanying financial statement is not representative of the actual operations for the period presented as revenue and certain expenses, which may not be comparable to the revenue and certain expenses to be earned or incurred by the Company in the future operations of the Properties, have been excluded. Revenue excluded consists of interest and other revenue unrelated to the continuing operations of the Properties. Expenses excluded consist of depreciation of the building and improvements, and amortization of organization and other intangible costs and other expenses not directly related to the future operations of the Properties.

b. Use of Estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Revenue Recognition

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

3. LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2009. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, and/or increase in, real estate taxes, operating expenses, and utilities.

Future minimum rentals to be received under noncancellable operating leases at December 31, 1997 are as follows:

1998	$ 4,062,739
1999	3,404,851
2000	2,979,711
2001	2,276,969
2002	1,597,634
Thereafter	3,640,606
	$17,962,510

For the year ended December 31, 1997 and for the period of January 1, 1998 through January 29, 1998 (unaudited) no individual tenant contributed more than 10% of base rent.

4. RELATED PARTY TRANSACTIONS

The Properties incurred landscaping, snow removal and repair and maintenance expenses paid to related parties which totaled $40,891 for the year ended December 31, 1997.

5. INTERIM FINANCIAL STATEMENT

The interim financial data for the period January 1, 1998 through January 29, 1998 are unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim

period. The results for the period presented are not necessarily indicative of the results to be expected for the entire year or any other period.

McGARVEY PORTFOLIO
COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE PERIOD JANUARY 1, 1998 TO JANUARY 29, 1998
(unaudited)

Revenue	
Base rents (Note 2)	$423,130
Escalations and recoveries from tenants	71,581
	494,711
Certain Expenses	
Real estate taxes	66,092
Utilities	8,392
Operating services (Note 4)	7,433
General and administrative	87
	82,004
Revenue in excess of certain expenses	$412,707

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Statement of Revenue and Certain Expenses, for the property known as 500 West Putnam, as more fully described in Note 1, for the year ended December 31, 1997. The financial statement is the responsibility of 500 West Putnam's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Mack-Cali Reality Corporation) and is not intended to be a complete presentation of 500 West Putnam's revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses of 500 West Putnam for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.
SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
March 29, 1998

500 WEST PUTNAM
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$2,269,855
Escalation and recoveries from tenants	481,910
	2,751,765

Certain Expenses	
Real estate taxes	169,749
Utilities	268,560
Operating services	313,872
General and administrative (Note 4)	166,900
	919,081
Revenue in excess of certain expenses	$1,832,684

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

500 WEST PUTNAM
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying Statement of Revenue and Certain Expenses, 500 West Putnam (the "Property") is an office building totaling approximately 121,250 square feet in Greenwich, Fairfield County, Connecticut, which was acquired by a subsidiary of Mack-Cali Realty Corporation on February 5, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

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

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

Leases for the Property have various remaining lease terms up to 13 years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, and/or increases in, real estate taxes, operating expenses and utilities.

500 WEST PUTNAM
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

3. LEASES (Continued)

Future minimum rentals to be received under non-cancelable operating leases at December 31, 1997 are as follows:

1998	$ 2,271,990
1999	2,258,878
2000	2,000,824
2001	1,299,182
2002	944,756
Thereafter	5,928,321
	$14,703,951

For the year ended December 31, 1997, four tenants contributed 62.5% of base rents comprised of: 24.2% for Hachette, Inc., 15.6% for Great Brands, Inc., 11.6% for Orthopedic Associates, P.C. and 11.1% for Winklevoss, Inc.

For the period January 1, 1998 to February 4, 1998 (unaudited), four tenants contributed 60.7% of base rents comprised of: 23.5% for Hachette, Inc., 15.1% for Great Brands, Inc., 11.3% for Orthopedic Associates, P.C. and 10.8% for Winklevoss, Inc.

4. GENERAL AND ADMINISTRATIVE

The Property incurred management fees of 5.7% of total revenues for both 1997 and for the period of January 1, 1998 to February 4, 1998. Management fee expense for the property was $156,752 for 1997 and $15,207 (unaudited) for the period January 1, 1998 to February 4, 1998.

5. INTERIM STATEMENT

The interim financial data for the period of January 1, 1998 to February 4, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire year or any other period.

500 WEST PUTNAM
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE PERIOD JANUARY 1, 1998 TO FEBRUARY 4, 1998
(unaudited)

Revenue	
Base rents (Note 2)	$229,677
Escalation and recoveries from tenants	38,132
	267,809
Certain Expenses	
Real estate taxes	17,244
Utilities	26,152
Operating services	27,076
General and administrative (Note 4)	15,384
	85,856
Revenue in excess of certain expenses	$181,953

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Statement of Revenue and Certain Expenses for the property known as Mountainview, as more fully described in Note 1, for the year ended December 31, 1997. The financial statement is the responsibility of the property's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Mack-Cali Realty Corporation) and is not intended to be a complete presentation of Mountainview's revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses for Mountainview for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.

SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
March 27, 1998

MOUNTAINVIEW
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$2,653,925
Escalations and recoveries from tenants	210,922
Other income	3,562
	2,868,409
Certain Expenses	
Real estate taxes	221,427
Utilities	421,110
Operating services	508,280
General and administrative (Note 4)	110,307
	1,261,124
Revenue in excess of certain expenses	$1,607,285

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

MOUNTAINVIEW
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying Statement of Revenue and Certain Expenses, Mountainview (the "Property") is an office building totaling approximately 192,000 square feet in Upper Saddle River, Bergen County, New Jersey which was acquired by a subsidiary of Mack-Cali Realty Corporation, (the "Company") on February 25, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

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

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

Leases for the Property have various remaining lease terms up to ten years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, and/or increases in, real estate taxes, operating expenses, and utilities.

MOUNTAINVIEW
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

3. LEASES (Continued)

Future minimum rentals to be received under non-cancelable operating leases at December 31, 1997 are as follows:

1998	$ 3,227,095
1999	3,643,536
2000	3,691,848
2001	3,662,848
2002	3,190,766
Thereafter	9,059,546
	$26,475,639

For the year ended December 31, 1997, four tenants contributed 87.6 percent of base rents, comprised of: 34.5 percent for Thompson Minwax Company, Inc., 21.0 percent for Neuromedical Systems, Inc., 19.5 percent for Corning Life Sciences, Inc. and 12.6 percent for Innapharma, Inc.

For the period of January 1, 1998 to February 24, 1998 (unaudited) four tenants contributed 86.8 percent of base rents, comprised of: 34.2 percent for Thompson Minwax, Inc., 20.8 percent for Neuromedical, Inc., 19.3 percent for Corning Life Sciences, Inc. and 12.5 percent for Innapharma, Inc.

4. GENERAL AND ADMINISTRATIVE

The Property incurred management fees based on two percent of gross revenues which totaled $58,778 for the year ended December 31, 1997 and $8,867 (unaudited) for the period of January 1, 1998 to February 24, 1998.

5. INTERIM STATEMENT

The interim financial data for the period of January 1, 1998 to February 24, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

MOUNTAINVIEW
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE PERIOD JANUARY 1, 1998 TO FEBRUARY 24, 1998
(unaudited)

Revenue	
Base rents (Note 2)	$421,974
Escalation and recoveries from tenants	33,573
	455,547
Certain Expenses	
Real estate taxes	35,028
Utilities	67,880
Operating services	69,726
General and administrative (Note 4)	14,435
	187,069
Revenue in excess of certain expenses	$268,478

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Statement of Revenue and Certain Expenses, for the properties known as Cielo Center, as more fully described in Note 1, for the year ended December 31, 1997. The financial statement is the responsibility of Cielo Center's management. Our responsibility is to express an

opinion on this financial statement based on our audit.

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

The accompanying Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Mack-Cali Reality Corporation) and is not intended to be a complete presentation of Cielo Center's revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses of Cielo Center for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsy & Co., L.L.C.

SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
March 30, 1998

CIELO CENTER
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$3,976,912
Escalation and recoveries from tenants	205,862
Parking and other	105,890
	4,288,664
Certain Expenses	
Real estate taxes	596,834
Utilities	491,554
Operating services	848,825
General and administrative (Note 4)	264,364
	2,201,577
Revenue in excess of certain expenses	$2,087,087

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

CIELO CENTER
NOTES TO STATEMENTS OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying Statement of Revenue and Certain Expenses, Cielo Center (the "Property") is an office property totaling approximately 270,703 square feet in Austin, Texas, which was acquired by a subsidiary of Mack-Cali Realty Corporation (the "Company") on March 12, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

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

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

Leases for the Property have various remaining lease terms up to six years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, and/or increases in, real estate taxes, operating expenses and utilities.

3. LEASES (Continued)

Future minimum rentals to be received under non-cancelable operating leases at December 31, 1997 are as follows:

1998	$ 4,912,707
1999	4,988,500
2000	4,291,747
2001	3,390,066
2002	1,280,066
2003	596,890
	$19,459,976

For the year ended December 31, 1997 and for the period of January 1, 1998 to March 11, 1998 (unaudited) one tenant contributed more than 10.0 percent of base rents. Intelliquest, Inc. contributed 14.3 and 12.6 percent of base rents, respectively.

4. GENERAL AND ADMINISTRATIVE

The Property incurred management fees based on four percent of gross revenues which totaled $175,900 for the year ended December 31, 1997 and $38,570 (unaudited) for the period January 1, 1998 to March 11, 1998.

5. INTERIM STATEMENT

The interim financial data for the period of January 1, 1998 to March 11, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire year or any other period.

Revenue	
Base rents (Note 2)	$ 943,309
Escalation and recoveries from tenants	42,638
Parking and other	19,532
	1,005,479
Certain Expenses	
Real estate taxes	124,340
Utilities	88,929
Operating services	137,961
General and administrative (Note 4)	73,375
	424,605
Revenue in excess of certain expenses	$ 580,874

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Combined Statements of Revenue and Certain Expenses for the properties known as the Pacifica Portfolio, as more fully described in Note 1, for the years ended December 31, 1997, 1996 and 1995. The combined financial statements are the responsibility of the Pacifica Portfolio's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

The accompanying Combined Statements of Revenue and Certain Expenses were prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Security and Exchange Commission (for inclusion in the Form 8-K of Mack-Cali Realty Corporation) and is not intended to be a complete presentation of the Pacifica Portfolio's revenue and expenses.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the revenue and certain expenses of the Pacifica Portfolio for the years ended December 31, 1997, 1996 and 1995 in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekrtisky & Co., L.L.C.
SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
April 8, 1998

PACIFICA PORTFOLIO
COMBINED STATEMENTS OF REVENUE AND CERTAIN EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

<TABLE>
<CAPTION>

	1997	1996	1995
<S>	<C>	<C>	<C>
Revenue			
Base rents (Note 2)	$7,824,679	$2,919,402	$2,066,367
Escalation and recoveries from tenants	791,363	116,788	98,331
Parking and other	52,773	16,507	6,055
	8,668,815	3,052,697	2,170,753
Certain Expenses			
Real estate taxes	1,084,022	271,824	216,750
Utilities	494,821	354,919	356,041
Operating services	808,182	515,424	433,538
General and administrative (Note 4)	263,093	153,066	108,726
	2,650,118	1,295,233	1,115,055
Revenue in excess of certain expenses	$6,018,697	$1,757,464	$1,055,698

</TABLE>

The accompanying notes are an integral part of these Combined Statements of Revenue and Certain Expenses.

PACIFICA PORTFOLIO
NOTES TO COMBINED STATEMENTS OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

The Pacifica Portfolio (not a legal entity) is engaged in the ownership and operation of commercial office buildings located in the state of Colorado (the "Properties"). The Properties consist of 18 office buildings comprising approximately 1.2 million square feet and a parcel of undeveloped land. Management, leasing and construction services with respect to the Properties have been historically provided by Pacifica Holding Company LLC, which is affiliated with the Properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Combined Statements of Revenue and Certain Expenses of the Properties have been presented on a combined basis, which is considered to be the most meaningful due to the common general partners in partnerships or managing members in limited liability companies and common management.

The following table sets forth the Properties included in these Combined Statements of Revenue and Certain Expenses:

Property (A)	Address	Square Footage	Year Placed in Service
Pacifica Progress	141 Union / Lakewood	63,600	1986
Pacifica Place	5350 S. Roslyn / Englewood	63,754	1982
384 Inverness	384 Inverness / Englewood	52,647	1985
ESI Building	9777 Mt. Pyramid / Parker	120,281	1996
Pacifica Pointe	5975 S. Quebec / Englewood	102,877	1996
67 Inverness	67 Inverness / Englewood	54,280	1996
TRW Building	750 W. Richfield / Aurora	108,240	1997
Interlocken I	303 Technology / Broomfield	74,870	1997
Centennial Valley I	1172 Century Drive / Louisville	49,566	1997
Centennial Valley I	248 Centennial Pkwy / Louisville	39,266	1997
Centennial Valley II	285 Century Place / Louisville	69,145	1997
	Total square footage	798,526	

Certain properties included in the Pacifica Portfolio have begun rental activity during various years, as indicated by the above schedule. Inclusion of such rental activity in the combined statements was based on the initial year of activity. Other properties have been excluded from the combined statements as they were under various stages of development as of December 31, 1997.

(A) All of the above listed properties have been acquired by subsidiaries of Mack-Cali Realty Corporation, with the exception of Centennial Valley II which is currently under contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

a. Basis of Presentation (Continued)

The following table sets forth the properties under development and the land parcel, which are excluded from the combined statements:

Property	Address	Square Footage
Interlocken II	105 Technology Court / Broomfield	37,574 (a)
Pacifica Inverness	400 Inverness / Englewood	111,798 (b)
Pacifica Highland	9359 E. Nichols Ave. / Arapahoe	72,610
Pacifica Tech Briargate	2375 Telstar Drive / Colorado Springs	46,400
Pacifica Tech Briargate	8415 Explorer Drive / Colorado Springs	46,400
Pacifica Pointe Briargate	1975 Research Pkway / Colorado Springs	115,250
DTC Land	4501 S. Tamarac Pkway / Denver	-- (c)
	Total square footage	430,032

(a) Included in combined statements for the period January 1, 1998 to March 26, 1998. Property began rental activity on March 1, 1998.

(b) Included in combined statements for the period January 1, 1998 to March 26, 1998. Property began rental activity on January 1, 1998.

(c) Vacant land parcel.

The accompanying Combined Statements of Revenue and Certain Expenses have been prepared on the accrual basis of accounting for those properties which had rental activity during the years ended December 31,1997, 1996 and 1995. The accompanying combined financial statements are not representative of the actual operations for the period presented as revenue and certain expenses, which may not be comparable to the revenue and certain expenses to be earned or incurred by the Company in the future operations of the Properties because certain expenses have been excluded. Revenue excluded consists of interest and other revenue unrelated to the continuing operations of the Properties. Expenses excluded consist of depreciation of the building and improvements, amortization of organization and other intangible costs and other expenses not directly related to the future operations of the Properties.

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2016. Substantially all of these 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 December 31, 1997 are as follows:

1998	$ 13,178,000
1999	13,808,000
2000	13,773,000
2001	12,504,000
2002	10,221,000
Thereafter	41,232,000
	$104,716,000

For the year ended December 31, 1995, two tenants contributed 23.7 percent of base rent, comprised of: 12.6 percent for Quickpen International, Inc. and 11.1 percent for Tom Brown, Inc.

For the year ended December 31, 1996, Northern Telecom, Inc. contributed 13.9 percent of base rent.

For the year ended December 31, 1997, two tenants contributed 31.1 percent of base rent, comprised of: 18.6 percent for Evolving Systems, Inc. and 12.5 percent for Northern Telecom, Inc.

For the period of January 1, 1998 to March 26, 1998 (unaudited), two tenants contributed 32.9 percent of base rent, comprised of: 22.0 percent for TRW, Inc. and 10.9 percent for Evolving Systems, Inc.

4. RELATED PARTY TRANSACTIONS

General and Administrative

The Properties incurred management fees based on various rates of approximately 1.5 to 4 percent of gross revenues which totaled $219,294, $125,928 and $87,533 for the years 1997, 1996 and 1995, respectively. For the period January 1, 1998 to March 26, 1998, the Properties incurred management fees which totaled $85,390 (unaudited).

5. INTERIM STATEMENT

The interim financial data for the period January 1, 1998 to March 26, 1998 are unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

PACIFICA PORTFOLIO
COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE PERIOD JANUARY 1, 1998 TO MARCH 26, 1998
(unaudited)

Revenue	
Base rents (Note 2)	$3,226,647
Escalation and recoveries from tenants	371,762
Parking and other	19,742
	3,618,151
Certain Expenses	
Real estate taxes	326,646
Utilities	168,749
Operating services	246,103
General and administrative (Note 4)	98,179
	839,677
Revenue in excess of certain expenses	$2,778,474

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

Report of Independent Accountants

To the Board of Directors and
Shareholders of Mack-Cali Realty Corporation

We have audited the accompanying Historical Statement of Gross Income and Direct Operating Expenses of the property known as the Prudential Business Campus (the "Property") for the year ended December 31, 1997. This historical statement is the responsibility of the Property's management. Our responsibility is to express an opinion on this historical statement based on our audit.

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

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

In our opinion, the historical statement referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in Note 2 for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Price Waterhouse LLP
- ------------------------
PRICE WATERHOUSE LLP
New York, New York

April 16, 1998

PRUDENTIAL BUSINESS CAMPUS
HISTORICAL STATEMENT OF GROSS INCOME AND
DIRECT OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

Gross income	
Base rents	$ 12,224,598
Escalations and recoveries from tenants	1,081,852
Parking and other	463,952
Interest income	141,136
Equity in earnings of investee	1,554,274

Total gross income	15,465,812
Direct operating expenses	
Real estate taxes	2,530,728
Utilities	941,485
Operating services	828,286
General and administrative	948,623
Loss on assumption of lease	683,219
Total direct operating expenses	5,932,341
Gross income in excess of direct operating expenses	$ 9,533,471

The accompanying notes are an integral part of these Combined Statements of Revenue and Certain Expenses.

PRUDENTIAL BUSINESS CAMPUS
NOTES TO HISTORICAL STATEMENT OF GROSS INCOME AND
DIRECT OPERATING EXPENSES

1. Organization

For the purpose of the accompanying historical statement of gross income and direct operating expenses, the property known as the Prudential Business Campus (the "Property") consists of four wholly-owned office buildings (known as Hilton Court West, Arbor Circle North, Arbor Circle South and Two Hilton Court), a 50% joint venture interest in a fifth office building (9 Campus Drive or the "Investee"), a day care center and approximately 312 acres of developable land located in Parsippany and East Hanover, New Jersey. The Property was acquired by a subsidiary of Mack-Cali Realty Corporation (the "Company") on March 27, 1998.

2. Summary of Significant Accounting Policies

Significant accounting principles and practices used in the preparation of the accompanying historical statement of gross income and direct operating expenses are summarized below.

Basis of presentation
The accompanying historical statement of gross income and direct operating expenses has been prepared on the accrual basis of accounting.

The historical statement is not representative of the actual operations for the period presented, as certain revenues and expenses, which may not be comparable to the revenues and expenses to be earned or incurred by the Company in the future operations of the Property have been excluded. Income excluded consists of interest income earned on cash balances and short-term investments. Expenses excluded consist of expenses unrelated to the continuing operations of the Property, namely certain general and administrative expenses, depreciation, amortization and interest expense.

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

Equity in earnings of Investee
Earnings are recognized on the equity method, reflected by the Property's share of the current year's gross income earned over direct operating expenses incurred by the Investee.

Revenue recognition
Leases with tenants of the Property are classified as operating leases. Base rents are recognized on a straight-line basis over the term of the respective lease.

The Property receives reimbursements 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 5).

PRUDENTIAL BUSINESS CAMPUS
NOTES TO HISTORICAL STATEMENT OF GROSS INCOME AND
DIRECT OPERATING EXPENSES

3. Related Party Transactions

The Property entered into an Asset Management Agreement with the Prudential Insurance Company of America (the "Asset Manager"). The Asset Manager provides the Property with executive, supervisory and managerial services in connection with the operation, management, maintenance and leasing of the Property and the Investee. The Asset Manager is paid an annual fee, which is increased annually based on increases in the Consumer

Price Index. The Property incurred asset management fees of $220,605 in 1997 which are excluded from these financial statements as they will not be continuing.

The Property has also entered into development agreements with The Prudential Insurance Company of America (the "Development Manager") and U.S. West Real Estate, Inc. (the "Development Director") in relation to development of infrastructure improvements to the Tract. The Development Manager and Development Director earn fees equal to 4.25 percent and 0.75 percent, respectively, of approved project costs for the development of the land, which amounted to $14,181 and $2,502, respectively, in 1997.

Approximately 26,400 sq. ft. of the 53,500 sq. ft. of the Assumed Lease (see Note 4) space is sub-leased to two affiliates of Prudential. The sub-leases run contemporaneously with the Assumed Lease which expires in 2000. Revenue recognized from the space sub-leased to the affiliates amounted to $782,460 in 1997.

Approximately 66,600 sq. ft. of the Arbor Circle South building is leased to a Prudential affiliate, with a lease term of ten years which runs until 2005. Revenue recognized from the space leased to this affiliate amounted to $1,520,017 in 1997.

4. Loss on Assumption of Lease

During 1990, the Property agreed to lease, to a third party, office space in the property known as Two Hilton Court. The tenant agreed to pay $3,000,000 over a ten year period at 10 percent interest and the Property assumed the tenant's pre-existing lease (the "Assumed Lease") with a related party. At December 31, 1997, the Assumed Lease requires future lease payments (excluding escalations) of approximately $4,500,000 through the year 2000. The Property has estimated future rental income exclusive of the payments on the Assumed Lease to be approximately $3,700,000. The estimated loss on the Assumed Lease is recognized on a straight-line basis over the remaining term of the lease at Two Hilton Court.

5. Leases

Leases for the Property have various remaining lease terms which expire over periods ranging from one to eight years and contain various renewal options. 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.

The future minimum rentals to be received under non-cancelable leases in effect at December 31, 1997, excluding the Investee, are as follows:

Year ending December 31,	
1998	$ 14,661,872
1999	14,347,410
2000	14,399,152
2001	5,306,760
2002	3,579,476
Thereafter	4,316,700
	$ 56,611,370

6. Major Tenants

For the year ended December 31, 1997 and the period January 1, 1998 to March 26, 1998, Nabisco, Inc. accounted for approximately 24 percent of total rental revenues.

7. Equity in Earnings of Investee

The Investee's gross income in excess of direct operating expenses for the year ended December 31, 1997 and the period January 1, 1998 to March 26, 1998 are summarized as follows:

	1997	January 1, 1998 to March 26, 1998 (unaudited)
Gross income	$ 4,604,637	$ 1,161,157
Direct operating expenses	(1,496,089)	(382,981)
Gross income in excess of direct operating expenses	$ 3,108,548	$ 778,176

8. Interim Statement

The interim financial data for the period January 1, 1998 to March 26, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments consisting of only normal, recurring adjustments necessary for a fair statement of the results of the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire fiscal year or for any other period.

PRUDENTIAL BUSINESS CAMPUS
HISTORICAL STATEMENT OF GROSS INCOME AND
DIRECT OPERATING EXPENSES (unaudited)

FOR THE PERIOD JANUARY 1, 1998 TO MARCH 26, 1998

Gross income	
Base rents	$ 3,032,760
Escalations and recoveries from tenants	252,295
Parking and other	195,421
Interest income	51,390
Equity in earnings of investee	389,088
Total gross income	3,920,954
Direct operating expenses	
Real estate taxes	611,709
Utilities	285,117
Operating services	168,348
General and administrative	345,378
Loss on assumption of lease	150,777
Total direct operating expenses	1,561,329
Gross income in excess of direct operating expenses	$ 2,359,625

The accompanying notes are an integral part of these Combined Statements of Revenue and Certain Expenses.

Report of Independent Accountants

To the Board of Directors and
Shareholders of Mack-Cali Realty Corporation

We have audited the accompanying Historical Statement of Gross Income and Direct Operating Expenses of the property known as Morris County Financial Center (the "Property"), for the year ended December 31, 1997. This historical statement is the responsibility of the Property's management. Our responsibility is to express an opinion on this historical statement based on our audit.

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

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

In our opinion, the historical statement referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in Note 2, for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Price Waterhouse LLP
- ------------------------
PRICE WATERHOUSE LLP
New York, New York

April 2, 1998

MORRIS COUNTY FINANCIAL CENTER
HISTORICAL STATEMENT OF GROSS INCOME AND
DIRECT OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

Gross income	
Base rents	$ 6,043,448
Escalations and recoveries from tenants	1,793,817
Other income	56,036
Total gross income	7,893,301
Direct operating expenses	
Real estate taxes	788,676
Utilities	938,955
Operating services	1,229,191
General and administrative	329,184
Total direct operating expenses	3,286,006
Gross income in excess of direct operating expenses	$ 4,607,295

The accompanying notes are an integral part of these Combined Statements of Revenue and Certain Expenses.

MORRIS COUNTY FINANCIAL CENTER
NOTES TO HISTORICAL STATEMENT OF GROSS INCOME AND
DIRECT OPERATING EXPENSES

1. Organization

For the purpose of the accompanying historical statement of gross income and direct operating expenses, the property known as Morris County Financial Center, is comprised of two office buildings, One Sylvan Way and Five Sylvan Way (collectively, the "Property") located in Parsippany, New Jersey. The buildings contain 154,832 and 153,383 square feet, respectively. The Property was acquired by a subsidiary of Mack-Cali Realty Corporation ("the Company") on March 30, 1998.

2. Summary of Significant Accounting Policies

Significant accounting principles and practices used in preparation of the accompanying historical statement of gross income and direct operating expenses are summarized below.

Basis of presentation

The accompanying historical statement of gross income and direct operating expenses has been prepared on the accrual basis of accounting.

The historical statement is not representative of the actual operations for the period presented, as certain revenues and expenses, which may not be comparable to the revenues and expenses to be earned or incurred by the Company in the future operations of the Property, have been excluded. Expenses excluded consist of expenses unrelated to the continuing operations of the Property, namely certain general and administrative expenses, depreciation, amortization and interest expense.

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

Revenue recognition

Leases with tenants of the Property are classified as operating leases. Base rents are recognized on a straight-line basis over the term of the respective lease.

The Property receives reimbursements 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 3).

Expense allocation

The Property is part of a three-building complex in the Morris County Financial Center complex. A portion of the expenses included herein are based on allocation of complex-wide common charges based on each building's proportionate square footage of the total complex square

footage.

3. Leases

Leases for the Property have various remaining lease terms which expire over periods ranging from one to seven years and contain various renewal options. 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 pass-through of charges for electrical usage.

The future minimum rentals to be received under non-cancellable leases in effect at December 31, 1997 are as follows:

Year ending December 31,	
1998	$ 5,936,522
1999	3,283,032
2000	1,832,984
2001	1,711,599
2002	1,675,502
Thereafter	1,403,151
	$ 15,842,790

4. Major Tenants

For the year ended December 31, 1997 and the period January 1, 1998 to March 29, 1998 (unaudited), Coopers & Lybrand, LLP and Integrated Communications accounted for 42 percent and 24 percent of total rental revenues, respectively.

5. Interim Statement

The interim financial data for the period ended March 29, 1998 is unaudited. However, in the opinion of the Property's management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

FOR THE PERIOD JANUARY 1, 1998 TO MARCH 29, 1998

Gross income	
Base rents	$ 1,510,862
Escalations and recoveries from tenants	498,552
Other income	2,319
Total gross income	2,011,733
Direct operating expenses	
Real estate taxes	192,787
Utilities	252,155
Operating services	322,251
General and administrative	85,834
Total direct operating expenses	853,027
Gross income in excess of direct operating expenses	$ 1,158,706

The accompanying notes are an integral part of these Combined Statements of Revenue and Certain Expenses.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of

Mack-Cali Realty Corporation
Cranford, New Jersey

We have audited the accompanying Statement of Revenue and Certain Expenses for the property known as 3600 S. Yosemite, as more fully described in Note 1, for the year ended December 31, 1997. The financial statement is the responsibility of 3600 S. Yosemite's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Mack-Cali Realty Corporation) and is not intended to be a complete presentation of 3600 S. Yosemite's revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses for 3600 S. Yosemite for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.
SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
June 4, 1998

3600 S. YOSEMITE
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$1,677,516
Escalations and recoveries from tenants	9,872
Parking and other	69,486
	1,756,874
Certain Expenses	
Real estate taxes	119,000
Utilities	195,128
Operating services	315,800
General and administrative (Note 4)	48,803
	678,731
Revenue in excess of certain expenses	$1,078,143

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

3600 S. YOSEMITE
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying Statement of Revenue and Certain Expenses, 3600 S. Yosemite (the "Property") is an office building totaling approximately 133,743 square feet in Denver, Denver County, Colorado which was acquired by a subsidiary of Mack-Cali Realty Corporation (the "Company") on May 13, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Statement of Revenue and Certain Expenses has been prepared on the accrual basis of accounting. The accompanying financial statement is not representative of the actual operations for the period presented, as revenue and certain expenses, which may not be comparable to the revenue and certain expenses to be earned

or incurred by the Company in the future operations of the Property have been excluded. Revenue excluded consists of interest and other revenue unrelated to the continuing operations of the Property. Expenses excluded consist of depreciation of the building and improvements, and amortization of organization and other intangible costs and other expenses not directly related to the future operations of the Property.

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

Leases for the Property have various remaining lease terms up to three years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, or increases in, real estate taxes, operating expenses, and utilities.

Future minimum rentals to be received under non-cancelable operating leases at December 31, 1997 are as follows:

1998	$ 1,545,683
1999	406,873
2000	96,930
	$ 2,049,486

For the year ended December 31, 1997, three tenants contributed 80.5 percent of base rents, comprised of: 55.3 percent for MDC Holdings, Inc., 14.8 percent for Key Bank of Colorado, N.A., and 10.4 percent for Sevo Miller.

For the three months ended March 31, 1998 (unaudited) three tenants contributed 83.5 percent of base rents, comprised of: 57.4 percent for MDC Holdings, Inc., 15.3 percent for Key Bank of Colorado, N.A., and 10.8 percent for Sevo Miller.

4. GENERAL AND ADMINISTRATIVE

The Property incurred management fees based on two percent of gross revenues which approximated $36,000 for the year ended December 31, 1997 and $9,000 for the three months ended March 31, 1998 (unaudited).

5. INTERIM STATEMENT

The interim financial data for the three months ended March 31, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

Revenue	
Base rents (Note 2)	$404,883
Parking and other	18,243
	423,126
Certain Expenses	
Real estate taxes	29,750
Utilities	51,832
Operating services	81,589

General and administrative (Note 4)	9,767
	172,938
Revenue in excess of certain expenses	$250,188

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Statement of Revenue and Certain Expenses, for the property known as 500 College Road East, as more fully described in Note 1, for the year ended December 31, 1997. The financial statement is the responsibility of the property's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Mack-Cali Realty Corporation) and is not intended to be a complete presentation of 500 College Road East revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses of 500 College Road East for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.
SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
May 29, 1998

500 COLLEGE ROAD EAST
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$2,828,316
Escalation and recoveries from tenants	437,249
	3,265,565
Certain Expenses	
Real estate taxes	317,854
Utilities	479,607
Operating services	407,250
General and administrative (Note 4)	160,659
	1,365,370
Revenue in excess of certain expenses	$1,900,195

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

500 COLLEGE ROAD EAST
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying Statement of Revenue and Certain Expenses, 500 College Road East (the "Property") is an office building located at 500 College Road East, Princeton, Middlesex County, New Jersey consisting of approximately 158,235 square feet which was acquired by a subsidiary of Mack-Cali Realty Corporation (the "Company") on May 22, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

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

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

Leases for the Property have various remaining lease terms up to seven years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, and/or increases in, real estate taxes, operating expenses, and utilities.

Future minimum rents to be received over the next five years and thereafter from tenants as of December 31, 1997 are as follows:

1998	$ 3,064,758
1999	2,831,400
2000	2,877,251
2001	2,988,237
2002	3,099,818
Thereafter	5,558,758
	$ 20,420,222

3. LEASES (Continued)

For the year ended December 31, 1997, three tenants contributed 100.0 percent of base rents comprised of: 70.0 percent for Merrill Lynch Asset Management, L.P., 17.1 percent for Buchanan Ingersoll Professional Corporation, and 12.9 percent for Chemical Bank of New Jersey.

For the three months ended March 31, 1998 (unaudited), three tenants contributed 100.0 percent of base rents comprised of: 70.0 percent for Merrill Lynch Asset Management, L.P., 17.1 percent for Buchanan Ingersoll Professional Corporation, and 12.9 percent for Chemical Bank of New Jersey.

4. GENERAL AND ADMINISTRATIVE

The Property incurred management fees based on two percent of gross revenues which totaled $81,889 for the year ended December 31, 1997 and $17,206 (unaudited) for the three months ended March 31, 1998.

5. INTERIM STATEMENT

The interim financial data for the three months ended March 31, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim

period. The results for the period presented are not necessarily indicative of the results to be expected for the entire year or any other period.

500 COLLEGE ROAD EAST
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 1998
(unaudited)

Revenue	
Base rents (Note 2)	$707,079
Escalation and recoveries from tenants	117,056
	824,135
Certain Expenses	
Real estate taxes	79,464
Utilities	152,505
Operating services	85,673
General and administrative (Note 4)	33,199
	350,841
Revenue in excess of certain expenses	$473,294

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Combined Statement of Revenue and Certain Expenses, for the properties known as the D.C. Portfolio, as more fully described in Note 1, for the twelve months ended December 31, 1997. The financial statement is the responsibility of the property's management. Our responsibility is to express an opinion on this combined financial statement based on our audit.

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

The accompanying Combined Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for the inclusion in the Form 8-K of Mack-Cali Realty Corporation) and is not intended to be a complete presentation of the D.C. Portfolio revenue and expenses.

In our opinion, the combined statement referred to above presents fairly, in all material respects, the revenue and certain expenses of the D.C. Portfolio for the twelve months ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.

SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
May 29, 1998

D.C. PORTFOLIO
COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$ 12,738,992
Escalations and recoveries from tenants	999,789
Parking and other	577,408
	14,316,189

Certain Expenses	
Real estate taxes	1,486,685
Utilities	898,757
Operating services	2,361,524
General and administrative (Note 4)	486,415
	5,233,381
Revenue in excess of certain expenses	$ 9,082,808

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

D.C. PORTFOLIO
NOTES TO COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying Combined Statement of Revenue and Certain Expenses, the properties known as the D.C. Portfolio (the "Property") is comprised of three office buildings totaling approximately 447,000 square feet and is expected to be acquired by a subsidiary of Mack-Cali Realty Corporation (the "Company"). The address and approximate square footage of the buildings are as follows:

Property	Address	Square Footage
1709 New York	1709 New York Avenue, Washington, DC	166,000
1400 L Street	1400 L Street, Washington, DC	159,000
East Pointe I and II	4200 Parliament Place, Lanham, MD	122,000
		447,000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Combined Statement of Revenue and Certain Expenses has been prepared on the accrual basis of accounting. The accompanying combined financial statement is not representative of the actual operations for the period presented, as certain revenue and expenses, which may not be comparable to the revenue and expenses to be earned or incurred by the Company in the future operations of the Property have been excluded. Revenue excluded consist of interest and other revenue unrelated to the continuing operations of the Property. Expenses excluded consist of depreciation of the buildings and improvements, amortization of organization and other intangible costs and other expenses not directly related to the future operations of the Property.

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

Leases for the Property have various remaining lease terms up to eight years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, or increases in, real estate taxes, operating expenses, and utilities.

D.C. PORTFOLIO
NOTES TO COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES

3. LEASES (Continued)

Future minimum rents to be received over the next five years and

thereafter from tenants as of December 31, 1997 are as follows:

1998	$13,783,949
1999	11,795,707
2000	11,177,599
2001	10,334,032
2002	9,584,735
Thereafter	12,012,875
	$68,688,897

For the year ended December 31, 1997, two tenants contributed 38.2 percent of base rents comprised of: 24.9 percent for Winston & Strawn and 13.3 percent for the Board of Governors.

For the three months ended March 31, 1998 (unaudited) two tenants contributed 38.4 percent of base rents comprised of: 25.0 percent for Winston & Strawn and 13.4 percent for the Board of Governors.

4. GENERAL AND ADMINISTRATIVE

The Property incurred management fees based on three percent of gross revenues, which totaled $440,068 for the year ended December 31, 1997 and $108,609 (unaudited) for the three monthds ended March 31, 1998.

5. RELATED PARTY TRANSACTIONS

The owner of the Property is an affiliate of the management company, which operates the parking garage at 1400 L Street pursuant to the terms of an operating agreement, and which charged the Property approximately $21,000 for the year ended December 31, 1997 and approximately $5,400 (unaudited) for the three months ended March 31, 1998.

6. INTERIM STATEMENT

The interim financial data for the three months ended March 31, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire year or any other period.

D.C. PORTFOLIO
COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE PERIOD JANUARY 1, 1998 TO MARCH 31, 1998
(unaudited)

Revenue	
Base rents (Note 2)	$3,032,099
Escalation and other recoveries from tenants	251,391
Parking income, net	150,793
	3,434,283
Certain Expenses	
Real estate taxes	370,700
Utilities	186,181
Operating services	509,259
General and administrative (Note 4)	123,333
	1,189,473
Revenue in excess of certain expenses	$2,244,810

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying Statement of Revenue and Certain Expenses, for the property known as 400 South Colorado Boulevard, as more fully described in Note 1, for the year ended December 31, 1997. The financial statement is the responsibility of the property's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing

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

The accompanying Statement of Revenue and Certain Expenses was prepared as described in Note 2, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for the inclusion in the Form 8-K of Mack-Cali Realty Corporation) and is not intended to be a complete presentation of 400 South Colorado Boulevard's revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses of 400 South Colorado Boulevard for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.

SCHONBRAUN SAFRIS McCANN BEKRITSKY & CO., L.L.C.

Roseland, New Jersey
May 30, 1998

400 SOUTH COLORADO
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

Revenue	
Base rents (Note 2)	$ 1,388,722
Escalation and recoveries from tenants	95,215
	1,483,937
Certain Expenses	
Real estate taxes	184,796
Utilities	231,061
Operating services	381,923
General and administrative (Note 4)	108,521
	906,301
Revenue in excess of certain expenses	$ 577,636

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

400 SOUTH COLORADO
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. ORGANIZATION AND OPERATION OF PROPERTY

For the purpose of the accompanying Statement of Revenue and Certain Expenses, 400 South Colorado (the "Property") is an office building located at 400 South Colorado Boulevard, Denver, Denver County, Colorado consisting of approximately 125,415 square feet which was acquired by a subsidiary of Mack-Cali Realty Corporation (the "Company") on June 3, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

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

b. Use of Estimates

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

c. Revenue Recognition

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

3. LEASES

Leases for the Property have various remaining lease terms up to 21 years with options to certain tenants for renewal. Minimum rental amounts for certain leases increase as set forth under the terms of each lease. In addition to base rents, the leases provide for the tenants to pay their proportionate share of, or increases in, real estate taxes, operating expenses, and utilities.

Future minimum rentals to be received under non-cancelable operating leases at December 31, 1997 are as follows:

1998	$1,696,511
1999	1,623,520
2000	1,081,199
2001	658,201
2002	322,020
Thereafter	977,825
	$6,359,276

3. LEASES (Continued)

For the year ended December 31, 1997, two tenants contributed 28.5 percent of base rent comprised of: 16.7 percent for Norwest Bank and 11.8 percent for Community Health Plan of the Rockies.

For the three months ended March 31, 1998 (unaudited) two tenants contributed 33.3 percent of base rent comprised of: 20.7 percent for Colorado Department of Revenue and 12.6 percent for Norwest Bank.

4. GENERAL AND ADMINISTRATIVE

The Property incurred management fees based on three percent of gross revenues, which totaled $78,834 for the year ended December 31, 1997 and $16,628 for the three months ended March 31, 1998 (unaudited).

5. INTERIM STATEMENT

The interim financial data for the three months ended March 31, 1998 is unaudited. However, in the opinion of management, the interim data includes all adjustments, consisting only of normally recurring adjustments, necessary for a fair statement of the results for the interim period. The results for the period presented are not necessarily indicative of the results to be expected for the entire year or any other period.

400 SOUTH COLORADO
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 1998
(unaudited)

Revenue	
Base rents (Note 2)	$438,900
Escalation and recoveries from tenants	26,550
	465,450
Certain Expenses	
Real estate taxes	48,564
Utilities	49,584
Operating services	99,920
General and administrative (Note 4)	25,537
	223,605
Revenue in excess of certain expenses	$241,845

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

MACK-CALI REALTY CORPORATION
Pro Forma Condensed Consolidated Balance Sheet (unaudited)
As of March 31, 1998 (in thousands)

The following unaudited pro forma condensed consolidated balance sheet is presented as if the completion by the Company of the acquisitions of the remaining properties in the McGarvey Portfolio (not yet acquired), the remaining properties in the Pacifica Portfolio not yet acquired at March 31, 1998, 3600 S. Yosemite, Ramland Road, 500 College Road, D.C. Portfolio and 400 South Colorado, (collectively, the "Second Quarter 1998 Acquisitions"), as well as the Company's 1998 stock offerings from April 1, 1998 through May 29, 1998, had all occurred on March 31, 1998. This unaudited pro forma condensed consolidated balance sheet should be read in conjunction with the pro forma condensed consolidated statement of operations of the Company and the historical financial statements and notes thereto of the Company included in the Company's Form 10-Q for the three months ended March 31, 1998.

The pro forma condensed consolidated balance sheet is unaudited and is not necessarily indicative of what the actual financial position of the Company would have been had the aforementioned acquisitions and stock offerings actually occurred on March 31, 1998, nor does it purport to represent the future financial position of the Company.

<TABLE>
<CAPTION>

ASSETS	Company Historical	Pro Forma Adjustments for the Second Quarter 1998 Acquisitions	Company Pro Forma
<S>	<C>	<C>	<C>
Rental property, net	$2,965,384	$263,414(a)	$3,228,798
Cash and cash equivalents	11,717	(6,700)(b)	5,017
Investment in partially-owned entity	18,034	--	18,034
Unbilled rents receivable	30,641	--	30,641
Deferred charges and other assets, net	21,672	--	21,672
Restricted cash	6,791	--	6,791
Accounts receivable, net	3,826	--	3,826
Mortgage note receivable	27,250	--	27,250
Total assets	$3,085,315	$256,714	$3,342,029
LIABILITIES AND STOCKHOLDERS' EQUITY			
Mortgages and loans payable	$1,207,592	$167,146(c)	$1,374,734
Dividends and distributions payable	35,139	--	35,139
Accounts payable and accrued expenses	31,510	--	31,510
Accrued interest payable	1,935	--	1,935
Rents received in advance and security deposits	29,651	--	29,651
Total liabilities	1,305,827	167,146	1,472,973
Minority interest of unitholders in Operating Partnership	404,830	20,753(d)	425,583
Stockholders' equity			
Common stock, $0.01 par value	558	20(e)	578
Other stockholders' equity	1,374,100	68,795(e)	1,442,895
Total stockholders' equity	1,374,658	68,815	1,443,473
Total liabilities and stockholders' equity	$3,085,315	$256,714	$3,342,029

</TABLE>

See accompanying footnotes on subsequent page

MACK-CALI REALTY CORPORATION
Notes to Pro Forma Condensed Consolidated Balance Sheet (unaudited)
As of March 31, 1998 (in thousands, except share/unit amounts)

(a) Represents the approximate aggregate cost of the Second Quarter 1998 Acquisitions, comprised of: the remaining properties in the McGarvey Portfolio not yet acquired ($11,997), remaining properties in the Pacifica Portfolio not yet acquired at March 31, 1998 ($92,567), 3600 S. Yosemite ($13,500), Ramland Road ($6,700), 500 College Road ($21,200), D.C. Portfolio ($105,450) and 400 S. Colorado ($12,000).

(b) Represents the acquisition of Ramland Road on May 14, 1998 funded from the Company's cash reserves.

(c) Represents the Company's approximate aggregate pro forma drawings on the Company's credit facilities of $167,146, which are to be, or have been used, as the primary means in funding the cash portion of the Second Quarter 1998 Acquisitions.

(d) Represents the issuance of approximately 567,024 common operating partnership units, valued at approximately $20,753, in connection with the acquisition of certain of the Pacifica Portfolio properties.

(e) Represents the issuance of 1,978,843 shares of common stock in two stock offerings, raising total net proceeds of approximately $68,815, which proceeds were used, for pro forma purposes, as part of the funding of the Second Quarter 1998 Acquisitions.

MACK-CALI REALTY CORPORATION
Pro Forma Condensed Consolidated Statement of Operations (unaudited)
For the Three Months Ended March 31, 1998
And the Year Ended December 31, 1997

The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 1998 and for the year ended December 31, 1997 are presented as if each of the following had occurred on January 1, 1997: (i) the completion by the Company of the Robert Martin Company transaction (the "RM Transaction"), (ii) the acquisition by the Company of the properties known as 1345 Campus Parkway, Westlakes Office Park, Moorestown Buildings, Shelton Plaza, 200 Corporate Boulevard, Three Independence Way, The Trooper Building, Princeton Overlook and Concord Plaza, (iii) the completion by the Company of the October 1997 13 million share stock offering, (iv) the completion by the Company of the acquisition of the properties of the Mack Company and Patriot American Office Group (the "Mack Transaction") and (v) the completion by the Company of the 1998 Offerings and the 1998 Acquisitions (collectively, the "Reported Events"). Items (i), (ii), (iii) and (iv) are to be collectively hereinafter referred to as the 1997 Events.

Such pro forma information is based upon the historical consolidated results of operations of the Company for the three months ended March 31, 1998 and for the year ended December 31, 1997, after giving effect to the transactions described above. The pro forma condensed consolidated statements of operations should be read in conjunction with the pro forma condensed consolidated balance sheet of the Company and the historical financial statements and notes thereto of the Company included in the Company's Form 10-Q for the three months ended March 31, 1998, and in the Company's Form 10-K for the year ended December 31, 1997.

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

MACK-CALI REALTY CORPORATION
Pro Forma Condensed Consolidated Statement of Operations (unaudited)
For the Three Months Ended March 31, 1998
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

REVENUES	Company Historical	Pro Forma Adj. for Reported Events	Company Pro Forma
<S>	<C>	<C>	<C>
Base rents	$92,916	$15,808(a)	$108,724
Escalations and recoveries from tenants	10,357	1,797(a)	12,154
Parking and other	2,006	825(a)	2,831
Interest income	544	--	544
Total revenues	105,823	18,430	124,253
EXPENSES			
Real estate taxes	10,073	1,945(a)	12,018
Utilities	8,301	1,340(a)	9,641
Operating services	12,693	1,782(a)	14,475
General and administrative	6,196	974(a)	7,170
Depreciation and amortization	16,231	2,972(a)	19,203
Interest expense	18,480	6,590(b)	25,070(b)
Total expenses	71,974	15,603	87,577
Income before minority interest	33,849	2,827	36,676
Minority interest	7,306	248(c)	7,554(c)
Net income	$26,543	$2,579	$29,122

(in thousands)

Basic weighted average common shares outstanding (d)	51,363	57,768(d)
Net income per basic and diluted common share (e)	$ 0.52	$ 0.50

</TABLE>

(a) Reflects:

Revenues and expenses for the 1998 Acquisitions for the period from January 1, 1998 through the earlier of the date of acquisition or March 31, 1998, as follows:

<TABLE>
<CAPTION>

Property (1)	Acquis. Date	Base Rents(2)	Escalations/ Recoveries	Parking and Other	Real Estate Taxes	Utilities	Operating Services	General and Administrative	Depreciation(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
McGarvey Portfolio	Jan. 30, 1998(4)	$ 731	$ 146	--	$ 109	$ 11	$ 34	$ 1	$ 109
500 West Putnam	Feb. 5, 1998	244	38	--	17	26	27	15	35
Mountainview	Feb. 25, 1998	425	34	--	35	68	70	14	88
Cielo Center	Mar. 12, 1998	1,031	43	$19	124	89	138	73	172
Pacifica Portfolio	Mar. 27, 1998(5)	3,278	372	19	326	168	246	98	736
Prudential Bus. Campus	Mar. 27, 1998	3,496	252	636	612	285	168	496	743
Morris County Fin. Ctr	Mar. 30, 1998	1,484	499	--	193	252	322	86	280
3600 S. Yosemite	May 13, 1998	388	18	--	30	52	82	10	72
500 College Road East	May 22, 1998	759	117	--	79	153	86	33	113
D.C. Portfolio	June 1, 1998(6)	3,548	251	151	371	186	509	123	560
400 S. Colorado	June 3, 1998	424	27	--	49	50	100	25	64
Total Pro Forma Adj. for Reported Events		$15,808	$1,797	$825	$1,945	$1,340	$1,782	$974	$2,972

</TABLE>

(1) 2115 Linwood, Ramland Road and certain of the properties in the Pacifica Portfolio (aggregate cost of $26,761) were not in operation, due to being vacant and/or under development, during the three months ended March 31, 1998.

(2) Pro forma base rents are presented on a straight-line basis calculated from January 1, 1997 forward.

(3) Depreciation is based on the building-related portion of the purchase price and associated costs (for those properties in operation during the period), depreciated using the straight-line method over a 40-year useful life.

(4) Acquisition of four of the 21 properties in this portfolio has not yet been completed: results for period include full quarter operations for those pending acquisitions.

(5) Acquisition of six of the 18 properties was completed on June 8, 1998 and acquisition of two of the 18 properties in this portfolio has not yet been completed: results for period include full quarter operations for those pending acquisitions.

(6) Acquisition of one of the three properties in this portfolio has not yet been completed: results for period include full quarter operations for those pending acquisitions.

(b) Pro forma adjustment to interest expense for the three months ended March 31,1998 reflects interest on mortgage debt assumed with certain acquisitions and additional borrowings from the Company's credit

facilities to fund certain acquisitions. Pro forma interest expense for the three months ended March 31, 1998 is computed as follows:

Interest expense on loan assumed with Fair Lawn acquisition on March 3, 1995 (fixed interest rate of 8.25 percent on average outstanding principal balance of approximately $18,185)	$ 371
Interest expense on mortgages assumed in connection with the Harborside acquisition in 1996 (fixed interest rate of 7.32 percent on $107,912 and initial rate of 6.99 percent on $42,088)	2,708
Interest expense on the Teachers Mortgage assumed with the RM Transaction on January 31, 1997 (fixed interest rate of 7.18 percent on $185,283)	3,326
Interest expense on the Mack Transaction Assumed Debt during the period	5,288
Interest expense on West Putnam Mortgage ($12,104) with an effective interest rate of 6.52 percent	197
Interest expense on McGarvey Mortgages ($8,354) with a weighted average effective interest rate of 6.24 percent	130
Interest expense on Prudential Term Loan ($200,000) with an interest rate of 6.79 percent	3,395
Interest expense on pro forma drawings on the Company's credit facilities of $545,772 at a weighted average interest rate of 6.89 percent	9,401
Historical amortization of deferred mortgage, finance and title costs for the three months ended March 31,1998	254
Pro forma interest expense for the three months ended March 31, 1998:	25,070
Company historical interest expense:	18,480
Pro Forma Adjustment	$6,590

Interest expense can be effected by increases and decreases in the variable interest rates under the Company's various floating rate debt. For example, a one-eighth percent change in such variable interest rates will result in a $264 change for the three months ended March 31, 1998.

(c) Represents minority interest computed as follows:

Income before minority interest	$36,676	
Preferred unit dividend		$ 3,911
Income allocable to common stockholders of the Company and unitholders in the Operating Partnership	$32,765	
Allocation to minority interest based upon weighted average percentage of Common Units outstanding of 11.12 percent		3,643
Pro forma minority interest for the three months ended March 31, 1998		7,554
Company historical		7,306
Pro Forma Adjustment:		$ 248

(d) The following is a reconciliation of the historical basic weighted average common shares outstanding to the pro forma basic weighted average common shares outstanding (shares in thousands):

Historical basic weighted average common shares outstanding	51,363
Effect of pro forma adjustment for shares issued in connection with the 1998 stock offerings	6,405

Pro forma basic weighted average common shares outstanding	57,768

(e) Diluted pro forma net income per share is not presented since common stock equivalents and the Preferred Units are not dilutive.

MACK-CALI REALTY CORPORATION
Pro Forma Condensed Consolidated Statement Of Operations (unaudited)
For the Year Ended December 31, 1997
(in thousands, except per share amounts)

	Pro Forma Company Historical	Pro Forma Adj. for 1997 Events	Pro Forma Adj. for Reported Events	Company Pro Forma
Base rents	$206,215	$152,770 (a)	$63,800 (b)	$422,785
Escalations and recoveries from tenants	31,130	18,632 (a)	7,117 (b)	56,879
Parking and other	6,910	7,152 (a)	3,016 (b)	17,078
Interest income	5,546	(835)(g)	--	4,711
Total revenues	249,801	177,719	73,933	501,453
EXPENSES				
Real estate taxes	25,992	17,674 (a)	8,281 (b)	51,947
Utilities	18,246	14,884 (a)	5,451 (b)	38,581
Operating services	30,912	21,585 (a)	8,379 (b)	60,876
General and administrative	15,862	8,250 (a)	3,572 (b)	27,684
Depreciation and amortization	36,825	24,372 (a)	13,062 (b)	74,259
Interest expense	39,078	--	66,589 (c)	105,667 (c)
Non-recurring merger - related charges	46,519	(46,519)(h)	--	--
Total expenses	213,434	40,246	105,334	359,014
Income before minority interest and extraordinary item	36,367	137,473	(31,401)	142,439
Minority interest	31,379	--	(2,456)(d)	28,923 (d)
Income before extraordinary item	$4,988	$ 137,473	$(28,945)	$113,516
Basic weighted average common shares outstanding (e)	39,266			57,510 (e)
Income before extraordinary item per basic and diluted common share (f)	$ 0.13			$ 1.97

MACK-CALI REALTY CORPORATION
Notes to Pro Forma Condensed Consolidated Statement of Operations (unaudited)
For the Year Ended December 31, 1997 (in thousands)

(a) Reflects:

Revenues and expenses for the 1997 Events for the year ended December 31, 1997, as follows:

Transaction (1)	Date Completed	Base Rents(2)	Escalations/ Recoveries	Other Income	Real Estate Taxes	Utilities	Operating Services	General and Administrative	Depreciation(3)
1345 Campus Parkway	Jan. 28, 1997	$ 58	$ 19	--	$ 7	$ 1	$ 4	$ 1	$ 12
RM Transaction	Jan. 31, 1997	5,209	195	$ 524	817	379	858	410	864
Westlakes	May 8, 1997	3,126	866	--	258	362	449	246	607
Shelton Place	July 31, 1997	1,146	123	--	94	168	162	57	192
200 Corporate Blvd	Aug. 15, 1997	482	15	--	68	6	91	1	106
Three Independence Way	Sept. 3, 1997	1,309	2	--	163	72	147	28	189
The Trooper Buildings	Nov. 19, 1997	1,396	537	--	113	228	172	54	303
The Mack Transaction	Dec. 11, 1997	133,007	16,099	6,500	15,099	13,210	18,679	7,043	20,797
Princeton Overlook	Dec. 19, 1997	3,315	265	--	436	209	302	183	578
Concord Plaza	Dec. 19, 1997	3,722	511	128	619	249	721	227	724

(in thousands)

Total Pro Forma Adj for 1997 Events		$152,770	$18,632	$7,152	$17,674	$14,884	$21,585	$8,250	$24,372

</TABLE>

(b) Reflects:

Revenues and expenses for the 1998 Events for the year ended December 31, 1997, as follows:

<TABLE>
<CAPTION>

Acquisition (1)	Date Acquired	Base Rents(2)	Escalations/ Recoveries	Other Income	Real Estate Taxes	Utilities	Operating Services	General and Administrative	Depreciation(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
McGarvey Portfolio	Jan. 30, 1998(4)	$ 5,309	$ 1,009	--	$ 780	$ 90	$ 376	$ 2	$ 1,308
500 West Putnam	Feb. 5, 1998	2,420	482	--	170	269	314	167	426
Mountainview	Feb. 25, 1998	2,664	211	$ 4	221	421	508	110	525
Cielo Center	Mar. 12, 1998	4,603	206	106	597	492	849	264	825
Pacifica Portfolio	Mar. 27, 1998(5)	8,049	791	53	1,084	495	808	263	2,470
Prudential Bus. Campus	Mar. 27, 1998	14,138	1,082	2,159	2,531	941	828	1,632	3,153
Morris County Fin. Ctr.	Mar. 30, 1998	6,048	1,794	48	789	939	1,229	329	1,121
3600 S. Yosemite	May 13, 1998	1,661	10	69	119	195	316	49	287
500 College Road East	May 22, 1998	3,036	437	--	318	479	407	161	451
D.C. Portfolio	June 1, 1998 (6)	14,460	1,000	577	1,487	899	2,362	486	2,241
400 S. Colorado	June 3, 1998	1,412	95	--	185	231	382	109	255
Total Pro Forma Adj. for 1998 Events		$63,800	$7,117	$3,016	$8,281	$5,451	$8,379	$3,572	$13,062

</TABLE>

See footnotes to this page on subsequent page

Notes to Footnote "(a)" and Footnote "(b)"

(1) Moorestown Properties, 2115 Linwood, Ramland Road and certain of the properties in the Pacifica Portfolio (aggregate cost of $49,047) were not in operations, due to being vacant and/or under development, during the year ended December 31, 1997.

(2) Pro forma base rents are presented on a straight-line basis calculated from January 1, 1997 forward.

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

(4) Acquisition of four of the 21 properties in this portfolio has not yet been completed.

(5) Acquisition of six of the 18 properties was completed on June 8, 1998 and acquisition of two of the 18 properties in this portfolio has not yet been completed.

(6) Acquisition of one of the three properties in this portfolio has not yet been completed.

(c) The pro forma adjustment to interest expense for the year ended December 31, 1997 reflects interest on mortgage debt assumed with certain acquisitions and additional borrowings from the Company's credit facilities to fund certain acquisitions. Pro forma interest expense for the year ended December 31, 1997 is computed as follows:

Interest expense on the Initial Mortgage Financing, after the Partial Pre- payment (fixed interest rate of 8.02 percent on $44,313 and variable rate of 30-day LIBOR plus 100 basis points on $20,195; weighted average interest rate used is 6.46 percent)	$4,858
Interest expense on loan assumed with Fair Lawn acquisition on March 3, 1995 (fixed interest rate of 8.25 percent on average outstanding principal balance of approximately $18,185)	1,500

Interest expense on mortgages in connection with the Harborside acquisition on November 4, 1996 (fixed interest rate of 7.32 percent on $107,912 and initial rate of 6.99 percent on $42,088)	10,841
Interest expense on Teachers Mortgage assumed with the RM Transaction on January 31, 1997 (fixed interest rate of 7.18 percent on $185,283)	13,303
Interest expense on Mack Assumed Debt ($291,883) with a weighted average interest rate of 7.72 percent	22,530
Interest expense on West Putnam Mortgage ($12,104) with an effective interest rate of 6.52 percent	789
Interest expense on McGarvey Mortgage ($8,354) with a weighted average effective interest rate of 6.24 percent	519
Interest expense on Prudential Term Loan ($200,000) at a weighted average interest rate of 6.85 percent	13,700

Interest expense on pro forma drawings on the Company's credit facilities of $523,486 at a weighted average rate of 7.00 percent		36,644
Historical amortization of deferred mortgage, finance and title costs for the year ended December 31, 1997		983
Pro forma interest expense for the year ended December 31, 1997:		105,667
Company historical interest expense		39,078
Pro Forma Adjustment:		$66,589

Interest expense can be effected by increases and decreases in the variable rates under the Company's various floating rate debt. For example, a one-eight percent change in such variable interest rates will result in a $1,055 change for the year ended December 31, 1997.

(d) Represents minority interest computed as follows:

Income before extraordinary item and minority interest	$142,439	
Pro forma dividend yield of 6.75 percent on the Preferred Units with a par value of $230,562		$15,563
Income allocable to common stockholders of the Company and unitholders in the Operating Partnership	126,876	
Allocation to minority interest based upon weighted average percentage of Common Units outstanding of 10.53 percent		13,360
Pro Forma minority interest for the Year Ended December 31, 1997		28,923
Company historical including amount related to the beneficial conversion feature of the Preferred Units of $26,801(h)		31,379
Pro Forma Adjustment:		$(2,456)

(e) The following is a reconciliation of the historical basic weighted average common shares outstanding to the pro forma basic weighted average common shares outstanding (shares in thousands):

Historical basic weighted average shares outstanding	39,266
Effect of shares issued in connection with the 1997 and 1998 stock offerings	18,045
Effect of vesting of 199 shares on an accelerated basis as a result of the Mack Transaction	199
Pro forma basic weighted average shares outstanding	57,510

For the Year Ended December 31, 1997
(in thousands)

(f) Diluted pro forma net income before extraordinary item per share is not presented since common stock equivalents and the Preferred Units are not dilutive

(g) Represents reduction for interest income earned on investments of proceeds from the Company's November 1996 stock offering ($835)

(h) The charge related to the beneficial conversion feature of the preferred units ($26,801) and the non-recurring merger-related charges ($46,519) were excluded for pro forma purposes

MACK-CALI REALTY CORPORATION
Estimated Twelve Month Pro Forma Statement of (unaudited)
Taxable Net Operating Income and Operating Funds Available

The following unaudited statement is a Pro Forma estimate for a twelve month period of taxable income and funds available from operations of the Company. The Pro Forma statement is based on the Company's historical operating results for the twelve month period ended March 31, 1998, adjusted for historical operations of the properties acquired or to be acquired during the period April 1, 1997 to June 5, 1998 (as reported in this Current Report and previous Form 8-K and 8-K/A filings of the Company dated January 16, 1998, December 11, 1997, September 19, 1997, and September 18, 1997) and certain items related to operations which can be factually supported. This statement does not purport to forecast actual operating results for any period in the future.

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

Estimate of Taxable Net Operating Income (in thousands):	
Mack-Cali Realty Corporation Pro Forma income before minority interest for the twelve month period ended March 31, 1998, exclusive of depreciation and amortization (Note 1)	218,403
Net adjustment for tax basis revenue recognition (Note 2)	(1,121)
Estimated tax deduction from the exercise and sale of stock options under the Company's Employee Stock Option Plan	(5,158)
Estimated tax depreciation and amortization (Note 3)	(67,560)
Pro Forma taxable income before allocation to minority interest and dividends deduction	144,564
Estimated allocation to minority interest (Note 4)	(30,766)
Estimated dividends deduction (Note 5)	(115,629)
	$ (1,831)
Pro Forma taxable net operating income	$ 0
Estimate of Operating Funds Available (in thousands):	
Pro Forma taxable operating income before allocation to minority interests and dividends deduction	$ 144,564
Add: Pro Forma depreciation and amortization	67,560
Estimated Pro Forma operating funds available (Note 6)	$ 212,124

Note 1 - The Pro Forma income before minority interest represents the Company's income before minority interest for the twelve month period ended March 31, 1998.

Note 2 - Represents the net adjustment to (i) recognize prepaid rent and (ii) reverse the effect of rental revenue recognition on a straight line basis.

Note 3 - Tax depreciation for the Company is based upon the original cost or purchase price allocated to the buildings, depreciated on a straight-line method over their respective tax lives..

Note 4 - Estimated allocation of taxable income to minority interests is based on a 18.84 percent minority interest in the operating partnership after certain gross income and depreciation adjustments, with a special allocation of depreciation on properties included in the Initial Public Offering and subsequent acquisitions where Operating Units were issued as part of the consideration in the transaction.

Note 5 - Estimated dividends deduction is based on 57,814,529 shares outstanding at the dividend rate of $2.00 per share. Shares outstanding, on a Pro Forma basis, are 57,814,529.

Note 6 - Operating funds available does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash

available to fund cash needs.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Mack-Cali Realty Corporation on Forms S-3 (File Nos. 333-44433, 333-44441, 333-25475, 333-09875, 333-19101, 333-09081, 33-96542, and 33-96538) and Forms S-8 (File Nos. 333-44443, 33-91822, 333-18725, 333-19831 and 333-32661) of our report dated April 6, 1998 on our audit of the Statement of Revenue and Certain Expenses for McGarvey Portfolio, of our report dated March 29, 1998 on our audit of the Statement of Revenue and Certain Expenses for 500 West Putnam, of our report dated March 27, 1998 on our audit of the Statement of Revenue and Certain Expenses for Mountainview, of our report dated March 30, 1998 on our audit of the Statement of Revenue and Certain Expenses for Cielo Center, of our report dated April 8, 1998 on our audit of the Statement of Revenue and Certain Expenses for the Pacifica Portfolio, of our report dated May 29, 1998 on our audit of the Statement of Revenue and Certain Expenses for 500 College Road East, of our report dated May 29, 1998 on our audit of the Statement of Revenue and Certain Expenses for the D.C. Portfolio, of our report dated May 30, 1998 on our audit of the Statement of Revenue and Certain Expenses for 400 South Colorado, and of our report dated June 4, 1998 on our audit of the Statement of Revenue and certain expenses for 3600 S. Yosemite, which reports are included in this Current Report on Form 8-K.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.
- --
Schonbraun Safris McCann Bekritsky & Co., L.L.C.
Roseland, New Jersey
June 8, 1998

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Forms S-3 (Nos. 333-44433, 333-44441, 333-25475, 333-09875, 333-19101, 333-09081, 33-96542, and 33-96538) and Forms S-8 (Nos. 33-91822, 333-18725, 333-19831, 333-32661 and 333-44443) of Mack-Cali Realty Corporation of our report dated April 16, 1998, relating to the Historical Statement of Gross Income and Direct Operating Expenses for Prudential Business Campus, and of our report dated April 2, 1998 relating to the Historical Statement of Gross Income and Direct Operating Expenses for Morris County Financial Center, appearing in this Current Report on Form 8-K.

/s/ Price Waterhouse LLP
- ------------------------
Price Waterhouse LLP
New York, New York
June 8, 1998

AGREEMENT FOR
PURCHASE AND SALE OF REAL ESTATE

by and between

BAYER CORPORATION
an Indiana corporation

Seller

and

MACK-CALI REALTY ACQUISITION CORPORATION
a Delaware corporation

Purchaser

Dated: March 31, 1998

* * * * *

The mailing, delivery or negotiation of this Agreement by Seller or its agent or attorney shall not be deemed an offer by Seller to enter into any transaction or to enter into any other relationship with Purchaser, whether on the terms contained herein or on other terms. This Agreement shall not be binding upon Seller, nor shall Seller have any obligations or liabilities or Purchaser any rights with respect thereto, or with respect to the Property, unless and until Seller has executed and delivered this Agreement. Until such execution and delivery of this Agreement, Seller may terminate all negotiations and discussion of the subject matter hereof, without cause and for any reason or no reason, without recourse or liability.

* * * * *

TABLE OF CONTENTS

LIST OF EXHIBITS

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL ESTATE (hereinafter referred to as "this Agreement") is entered into and effective as of this _____ day of March, 1998, by and between BAYER CORPORATION, an Indiana corporation,

having an office at 100 Challenger Road, Ridgefield Park, New Jersey (hereinafter referred to as "Seller") and MACK-CALI REALTY ACQUISITION CORPORATION, a Delaware corporation, having an office at 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter referred to as "Purchaser"). ("Purchaser" and "Seller" are hereinafter referred to collectively as the "parties".)

W I T N E S S E T H:

WHEREAS, Seller owns, in fee simple, that certain parcel of land at One Ramland Road, designated as Lot 24 in Block 1, on the official tax map of the Town of Orangetown, Rockland County, New York, on which there is situated an approximately 232,339 square foot office building including certain improvements and fixtures located thereon and adjacent parking area(s), which parcel is more particularly described on Exhibit A attached hereto together with all rights, easements and appurtenances pertaining thereto (the "Property");

WHEREAS, Purchaser desires to acquire the Property, subject to the conditions hereinafter stated, and Seller desires to convey the Property to Purchaser upon the terms and conditions hereinafter provided;

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements contained in this Agreement, the parties hereby covenant and agree as follows:

Section 1. Purchase and Sale; Certain Defined Terms.

1.1. Subject to the terms and conditions set forth in this Agreement, Seller shall sell and convey the Property to Purchaser, and Purchaser shall purchase from Seller a fee simple estate in the Property, together with all rights, easements and appurtenances belonging thereunto, and all of Seller's and the record owner's right, title and interest in and to any and all streets or public ways adjacent thereto, before or after vacation thereof.

1.2. As used in this Agreement, the following capitalized terms shall have the meaning indicated below:

1.2.1. "Effective Date" means the date on which this Agreement has been fully executed by the parties and an original counterpart has been delivered to the parties.

1.2.2. "Section" means a numbered part of this Agreement captioned as a "Section" and all paragraphs and subparagraphs included within the referenced Section; the term "paragraph" means a numbered paragraph which is included within a Section of this Agreement and all subparagraphs included within the referenced paragraph; and the term "subparagraph" means a numbered subparagraph which is included within a paragraph of this Agreement.

1.3 As used in this Agreement, the following capitalized terms shall have the meaning indicated in the paragraph indicated below:

"Contaminants" - paragraph 10.4.
"Closing" - paragraph 2.1.
"Closing Date" - paragraph 2.1.
"Deposit" - subparagraph 3.2.1.
"Discharge" - paragraph 10.4.
"Environmental Documents" - paragraph 10.4.
"Environmental Laws" - paragraph 10.4.
"Escrow Agent" - subparagraph 3.2.1.
"Governmental Authorities" - paragraph 10.1.13.
"Investigation Period" - paragraph 5.1.
"Investigation Termination Date" - paragraph 5.1.
"Permitted Encumbrances" - paragraph 15.1.
"Purchase Price" - paragraph 3.1.
"Reports" - paragraph 10.4.
"Tank Laws" - paragraph 10.4.
"Underground Storage Tanks" - paragraph 10.4

Section 2. Closing.

2.1. Provided that all conditions precedent to closing, as set forth in Section 4, have been satisfied or waived as provided for herein, the closing of title to the Property (the "Closing") shall take place within fifteen (15) days following the Inspection Termination Date, as hereinafter defined (the "Closing Date").

2.2. Notwithstanding the Closing Date specified in this Section 2, provided any contingencies of Seller's have been complied with or waived in writing by Seller and Purchaser, Purchaser may elect to accelerate the Closing Date for the Property on five (5) business days prior notice to Seller.

2.3. The Closing shall take place at the offices of Pryor, Cashman,

Sherman & Flynn ("Purchaser's Counsel"), 410 Park Avenue, New York, New York, or such other location as may be mutually agreed to by the parties.

Section 3. Price.

3.1. The purchase price for the Property (the "Purchase Price") shall be the sum of SEVEN MILLION DOLLARS ($7,000,000.00) (the "Purchase Price").

3.2. Purchaser shall pay the Purchase Price as follows:

3.2.1. The sum of Two Hundred Fifty Thousand Dollars ($250,000.00) (the "Deposit") shall be paid by Purchaser on the Effective Date and shall be held in escrow in an interest-bearing Merrill Lynch Government Fund trust account by Seller's Counsel (the "Escrow Agent"), until the Closing Date or sooner termination of this Agreement, with all interest earned thereon following the Deposit.

3.2.2. In the event this Agreement is terminated by Purchaser on or before the Inspection Termination Date, as defined in subparagraph 5.1., pursuant to the provisions of subparagraphs 5.1 or 5.2 or for any of the other reasons recited in paragraph 9.1, the Deposit and all interest earned thereon shall be returned to Purchaser. If this Agreement is not terminated, upon the closing of title hereunder, Seller will receive the Deposit and the interest earned thereon, which interest will not be credited toward the Purchase Price. In the event the Agreement is terminated, the Deposit and all interest accrued thereon will be forwarded by the Escrow Agent to the party set forth in the Agreement as being entitled to same. Purchaser represents that its tax identification number, for purposes of reporting the interest earnings is 22-3340547. Seller represents that its tax identification number for purposes of reporting the interest earnings is 25-1339219.

3.2.3. The balance of the Purchase Price in the amount of Six Million Seven Hundred Fifty Thousand Dollars ($6,750,000.00), subject to adjustment pursuant to the terms of this Agreement, shall be payable to Seller at Closing by a wire transfer of immediately available funds through the Federal Reserve System to a bank account designated in writing by Seller. Seller shall provide Purchaser with wire transfer instructions, no fewer than three (3) business days prior to Closing.

Section 4. Conditions Precedent.

4.1. The following are conditions precedent to the obligations of Purchaser to close title to the Property hereunder:

4.1.1. All representations and warranties of Seller contained herein shall be true, accurate and correct on the Closing Date.

4.1.2. All of the obligations of Seller under this Agreement to be performed from and after the Effective Date through the Closing Date shall have been performed by Seller.

4.1.3. The title company is prepared to issue to Purchaser a title policy for title which is insurable at standard rates (without special premium) by the title company without exception other than the standard pre-printed title exclusions from coverage as set forth on Exhibit D attached hereto, the Permitted Encumbrances and/or such other conditions as are acceptable to Purchaser.

4.1.4. Seller shall have delivered to Purchaser all of the documents provided herein for said delivery.

4.1.5. There shall not be any sewer moratorium affecting the Property.

4.1.6. The contingencies set forth in Section 5 shall have been satisfied within the time period specified therein or the same have been waived pursuant to the terms thereof.

4.2. The following are conditions precedent to the obligations of Seller to close title to the Property hereunder:

4.2.1. All representations and warranties of Purchaser contained herein shall be true, accurate and correct on the Closing Date.

4.2.2. All of the obligations of Purchaser under this Agreement to be performed from and after the Effective Date through the Closing Date shall have been performed by Purchaser.

Section 5. Contingencies.

5.1. From the Effective Date through and including the thirtieth (30th) day after the same ("the Inspection Period"), Purchaser may conduct, at Purchaser's expense, an investigation of the Property in order to determine that same is in all respects satisfactory to Purchaser in its sole discretion. During the Inspection Period, Purchaser's investigation may also include, but not be limited to, an examination of: (i) the quality of the soil and groundwater on or beneath the Property including the performance of percolation tests and borings, (ii) surveys, architectural, engineering, subdivision, access and financial matters, market analysis, development and market feasibility studies or such other studies as Purchaser, in its sole discretion, determines is necessary or desirable in connection with the Property and may inspect the physical and financial conditions of the Property, including, but not limited to, any service contracts, leases, engineering and environmental reports, development approval agreements, permits and approvals, which inspection shall be satisfactory to Purchaser in its sole discretion; (iii) the existence of any storage tanks on, beneath or within the Property; and (iv) the nature and extent of wetlands, floodplains, steep slopes or other environmentally sensitive areas on the Property. Purchaser's ability to conduct any sampling during the Inspection Period is specifically conditioned upon the following: (a) Purchaser provides Seller with a sampling plan before engaging in any sampling, (b) Seller approves the sampling plan which approval will not be unreasonably withheld or delayed, and (c) Purchaser provides Seller with an

opportunity to split samples and reasonable prior notice of any sampling proposed so that Seller may have a representative of Seller present at the sampling. Purchaser's ability to enter the Property for any purposes prior to Closing is specifically conditioned upon the following: (a) Purchaser hereby agrees that any such entry onto the Property shall not materially interfere with the use of the Premises by Seller and Purchaser agrees to restore the condition of the Property as near as reasonably possible to that existing prior to such entry and inspections and agrees to repair any damage caused as a result of such entry and/or inspections, and (b) Purchaser further agrees and acknowledges that Purchaser shall keep the results of all its inspections and any written material provided to it by or on behalf of Seller in strict confidence and shall not disclose any aspect thereof to any third party other than to those persons who are employees of Purchaser or consultants retained by Purchaser or have a need to know such information in order to perform necessary work in connection with said purchase; provided, however, that Purchaser shall advise such persons of the aforementioned confidentiality restrictions and obtain their agreement to abide by the same unless such disclosure shall occur after the Closing in which event the confidentiality restrictions shall no longer apply. Notwithstanding the above, Purchaser shall have the right to disclose any information which is discovered as a result of Purchaser's due diligence or which is provided to Purchaser by or on behalf of Seller if such disclosure is specifically required to be made by Purchaser pursuant to law.

As hereinbefore stated, Purchaser shall have a period of thirty (30) days from the Effective Date in order to conduct all of the investigations which it desires in accordance with this paragraph 5.1. The thirtieth (30th) day after the Effective Date shall be the "Inspection Termination Date." Time shall be of the essence as to this thirty day period and the Inspection Termination Date. If prior to the Inspection Termination Date, Purchaser determines, in its sole discretion, that the results of any investigation, examination, tests, borings, inspection or study are in any way unsatisfactory to Purchaser, then Purchaser shall have the right to terminate this Agreement by notice in writing to Seller provided on or before the Inspection Termination Date and given in accordance with Section 24. Upon such timely given notice of termination, this Agreement shall be deemed terminated the Deposit and all interest earned thereon shall be promptly returned to Purchaser and promptly thereafter Purchaser shall deliver to Seller all copies of the Reports, as hereinafter defined,. If Purchaser does not give notice of termination as provided herein, then its right to terminate under this Section 5 for any matter disclosed or which could have been disclosed by its inspections shall expire at 11:59 p.m. on the Inspection Termination Date.

5.2. During the Inspection Period, Seller shall, upon Purchaser's request, provide Purchaser and Purchaser's representatives with access to the Property at reasonable times, during Seller's business hours and in a manner so as not to disrupt Seller's business at the Property, in order to perform such inspections of the Property relating to: (i) such studies, tests, borings, investigations and inspections described in Section 5.1; (ii) the structural integrity of the building(s) on the Property; (iii) the mechanical, engineering and HVAC systems associated with the building(s) on the Property; and (iv) such other inspections and investigations of zoning, violations and searches as Purchaser in its discretion deems necessary or desirable to determine whether it will purchase the Property. Seller shall cooperate with Purchaser in facilitating its due diligence of the

Property and shall obtain, and use commercially reasonable efforts to obtain and provide, any consents that may be necessary in order for Purchaser to perform the same. Notwithstanding the foregoing, Purchaser shall be obligated to obtain any permits or approvals from Governmental Authorities, if the same are required due to the nature of Purchaser's investigation. In addition, Seller will (a) deliver to Purchaser, promptly after request, copies of the "Final Report Phase I Environmental Assessment of Agfa Division, Miles, Inc. One Ramland Road Orangeburg, New York" prepared by Burns and Roe Environmental Services, Inc. (the "Phase I Report"), (b) deliver or make available to Purchaser any Environmental Documents, as hereinafter defined, in the actual possession or control of Seller and (c) respond to reasonable inquiries from Purchaser relating to the Property. In the event any additional materials relating to the environmental condition of the Property come within Seller's possession or control after the date of this Agreement, Seller shall promptly submit complete copies of same to Purchaser. Purchaser acknowledges that, with respect to Seller's delivery of the aforementioned report and any other documentation provided or made available to Purchaser, Seller is not warranting nor representing as to the accuracy or completeness of the information contained therein nor as to Purchaser's ability to rely upon the accuracy or completeness of the same.

As hereinbefore stated, Purchaser shall have a period of thirty (30) days from the Effective Date in order to conduct all of the inspections and/or investigations which it desires in accordance with this paragraph 5.2. Such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of the breach of any representation, warranty, covenant or agreement of Seller as specifically set forth elsewhere in this Agreement. Time shall be of the essence as to this thirty (30) day period and the Inspection Termination Date. If prior to the Inspection Termination Date, Purchaser determines that the results of the inspections referenced herein are in any way unsatisfactory to Purchaser in its sole discretion, then Purchaser shall have the right to terminate this Agreement by notice in writing to Seller provided on or before the Inspection Termination Date and given in accordance with Section 24, which notice shall be followed promptly by Purchaser's delivery to Seller of copies of all Reports and Purchaser shall also promptly return to Seller all Environmental Documents provided by Seller to Purchaser. Upon such timely given notice of termination, this Agreement shall be deemed terminated and the Deposit and all interest earned thereon shall be returned to Purchaser and this Agreement shall be null and void and the parties hereto shall be relieved of all further obligations hereunder except as otherwise provided herein. If Purchaser does not give notice of termination as provided herein, then its right to terminate pursuant to this Section 5 for any reason or for any matter disclosed or which could have been disclosed by its inspection shall expire at 11:59 p.m. on the Inspection Termination Date.

Section 6. Access Prior to Closing.

Purchaser and Purchaser's agents, employees, representatives, contractors and consultants shall have the right to enter the Property at any reasonable time for the purpose of (i) inspecting the Property, conducting any and all of the investigation(s) and testing as are permitted hereunder, or (ii) making surveys or other measurements required in order to facilitate its inspection of the

Property. Purchaser agrees that the access provided herein is contingent upon Purchaser first obtaining public liability insurance, including worker's compensation insurance, with a limit of at least $1,000,000.00 covering its liability hereunder listing Seller as a certificate holder and the certificate(s) of such insurance shall be delivered to Seller prior to such entry.

Section 7. Obligations of Seller.

7.1. Upon the Effective Date, Seller shall have the following obligations:

7.1.1. Seller shall give Purchaser prompt Notice, as hereinafter defined, (within three (3) business days after its receipt of Notice of same) of (i) any rezoning or threatened rezoning of the Property; (ii) actual or threatened taking or condemnation of all or any portion of the Property; (iii) any actual or threatened enforcement action by any governmental agency or authority relating to the use, condition or environmental quality of the Property; or (iv) the commencement of any action by any party seeking relief which would result in the imposition of a lien on the Property, including, without limitation, an action to foreclose any mortgage on the Property.

7.1.2. Seller shall not, from the Effective Date until the closing of title or earlier termination of this Agreement, further mortgage, convey, or encumber, or perform any act which would result in an encumbrance on the Property.

7.1.3. Seller shall not, from the Effective Date until the closing of title or earlier termination of this Agreement: (i) enter into any leases or

agreements which would extend beyond the Closing Date; or (ii) allow occupancy or use of any portion of the Property under any license or other agreement without the prior written consent of Purchaser.

7.1.4. Seller shall continue to maintain the Property in its condition as of the Effective Date through the Closing, subject to reasonable wear and tear.

7.1.5. Seller shall promptly notify Purchaser of, and promptly deliver to Purchaser, a complete copy of any Notice Seller may receive on or before the Closing Date, from any Governmental Authority concerning a violation of Environmental Laws or Discharge of Contaminants. All capitalized terms not previously defined shall have the meanings as hereinafter provided.

7.2. At the Closing, Seller shall have the following obligations:

7.2.1. Seller shall execute, acknowledge and deliver to Purchaser a bargain and sale deed, with covenants against grantor's acts, in sufficient and recordable form to convey title to the Property in accordance with the terms of this Agreement. Such deed shall contain a metes and bounds description of the Property which, if Purchaser elects to obtain a survey, shall be prepared at

Purchaser's expense by Purchaser's surveyor. Said survey and metes and bounds description shall be certified to the parties by the surveyor and shall be provided to Seller at least five (5) business days prior to the Closing Date. In no event shall the deed contain a notification pursuant to New York Environmental Conservation Law ("ECL") ss.27-0918 or the regulations promulgated thereunder, or any other Environmental Law.

7.2.2. Seller shall execute, acknowledge and deliver to Purchaser an affidavit of title in such form required by Purchaser's title insurer to insure title to the Property in accordance with the terms of this Agreement, and such other documents as are reasonably required by Purchaser's title insurer and which are customarily required in similar commercial transactions in New York to insure title to the Property in accordance with the terms of this Agreement.

7.2.3. Seller shall deliver to Purchaser copies of the current real estate tax bills.

7.2.4. Seller shall execute, acknowledge and deliver to Purchaser affidavits in form reasonably satisfactory to Purchaser's attorney for the purpose of complying with the Foreign Investment in Real Property Tax Act.

7.2.5. Seller shall execute a closing statement reflecting the payment and disbursement of the Purchase Price in accordance with this Agreement.

7.2.6. Seller shall deliver to Purchaser discharges, in sufficient and recordable form, for all liens and/or mortgages affecting the Property or a pay-off letter from the financial institution holding such lien or mortgage in form and substance reasonably satisfactory to Purchaser's title insurance company.

7.2.7. Seller shall execute, acknowledge and delivery a New York State TP 584 Tax Form and an Equalization Form (if the same are required by law).

Section 8. Obligations of Purchaser.

8.1 At the Closing, Purchaser shall have the following obligations:

8.1.1 Purchaser shall deliver to Seller the portion of the Purchase Price required under subparagraph 3.2.3. after application of a portion thereof, if any, necessary for the release, satisfaction and cancellation of the aforementioned liens or mortgages, if any, on the Property.

8.1.2. Purchaser shall execute a closing statement reflecting the payment and disbursement of the Purchase Price in accordance with this Agreement.

Section 9. Termination.

9.1. Purchaser shall have the right to terminate this Agreement upon written notice to Seller given in accordance with Section 24 hereof under any of the following circumstances:

9.1.1. If any of the conditions precedent set forth in paragraph 4.1 shall not have been satisfied as of the Closing Date or if the contingencies set forth in Section 5 have not been satisfied or waived pursuant to the terms

hereof.

9.1.2. If Seller shall be unable to convey title in accordance with Section 15.

9.1.3. Pursuant to Section 16 or 30.

9.1.4. If any of Seller's representations under Section 10 are not true, accurate and complete as of the Closing Date.

9.1.5. If Seller is in default of its obligations hereunder and if the default is susceptible of cure, has not remedied the default after written notice and a reasonable opportunity to cure not to exceed thirty (30) days.

9.2. Upon receipt by Seller of any written notice of termination of this Agreement by Purchaser prior to the end of the Inspection Period or pursuant to paragraph 9.1, Seller shall cause the return of the Deposit and all interest earned thereon to Purchaser and this Agreement shall cease and terminate and be null and void and of no further force and effect; provided, however, that if Purchaser exercises the right to terminate this Agreement in accordance with subparagraph 9.1.5 by reason of a default by Seller, then Purchaser shall nonetheless be entitled to the remedies provided in paragraph 13.1.

9.3. If Purchaser is in default of its obligations hereunder and, if the default is susceptible of cure, Purchaser has not remedied the default within ten (10) days following written notice and Seller is ready, willing and able to close, Seller shall have the right to terminate this Agreement upon written notice to Purchaser given in accordance with Section 24 hereof.

9.4. Upon receipt by Purchaser of any written notice of termination of this Agreement by Seller for any reason recited in paragraph 9.3, this Agreement shall cease and terminate and be null and void and of no further force and effect provided that (i) Purchaser's obligations to restore the Property and repair any damages pursuant to Section 5 shall survive the Closing and (ii) Seller shall nonetheless be entitled to the remedy provided in paragraph 13.2.

9.5. In the event that this Agreement is terminated by either party and becomes null and void, such termination shall not relieve Purchaser of its obligation to restore the Property and repair any damage to same pursuant to Section 5 hereof nor shall such termination relieve Purchaser of its obligation to indemnify Seller pursuant to the provisions of Section 17.

Section 10. Representations and Warranties.

10.1. Seller represents and warrants the following:

10.1.1. Seller is an Indiana corporation, qualified to do business in the State of New York, validly formed and having full power, authority and legal right to enter into and perform this Agreement. The execution, delivery and performance of this Agreement will not require approval or consent of any trustee or holders of any indebtedness or obligations of Seller, and will not contravene any law, governmental rule, regulation or order binding on Seller or contravene the provisions of, or constitute a default under, or result in the creation of any lien or encumbrance upon the property of Seller under any indenture, mortgage, contract, or other agreement to which Seller is a party, or by which it may be bound or affected.

10.1.2. Seller does not have knowledge of any pending or threatened actions or proceedings before any court or administrative agency which will materially adversely affect the ability of Seller to perform Seller's obligations under this Agreement.

10.1.3. Seller does not have knowledge of any pending condemnation or similar proceeding affecting the Property or any portion thereof.

10.1.4. Seller does not have knowledge of any notices, actions, labor disputes, legal actions, suits, claims and demands or other legal or administrative proceedings or judgments relating to any violations, currently pending or threatened against the Property including those relating to the environmental condition thereof, or the operation thereof, nor that any such action, suit, proceeding or claim has been threatened or asserted against all or any part of the Property, nor that there is any proceeding pending or presently being prosecuted for the reduction of the assessed valuation of taxes or other impositions payable in respect of any portion of the Property.

10.1.5. Seller has granted no leases or licenses, nor created any tenancies, affecting the Property and there are no parties in possession of any portion of the Property as trespassers or otherwise and there are no leasing commission obligations affecting the Property.

10.1.6. Seller does not have knowledge of any pending or threatened governmental or private proceedings which would impair or result in the

termination of access from the Property to abutting public highways, streets, and roads.

10.1.7. Seller is not a "foreign person" as such term is defined under Section 1445 (f)(3) of the United States Internal Revenue Code.

10.1.8. Seller has made no agreements to pay any commissions or other compensation to any brokers or agents in connection with this Agreement other than Team

Resources, Inc. ("Broker") or as Broker shall direct, and has had no dealings with any broker or agent with respect to the Property upon which any such broker or agent would be entitled to a commission or other compensation. Seller shall pay the Broker, or as Broker shall direct, a commission pursuant to a separate agreement between Seller and Broker.

10.1.9. No one other than Purchaser has a contract, option or right of first refusal to purchase the Property or any part thereof.

10.1.10. At the Closing, there will be no unpaid bills or claims against Seller which may give rise to a lien against the Property. Seller does not have knowledge of any work performed at the building which would require an amendment to the certificate of occupancy (unless same was obtained), and any work performed at the Property by Seller to the date hereof and the Closing Date has been and will be in accordance with the rules, laws and regulations of all applicable authorities. All bills and claims for labor performed and materials furnished to or for the benefit of the Property will be paid in full on the Closing Date.

10.1.11. There are no service contracts, union contracts, employment agreements or other agreements affecting the Property or the operation thereof, except as set forth on EXHIBIT "C".

10.1.12. Seller has provided or made available to Purchaser all reports, including, without limitation, the Environmental Documents in Seller's actual possession or under its control related to the physical condition of the Property.

10.1.13. Seller has no knowledge of any notices, suits, investigations or judgments relating to any violations including, without limitation, Environmental Laws or any laws, ordinances or regulations affecting the Property, and there are no outstanding orders, judgments, injunctions, decrees or writ of any agency, board, bureau, governmental unit, or any subdivision thereof, having, asserting or acquiring jurisdiction over all or any part of the Property or the management, operation, use or improvement thereof (collectively, the "Governmental Authorities") against or involving the Property.

10.1.14. Seller has no knowledge of any federal or state liens as referred to under CERCLA or the New York Navigation Law ss.181 a to 3, or any other Environmental Laws, that have attached to the Property.

10.1.15. Seller has no knowledge of any confirmed or pending assessment or special assessment for public improvements affecting the Property.

10.2.1. In addition to the provisions of Section 10.1., Seller hereby warrants and represents, to the best of Seller's knowledge, without independent inquiry or investigation having been undertaken by Seller:

(a) Except as has been disclosed to Purchaser in the documents set forth on Exhibit E attached hereto and made a part hereof, which were provided to or made available to Purchaser pursuant to this Agreement:

(i) there are no Contaminants on, under, at or emanating from the Property, except those in compliance with all applicable Environmental Laws;

(ii) no Contaminants have been Discharged onto the Property by Seller or during Seller's ownership of the Property in violation of any Environmental Law which would allow a Governmental Authority to require that a cleanup be undertaken;

(iii) no ss.104(e) informational request has been received by Seller issued pursuant to CERCLA with respect to the Property;

(iv) there are no above ground storage tanks or Underground Storage Tanks, as hereinafter defined, at the Property and there were no such tanks at the Property, regardless of whether such tanks are regulated or not;

(v) the Property has not been used as a solid waste management

facility as defined in the ECL ss.27-0701 et seq.

10.2.2. Contemporaneously with the execution of this Agreement, and subsequently promptly upon receipt by Seller or Seller's representatives, Seller shall deliver or make available to Purchaser: (i) all Environmental Documents concerning the Property generated by or on behalf of Seller, whether currently existing or hereafter existing; (ii) all existing maps, diagrams and other documentation to the extent in Seller's actual possession or under its control relating to the physical lay-out and structural aspects of the Property.

10.2.3. As used in this Section 10, "to the best of Seller's knowledge" or "Seller does not have knowledge" shall be limited to the actual knowledge of Mr. Robert Hoffman who is the individual currently employed by Seller who is in a position to have knowledge of the Property.

10.2.4. A document shall be considered to be in Seller's actual possession or under its control if it is now, or was during the last ten (10) years, in the possession or control of either Mr. Robert Hoffman or Mr. Vincent Opalka.

10.2.5. To Seller's knowledge, there are no engineering or institutional controls at the Property, including without limitation, any deed notice, declaration of environmental restriction, groundwater classification exception area or well restriction area.

10.3. All of the foregoing representations and warranties of Seller are true, accurate and complete as of the Effective Date and shall be true, accurate and complete as of the

Closing Date and shall survive the Closing Date for a period of one year, and any claim(s) brought thereon by Purchaser must be instituted within one (1) year of the Closing Date.

10.4. The following terms shall have the following meaning when used in this Agreement:

(i) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous substance, hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the "Tank Laws" as defined below; the ECL; the New York State Navigation Law; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq. ("RCRA"); the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. ss.1251 et seq.; together with any amendments thereto, regulations promulgated thereunder and all substitutions thereof, as well as words of similar meaning referred to in any other applicable federal, state, county or municipal environmental statute, ordinance, code, rule or regulation, including, without limitation, radon, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives. Where a statute, ordinance, code, rule or regulation defines any of these terms more broadly than another, the broader definition shall apply.

(ii) "Discharge" shall mean the releasing, spilling, leaking, leaching, disposing, pumping, pouring, emitting, emptying, treating or dumping of Contaminants at, into, onto or migrating from the Property, regardless of whether the result of an intentional or unintentional action or omission.

(iii) "Environmental Documents" shall mean all environmental documentation in the actual possession or under the control of Seller relating to the Property including, without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, or the equivalent, sampling results, sampling results reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, and directives and orders issued by any Governmental Authority.

(iv) "Environmental Laws" shall mean each and every applicable federal, state, county or municipal statute, ordinance, rule, regulation, order, code, directive or requirement, together with all successor statutes, ordinances, rules, regulations, orders, codes, directives or requirements, of any Governmental Authority in any way related to Contaminants.

(v) "Reports" shall mean the results of all investigations performed by third parties on behalf of Purchaser hereunder, including, without limitation, all copies of reports, studies, surveys, plans and other documentation resulting from Purchaser's investigation prepared by third parties on behalf of Purchaser.

(vi) "Tank Laws" shall mean the New York Bulk Storage Law, ECL

ss.17-1743, the New York Hazardous Substances Bulk Storage Act, ECL ss.40-0101 et seq., and the federal underground storage tank law (Subtitle I) of RCRA, together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

(vii) "Underground Storage Tanks" shall mean each and every "underground storage tank" whether or not subject to the Tank Laws, as well as the "monitoring systems", the "leak detection system", the "discharge protection system" and the "tank system" associated with the "underground storage tank" as those terms are defined by the Tank Laws.

10.4. Purchaser represents and warrants the following:

10.4.1. Purchaser is a corporation validly formed and having full power, authority and legal right to enter into and perform this Agreement. The execution, delivery and performance of this Agreement will not require approval or consent of any trustee or holders of any indebtedness or obligations of Purchaser, and will not contravene any law, governmental rule, regulation or order binding on Purchaser or contravene the provisions of, or constitute a default under, or result in the creation of any lien or encumbrance upon the property of Purchaser under any indenture, mortgage, contract, or other agreement to which Purchaser is a party, or by which it may be bound or affected.

10.4.2. Purchaser does not have knowledge of any pending or threatened actions or proceedings before any court or administrative agency which will materially adversely affect the ability of Purchaser to perform its obligations under this Agreement.

10.4.3. Purchaser has made no agreement to pay any commission or other compensation to any brokers or agents in connection with this Agreement and has not had dealings with any broker or agent, other than Broker and Friedland Realty, Inc., with respect to the Property upon which any such broker or agent would be entitled to a commission or other compensation.

Section 11. Costs Connected With Conveyances.

The costs of the conveyances described in this Agreement shall be paid in accordance with the terms hereof and in accordance with the following schedule:

Broker's commission	Seller
New York State Transfer Tax	Seller
Cost of survey	Purchaser

Cost of title examination and title insurance	Purchaser
Attorneys' fees - Each party shall pay its own attorney's fees	
Recording fees - deed	Purchaser

Section 12. Apportionments.

The following shall be apportioned as of midnight on the date preceding the Closing Date:

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

(ii) Amounts payable under any service contracts other than those which Purchaser has elected to assume.

(iii) 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 Property 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. Seller shall be responsible for the charges attributable to the Property to the Closing Date.

(iv) The value of any heating fuel stored for use at any of the Property, at Seller's most recent cost, including taxes, on the basis of a reading made within ten (10) days prior to the Closing Date by Seller's supplier.

(v) Except as otherwise provided in this Agreement, the adjustments shall

be made in accordance with the customs in respect to title closings in the State of New York.

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

(vii) The provisions of this Section 12 shall survive the Closing Date.

Section 13. Default.

13.1. Anything in this Agreement to the contrary notwithstanding, if Seller fails to perform any obligation on its part to be performed pursuant to the terms and conditions of this Agreement (except for the inability to convey good and marketable title in accordance with Section 15 of this Agreement), then following notice and the expiration of the applicable cure period as provided for in paragraph 9.1.5., unless such obligation is waived by Purchaser, such failure to perform shall constitute a default under this Agreement, and Purchaser shall have available to it any and all rights and remedies that may be provided under the laws of the State of New York. In the event Purchaser elects not to seek specific performance then it shall terminate this Agreement pursuant to Section 9 and, other than its rights to seek a money judgment against Seller which shall specifically survive, this Agreement would terminate and be null and void.

13.2. If Purchaser fails timely to close title to the Property (except as a result of a termination by Purchaser pursuant to paragraph 9.1) pursuant to the terms and conditions of this Agreement, or if Purchaser otherwise fails to perform any of its obligations under this Agreement, then unless such obligation is waived in writing by Seller, such failure shall constitute a default of this Agreement, and Seller may terminate this Agreement pursuant to Section 9. Purchaser acknowledges that such default under this Agreement would cause harm to Seller that is incapable of accurate estimation. Therefore, in the event of such default, Seller's damages shall be limited to the sum of the Deposit paid or payable at the time of such default, which shall be retained by Seller or paid over to Seller by Purchaser, as the case may be. Notwithstanding the foregoing, nothing contained herein shall limit or restrict Seller's ability to enforce the provisions of Section 9.5 hereof even following termination of this Agreement.

Section 14. Assessments.

If the Property is affected by any special assessment or assessment for public improvements prior to the Closing Date, which assessments are or may become payable, in installments or otherwise, then for the purpose of this Agreement the unpaid installments of any such assessments which are due during the calendar year in which the Closing occurs shall be paid on a pro-rata basis based upon each party's period of ownership during said calendar year.

Section 15. Title.

15.1. Title to the Property to be conveyed by Seller pursuant to this Agreement shall be good and marketable title, insurable at regular rates by Purchaser's title insurance company, and shall be conveyed by Seller to Purchaser free and clear of all liens, encumbrances and rights of any nature except those set forth on Exhibit B attached to this Agreement (the "Permitted Encumbrances") and the exclusions set forth on Exhibit D attached to this Agreement. Seller acknowledges that Matrix Corporation is the record owner of the Property, and agrees to provide

Purchaser's title company with such information and documentation as is reasonably requested to evidence that Seller is the legal and beneficial owner of the Property.

15.2. Purchaser shall, at its own expense, obtain a title search and survey of the Property. Purchaser may notify Seller prior to the expiration of the Evaluation Period of any objections it may have to title based on its title search or survey. If Purchaser notifies Seller of objections to title, then Seller shall have the right to cure such defects before the Closing Date. Seller shall use commercially reasonable efforts to cure such defects provided such efforts do not require that Seller expend any sums in doing so except as specifically provided for hereafter with respect to mortgages, judgments, tax liens and other liens pursuant to the terms hereof. If Seller elects not to cure the defects because to do so would require the expenditure of money by Seller or Seller cannot cure the defects within fifteen (15) days of the originally anticipated Closing Date, or such subsequent date as is mutually agreed upon by the parties, Purchaser shall have the option to: (i) elect to proceed with this Agreement and waive its objection to the title defect; or (ii) terminate this Agreement in accordance with Section 9. Anything in this Agreement to the contrary notwithstanding, Seller shall be required to discharge mortgages,

judgments (subject to the provisions in the following sentence), tax liens and other liens which are dischargeable by the payment of a sum certain at the Closing up to an aggregate amount equal to the Purchase Price to be received by Seller at the Closing and to provide at Closing documents in recordable and sufficient form to discharge such liens and/or mortgages of record, or, if the lien is held by a New Jersey, New York or national banking institution, a current mortgage pay-off letter from such institution in form and substance reasonably acceptable to the title company, together with the cost of recording or filing such instrument. In the event a judgment is entered against Seller in an amount which exceeds $500,000, Seller will not be obligated to pay-off said judgment but shall: (i) offer to indemnify Purchaser's title company (without Seller being required to post a bond but with a written indemnification in form and substance acceptable to both Seller and the title company) in order for the title company to omit such judgment as an exception to title or, if not acceptable to Purchaser's title company, Seller shall (ii) offer to indemnify Purchaser (without Seller being required to post a bond but with a written indemnification in form and substance acceptable to both Seller and Purchaser) in order for Purchaser to accept title subject to said judgment. In the event neither Purchaser's title company nor Purchaser agree to accept said indemnification, then Seller shall have the right to terminate this Agreement upon written notice to Purchaser. In the event Seller elects not to cure title defects raised by Purchaser or cannot cure the same, pursuant to the provisions of this paragraph 15.2, and Purchaser or Seller exercises its right to terminate this Agreement, again pursuant to the provisions of this paragraph 15.2., then Seller agrees to reimburse Purchaser for reasonable costs incurred by Purchaser in connection with its title search, survey and due diligence investigation(s) and testing, including without limitation attorneys' fees, engineering fees and environmental costs, but in no event shall said reimbursement exceed the sum of Thirty Thousand Dollars ($30,000.00).

Section 16. Condemnation.

In the event of an actual or threatened condemnation of any portion of the Property which in Purchaser's reasonable judgment would materially interfere with the use of the Property as commercial office space, Purchaser shall have the option to elect to terminate this Agreement by serving written notice thereof on Seller in accordance with Section 23 hereof, whereupon the Deposit and all interest earned thereon shall be returned to Purchaser and neither party shall thereafter have any further rights or obligations under this Agreement. If Purchaser does not terminate this Agreement in accordance with this Section 16, Seller shall allow Purchaser a credit against the Purchase Price at the Closing equal to such portion of the condemnation awards or other compensation received, as the same relate to the Property and not to Seller's personal property, before the Closing Date and Seller shall assign to Purchaser all of Seller's right, title and interest in any condemnation award or other compensation for such condemnation or taking by eminent domain and the parties shall proceed to Closing. Seller acknowledges that an actual or threatened condemnation would materially interfere with Purchaser's use of the Property if such condemnation would include the taking of any part of the building, any parking areas or any areas necessary for access, ingress or egress to or from the building to the parking areas and the street abutting the Property.

Section 17. Indemnification.

17.1. As used in this Section 17: (a) the verb "indemnify" means indemnify, defend, save and hold harmless, and the noun "claims" means claims, costs, expenses (including reasonable attorneys' fees and the reasonable fees of engineering and other required experts or professional consultants), penalties, obligations and liabilities of any nature; (b) "Environmental Claims" include all losses, costs, damages, allegations, demands, claims (including without limitation, claims for personal injury or real or personal property damage), liabilities, expenses, judgments, orders or investigations or remediation measures required by the governmental entities having jurisdiction over the Property (including, but not limited to the cost of any remedial work performed on the Property), that arise directly or indirectly from or in connection with the operation or the condition of the Property prior to the Closing Date, including but not limited to the presence, suspected presence, release or suspected release of any Hazardous Substances of any kind, whether into the air, soil, groundwater, pavement, structures, fixtures, equipment, tanks, containers or other personalty at the Property or any other real property in which Purchaser has or may acquire any interest; and (c) "Third-Party Environmental Claims" shall mean any Environmental Claims which: (A) are asserted or commenced by persons or entities, other than the Purchaser or a governmental entity and or successor of Purchaser (B) relate to the Property or real property that is adjacent to or in the vicinity of the Property.

17.2. Purchaser shall indemnify Seller with respect to any claims, including but not limited to claims environmental in nature, due to the acts or omissions of Purchaser or Purchaser's agents, employees, subcontractors and/or invitees arising from entry onto the Property by Purchaser

or Purchaser's agents, employees, subcontractors and invitees pursuant to Section 6. Notwithstanding the foregoing, Purchaser shall not indemnify Seller on account of any existing environmental conditions which are discovered as a result of Purchaser's due diligence except to the extent the environmental condition is exacerbated by any act or omission of Purchaser, its agents, employees or invitees.

17.3. To the extent permitted by law, Purchaser hereby waives all Environmental Claims it may have against Seller and releases Seller from same. Notwithstanding the foregoing, Purchaser shall not be prohibited from impleading Seller into any litigation with respect to any Third Party Environmental Claims which arise directly or indirectly or in connection with Seller's prior use, possession or occupancy of the Property prior to Closing or which arose during Seller's ownership of the Property.

17.4. The parties agree to indemnify each other with respect to any claims by any broker or other person, in connection with this Agreement, other than Broker, where such claim is based solely upon the acts or alleged acts of the indemnifying party.

17.5. Seller shall indemnify Purchaser with respect to any claims for a commission in connection with the transaction contemplated by this Agreement by Broker.

17.6. For the purposes of this Section 17 only, the term "Purchaser" shall include Purchaser, Mack-Cali Realty Corporation, any Permitted Assignee, as hereinafter defined, and such entity, if any, as Purchaser may designate as its nominee pursuant to this Agreement.

17.7. The provisions of this Section 17 shall survive the delivery of the deed at the Closing.

Section 18. Assignment.

This Agreement may not be assigned by Purchaser except to a directly or indirectly wholly-owned subsidiary or subsidiaries of Mack-Cali Realty Corporation, or to a partnership, corporation, limited liability company or other entity in which Mack-Cali Realty Corporation and/or any such wholly-owned subsidiary or subsidiaries owns, either directly or indirectly in the aggregate, at least fifty (50%) percent of the profits, losses and cash flow thereof and controls the management of the affairs of such entity (any such entity, a "Permitted Assignee") and any other assignment or attempted assignment by Purchaser without Seller's consent shall constitute a default by Purchaser hereunder and shall be deemed null and void and of no force and effect. In addition, at Closing, Purchaser shall have the right to cause Seller to direct the deed and other closing instruments to such party as Purchaser shall direct. No assignment or direction of the closing instruments shall relieve Purchaser from Purchaser's obligations under this Agreement specifically including those which survive the Closing or termination of this Agreement.

Section 19. "AS IS" Condition.

Purchaser represents that after the Inspection Period, Purchaser will have made a thorough inspection of the Property and that after the Inspection Period, Purchaser will be proceeding with this Agreement is entered into with full knowledge as to its value, character, quality and condition. Notwithstanding the foregoing, Purchaser retains its right to further inspect the Property pursuant to the terms of Section 5 of this Agreement and all rights set forth therein. Seller represents that water, sewer, electric and gas service are present at the Property but Seller makes no representation as to the sufficiency of said utilities to service the Property for the current use of Purchaser nor for any intended use of Purchaser. Furthermore, Seller makes no representation as to Purchaser's ability to use the Property for its intended use. It is therefore understood and agreed by and between the parties to this Agreement that, except as may otherwise be specifically provided for in this Agreement, the Property shall be taken by Purchaser at closing of title in its condition as of the date of this Agreement, normal wear and tear excepted. Except as may be expressly set forth in Section 10, SELLER MAKES ABSOLUTELY NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE PHYSICAL CONDITION OF THE PROPERTY, THE AVAILABILITY OF UTILITIES NOR WITH RESPECT TO THE ENVIRONMENTAL CONDITION OF THE PROPERTY.

Section 20. (Intentionally Omitted)

Section 21. Entire Agreement.

All understandings and agreements heretofore had between the parties hereto with respect to the transaction contemplated by this Agreement are merged in this Agreement, which embodies their entire agreement, and the same is entered into after full investigation, neither party relying upon any statement or representation not contained herein.

Section 22. Binding Effect.

This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, legal representatives, administrators, successors and assigns.

Section 23. No Modification.

This Agreement may not be changed or terminated orally by either party; it may be amended only by a writing which is executed by Purchaser and Seller. No course of conduct or course of dealing by the parties shall be construed to constitute a waiver, modification, or amendment of any provision of this Agreement in the absence of a writing executed in accordance

with this Section 23. The requirement set forth in this Section 23 that amendments to this Agreement must be in writing shall not itself be waived or amended by any oral agreement of the parties.

Section 24. Notices.

All notices and other communications hereunder shall be in writing (including wire, telefax or similar writing) (a "Notice") and shall be sent, delivered or mailed, addressed or telefaxed:

If given to Seller: Bayer Corporation
100 Challenger Road
Ridgefield Park, NJ 07660-2199
ATTN: Vice President and General Counsel
Telephone: (201) 440-0111 ext. 4706
Telefax: (201) 440-4056

with a copy to: Agfa Division
Bayer Corporation
100 Challenger Road
Ridgefield Park, NJ 07660-2199
ATTN: General Services and Facility
Telephone: (201) 440-0111 ext. 4711
Telefax: (201) 440-4376

with a copy to: Colleen R. Donovan, Esq.
Pitney, Hardin, Kipp & Szuch
MAIL TO: P.O. Box 1945
Morristown, NJ 07962-1945
DELIVER TO: 200 Campus Drive
Florham Park, NJ 07932
Telephone: (973) 966-6300
Telefax: (973) 966-1550

If given to Purchaser: MACK-CALI REALTY ACQUISITION CORPORATION
11 Commerce Drive
Cranford, NJ 07016
ATTN: Mr. Thomas Rizk
Telephone: (908) 272-8000
Telefax: (908) 272-6755

and to: MACK-CALI REALTY ACQUISITION CORPORATION
11 Commerce Drive
Cranford, NJ 07016
ATTN: Mr. Roger W. Thomas
Telephone: (908) 272-8000
Telefax: (908) 272-6755

and to: MACK-CALI REALTY CORPORATION
100 Clearbrook Road
Elmsford, NY 10523
ATTN: Mr. Andrew Greenspan
Telephone: (914) 592-4800
Telefax: (914) 592-4836

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

Each such notice, request or other written communication shall be given (i) by hand delivery, (ii) nationally recognized overnight courier service or (iii) by telefax, receipt confirmed. Each such notice, request or communication shall be effective (i) if delivered by hand or by nationally recognized overnight courier service, when delivered by overnight delivery at the address specified in this Section 24 (or in accordance with the latest unrevoked written direction from such party) and (ii) if given by telefax, it shall be deemed given at the time and on the date of machine transmittal provided same is sent prior to 4:00 p.m. on a business day (if sent later, then notice shall be deemed given on the next business day) and if the sending party receives a written send confirmation on its machine and forwards a copy thereof by regular mail accompanied by such notice or communication. Notices may be given by counsel for the parties described above and such Notices shall be deemed given by said party, for all purposes hereunder.

Section 25. Captions; Gender.

The section headings and table of contents set forth in this Agreement are for the convenience of the parties only, do not form a part of this Agreement, and are not to be considered a part of this Agreement for the purposes of interpretation, or otherwise. All references herein to the neuter gender shall be deemed to include the masculine and feminine genders, and all references herein to the singular shall be deemed to include the plural, all as the context may require.

Section 26. Counterparts.

This Agreement may be executed in counterparts, all of which shall be deemed originals.

Section 27. Governing Law.

This Agreement shall be governed by and construed according to the laws of the State of New York.

Section 28. Singular and Plural Usage.

If two or more persons or entities constitute either the seller or the purchaser, the word "Seller" or the word "Purchaser", and pronouns referring thereto, shall be construed in the singular or plural usage whenever the sense of this Agreement so requires and the obligations of such persons and entities hereunder shall be both joint and several.

Section 29. Escrow Agent.

29.1. The duties and obligations of Escrow Agent hereunder shall be determined solely by the express provisions of this Agreement, and Escrow Agent shall have no duties other than those expressly imposed hereby, nor shall Escrow Agent be required to take any action other than in accordance with the terms hereof. The duties of Escrow Agent hereunder are entirely ministerial, and Escrow Agent shall have no responsibility for the content, validity or genuineness of or otherwise in respect of any document or instrument delivered to Escrow Agent hereunder. Escrow Agent shall not be liable, whether in acting or failing to act, for any error in judgment or for any mistake in fact or in law, or for any loss suffered by any of the parties hereto or herein referred to, except for a loss resulting from willful malfeasance or bad faith on the part of Escrow Agent in performing its duties hereunder. Escrow Agent may rely conclusively upon, and shall be protected in acting or failing to act upon, any agreement, notice, demand, document or instrument believed by Escrow Agent in good faith to be genuine. Purchaser and Seller hereby jointly and severally agree

to indemnify Escrow Agent and hold it harmless from and against all loss, cost, damage and expense (including, but not limited to, reasonable attorneys' fees and disbursements) which Escrow Agent may incur arising out of or in connection herewith, except for willful misfeasance or bad faith on the part of Escrow Agent, as aforesaid.

29.2. Escrow Agent is acting as a stakeholder only with respect to the Deposit. If there is any dispute as to whether Escrow Agent is obligated to deliver the Deposit or as to whom said Deposit is to be delivered, Escrow Agent shall continue to hold the same until receipt by Escrow Agent of an authorization in writing, signed by all the parties having any interest in such dispute, directing the disposition of the Deposit. In the absence of such authorization, Escrow Agent may hold the Deposit until the final determination of the rights of the parties in an appropriate judicial proceeding. If such written authorization is not given, or proceedings for such determination are not begun within thirty (30) days after the date set forth herein for the

Closing (as the same may have been changed by agreement of the parties) and diligently continued, Escrow Agent may, but is not required to, bring an appropriate action or proceeding for leave to deposit the Deposit in a court of competent jurisdiction pending such determination. Escrow Agent shall be reimbursed for all costs and expenses of such action or proceeding including, without limitation, reasonable attorneys' fees and disbursements, by the party determined not to be entitled to the Deposit, or if the Deposit is shared between the parties hereto, such costs of Escrow Agent shall be shared pro rata, between Seller and Purchaser, based upon the amount of Deposit received by each. Upon making delivery of the Deposit in the manner provided in this Agreement, Escrow Agent shall have no further liability hereunder.

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

29.4. Escrow Agent may resign at any time by giving two (2) business days' written notice to Seller and Purchaser. In the event of such resignation, Escrow Agent shall deliver the Deposit to another escrow agent designated by Seller and Purchaser to serve hereunder who shall be a practicing attorney or to a court of competent jurisdiction, whereupon Escrow Agent shall be discharged from its duties and obligations hereunder. The new escrow agent, if any, shall execute and deliver to each of Seller and Purchaser as written notice acknowledging that such new escrow agent is subject to and shall comply with the terms hereof as fully and completely and with the same legal force and effect as if new escrow agent had been originally named as the "Escrow Agent" hereunder.

29.5. Any notice, demand or other communication to Escrow Agent hereunder shall be in writing and sent by certified mail, return receipt requested, with all postage and fees prepaid, addressed in accordance with Section 24 or to such address as shall be specified by Escrow Agent by written notice to Seller and Purchaser.

29.6. Escrow Agent shall have the right to represent Seller in any dispute between Seller and Purchaser with respect to the Deposit, this Agreement or otherwise.

Section 30. Risk of Loss.

The risk of loss or damage to the Property by fire or otherwise shall remain with the Seller up to the Closing Date. In the event that the Property shall suffer damage, other than reasonable wear and tear, Seller may repair such damage or shall allow Purchaser to take an agreed upon reduction in the Purchase Price to reflect the reasonable cost of repairs, or, in Seller's discretion, Seller shall assign to Purchaser any and all rights to insurance proceeds with respect to the Property for any such loss or damage by fire or otherwise and, in such event, shall allow Purchaser a credit at Closing in the amount of Seller's deductible under its insurance, and shall cooperate with Purchaser, as reasonably necessary, to pursue claims to such proceeds. Notwithstanding the above, if the reasonable cost of repairs is in excess of $200,000.00, Purchaser shall have the right to terminate this Agreement upon written notice to Seller within twenty-one (21) days of its receipt of notice of said loss or damage and, in the event Purchaser terminates pursuant to the provisions hereof, the Deposit and accrued interest shall be returned to Purchaser and this Agreement shall be null and void and of no further force and effect except as may be specifically provided herein.

Section 31. Publication. Confidentiality.

31.1. After the Deposit has been paid by Purchaser hereunder, Purchaser shall have the right to make such public announcements or filings with respect to the proposed transaction as Purchaser may deem reasonably prudent except that Purchaser shall not make public the Purchase Price until after the Closing hereof. Purchaser shall not issue any such announcement prior to the Closing without the prior approval of Seller as to the text of the announcement, which approval shall not be unreasonably withheld or delayed; provided, however, that Purchaser shall be entitled to make such filings or announcements upon advice of counsel as may be necessary or required.

31.2. Without the prior written consent of the other party, until Purchaser shall make a public announcement as provided in Section 31.1, neither Purchaser nor Seller shall disclose, and Seller and Purchaser will direct their respective representatives, employees, agents and consultants not to disclose, to any person or entity the fact that Purchaser and Seller have entered into an agreement to acquire the Property or any of the terms, conditions or other facts with respect to this Agreement. Notwithstanding the foregoing, either party may disclose those terms and conditions which are required to be disclosed pursuant

to any law or in order to comply with this Agreement; provided, however, that the disclosing party shall use its best efforts to limit the disclosure to the

information necessary, and unless such disclosure is to a governmental entity or subdivision thereof, the disclosing party shall also advise any party to whom disclosure is made that said terms and conditions are subject to a confidentiality requirement and shall obtain the agreement of said party to keep any information disclosed to it as confidential. In the event of a breach of the provisions of this Section 31.2., the same shall constitute a default by the disclosing party and the non-disclosing party shall be entitled to terminate this Agreement pursuant to the provisions herein on fourteen (14) days prior written notice. Unless the Closing occurs prior to the expiration of the fourteen (14) day period, this Agreement shall then be deemed terminated and null and void.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals or caused these presents to be signed by their proper corporate officers and caused their proper corporate seal to be hereto affixed, the day and year first above written.

ATTEST:	SELLER:
	BAYER CORPORATION, an Indiana corporation
By: _____	By: _____
Name:	Name:
Title:	Title:
	Date Signed by Seller: _____
ATTEST:	PURCHASER:
	MACK-CALI REALTY ACQUISITION CORPORATION a Delaware corporation
By: _____	By: _____
Name:	Name:
Title:	Title:
	Date Signed by Purchaser: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

ALL that certain tract or parcel of land and premises, hereinafter particularly described, situate, lying and being in the _____ of Orangeburg, of _____ County and State of New York.

EXHIBIT B

PERMITTED ENCUMBRANCES

(a) Outstanding rights in any road, street, path or right of way abutting the Property.

(b) Zoning and building regulations, ordinances or requirements adopted by any government or municipal authority having jurisdiction thereof and amendments and additions thereto now in force and effect which relate to the Property, provided same are not presently violated.

(c) Any state of facts as an accurate survey of the Property would disclose, provided same does not prevent Purchaser from obtaining good and marketable title to the Property.

(d) The lien of real estate taxes, personal property taxes, water charges and sewer charges provided same are not due and payable, but subject to adjustment as provided herein.

(e) Easements and restrictions of record provided same are not presently violated, provided same will not interfere with the use and occupancy of the Property for commercial purposes, provided same does not require the payment of money, and provided no portion of the building is situated on an

easement area.

(f) Any and all laws, statutes, ordinances, codes, rules, regulations, requirements, or executive mandates affecting the Property as of the date hereof, provided same are not currently violated.

EXHIBIT C

EXISTING CONTRACTS

1. Contract with security company (copy of contract being obtained and more specifics will be provided).

EXHIBIT D

TITLE EXCLUSIONS

EXHIBIT E
LIST OF ENVIRONMENTAL DOCUMENTS

AGREEMENT OF
SALE AND PURCHASE

BETWEEN

SI PRINCETON, INC.,

AS SELLER,

AND

MACK-CALI REALTY ACQUISITION CORPORATION,

AS PURCHASER,

DATED: APRIL 29, 1998

PROPERTY: 500 COLLEGE ROAD EAST
PRINCETON, NEW JERSEY

TABLE OF CONTENTS

EXHIBITS

SCHEDULES

AGREEMENT OF
SALE AND PURCHASE

THIS AGREEMENT is made and entered into as of the 29th day of April, 1998, by and between SI PRINCETON, INC., a Delaware corporation (hereinafter referred to as the "Seller"), and MACK-CALI REALTY ACQUISITION CORPORATION, a New Jersey corporation, or its permitted assignee (hereinafter referred to as the "Purchaser").

W I T N E S S E T H:

For and in consideration of the mutual covenants and agreements herein contained, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, subject to the terms and conditions hereof, all of Seller's right, title and interest in and to the Property (as hereinafter defined).

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions.

The terms defined in this Section 1 shall have the respective meanings stated in this Section 1 for all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

Additional Title Matters shall have the meaning set forth in Section 3.2.

Affiliate shall mean, with respect to either of the parties, an entity or person directly or indirectly controlling, controlled by, or under common control with such party.

Assignments of Ground Lease shall mean the instruments, in the form of Exhibits L, 1, 2, 3 and 4 attached hereto and made a part hereof, whereby, subject to the Permitted Exceptions, and with covenants against Seller's acts only, at and as of the Closing, Seller shall assign and transfer to Purchaser all of Seller's right, title and interest in, to and under (i) the First Ground Lease, as amended by its First Amendment, Second Amendment and Third Amendment and the Second Ground Lease, as amended by its First Amendment and the Sublease and (ii) the rest of the Property, and Purchaser shall assume all of Seller's obligations under the First Ground Lease, as amended, the Second Ground Lease, as amended and the Sublease.

Assignment of Other Seller Interests shall have the meaning set forth in Section 8.1(s).

Business Day shall mean each Monday, Tuesday, Wednesday, Thursday and Friday, except for such days on which commercial banks doing business in the State of New Jersey are required to be closed for the transaction of business.

Closing shall mean the action whereby Seller conveys and assigns to Purchaser legal title to Seller's right, title and interest in the Property, and Purchaser purchases and accepts legal title to Seller's right, title and interest in the Property, and Purchaser, assumes the obligations of the tenant under the Ground Lease thereafter accruing.

Closing Date shall mean the date of Closing as defined in Section 7.2.

Deed shall mean the instrument, in the form of Exhibit C attached hereto and made a part hereof, whereby, subject to the Permitted Exceptions, and with quit claim covenants only, at and as of the Closing, Seller shall remise and quit-claim to Purchaser all of Seller's right, title and interest in and to the Improvements.

Deposit shall mean a deposit of $500,000.00 and all interest accrued (if any) on the Deposit or the Letter of Credit.

Escrow Agent shall mean Commonwealth Land Title Insurance Company.

Ground Lease shall mean collectively (a) that certain Lease Agreement, dated December 9, 1980, between the Trustees of Princeton University ("Land-Lessor"), as the Landlord, and Live Oak Associates-Princeton, a New Jersey limited partnership ("Live-Oak"), as the Tenant (the"First Ground Lease"), a memorandum of which was recorded in the records of the County Clerk of Middlesex County in Mortgage Book 2151, Page 344, and re-recorded in Deed Book 3175, Page 564, as amended by that certain First Amendment to Lease Agreement, dated February 26, 1981, between Land-Lessor, as the Landlord and Live-Oak, as the Tenant (the "First Amendment to First Ground Lease"), as

further amended by that certain Second Amendment to Lease Agreement, dated August 26, 1983, between Land-Lessor, as the Landlord, and Live-Oak, as the Tenant (the "Second Amendment to First Ground Lease"), a memorandum of which was recorded in the records of the County Clerk of Middlesex County in Deed Book 3306, Page 462, as further amended by that certain Third Amendment to Lease Agreement dated August 10, 1988, between Land-Lessor and Seller (the "Third Amendment to First Ground Lease"), the First Ground Lease, its First Amendment, Second Amendment and Third Amendment being assigned to Seller by Live Oak by an Assignment and Assumption of Ground Lease dated as of August 10, 1988 and recorded in the Middlesex County Clerk's Office on August 10, 1988 in Deed Book 3721, Page 707; (b) that certain Lease Agreement, dated June 17, 1981, between Land-Lessor, as Landlord, and Live Oak Associates-West, a New Jersey limited partnership ("Live-Oak West"), as Tenant (the "Second Ground Lease"), a memorandum of which was recorded in the records of the County Clerk of Middlesex County in Deed Book 3200, Page 840 on July 28, 1981, as amended by a First Amendment to Lease Agreement between Land-Lessor, as Landlord, and Seller, as Tenant, dated as of August 10, 1988 (the "First Amendment to Second Ground Lease"), the Second Ground Lease and its First Amendment being assigned to Seller by Live-Oak West by an Assignment and Assumption of Ground Lease dated as of August 10, 1988 and recorded in the Middlesex County Clerk's Office on August 10, 1988 in Deed Book 3721, Page 718; and (c) that certain Sublease Agreement dated August 9, 1983 ("Sublease") between Live Oak-West (formerly

called Viewpoint Ranches) and Live Oak pursuant to which Live Oak West, as Sublandlord, subleased to Live-Oak certain premises which were leased to Live Oak-West by Land-Lessor under the Second Ground Lease, as amended by the First Amendment to Second Ground Lease, a memorandum of which Sublease was recorded in the records of the County Clerk of Middlesex County in Deed Book 3303, Page 164 on August 10, 1983, and which Sublease was assigned to Seller by Live Oak-West by Assignment and Assumption of Sublease Agreement dated as of August 10, 1988 and recorded in the County Clerk's Office of Middlesex County on August 10, 1988 in Deed Book 3721, Page 727 and which Sublease and the Improvements on the lease premises were assigned to Seller by Live Oak by Assignment and Assumption of Ground Lease Agreement dated as of August 10, 1988 and recorded in the records of the County Clerk of Middlesex County in Deed Book 3721, Page 736 on August 10, 1988.

Ground Lease Estoppel Certificates shall have the meaning set forth in Section 7.5(e).

Hazardous Materials shall mean petroleum products, petroleum based derivatives, polychlorinated biphenyls, asbestos, and any other material, substance or item that is radioactive or that is either regulated by, or designated as a hazardous or toxic material, substance or waste or pollutant or contaminant by, any Legal Requirement now or hereafter enacted, including Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601(14), as said section may be amended from time to time, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6921, et seq., as same may be amended from time to time, the Industrial Site Recovery Act, NJSA 13:K-6 et seq., as same may be amended from time to time, and all regulations promulgated in respect of any thereof and any other similar or analogous federal, state, county or municipal statute, ordinance, code, rule or regulation.

Improvements shall mean the four (4) story office building situated on the Land containing approximately 157,135 net rentable square feet (including certain retail space on the ground level), commonly known as 500 College Road East, Princeton, New Jersey, and all other buildings and structures now or at the Closing Date (as hereinafter defined) situated upon the Land (as hereinafter defined), including, without limitation, all improvements, fixtures, equipment, machinery and personalty (other than Excluded Personal Property), appurtenant to or used in connection therewith which are located thereat and owned by Seller on the Closing Date.

Land shall mean those certain tracts or parcels of land lying and being in Princeton New Jersey and more particularly described in Exhibit A attached hereto and made a part hereof.

Land Lessor shall have the meaning above set forth.

Land Lessor's Consent shall have the meaning set forth in Section 7.5(f).

Land Lessor Outside Date shall mean March 21, 1998, which is the date of

expiration of the First Refusal Period, as defined in Section 18.01(b) of the First Ground Lease and Section 18.01(b) of the Second Ground Lease.

Leasehold Estate shall mean the right, title and interest of the tenant in and to the leasehold estate created by the Ground Lease.

Legal Requirements shall have the meaning set forth in Section 4.1.

Letter of Credit shall mean an irrevocable and unconditional, domestic letter of credit issued by a financial institution reasonably acceptable to Seller for the account of Purchaser and naming Escrow Agent as beneficiary, in the sum of Five Hundred Thousand Dollars ($500,000), payable on May 22, 1998, in form reasonably acceptable to Seller.

Notices shall have the meaning set forth in Section 13.

Other Seller Interests shall mean all of the right, title and interest, if any, of Seller in and to the following (however any conveyance thereof shall be made by Seller without representation or warranty by or recourse to Seller):

(a) any easements, appurtenances, hereditaments, privileges, licenses, grants of right or other agreements benefitting the Property;

(b) any land lying in the bed of any street, road, alley or avenue, opened or proposed, abutting the Property, any award to be made in lieu thereof, and any unpaid award for damages to said Property by reason of change of grade of any street;

(c) freely transferable Permits, if any;

(d) freely transferable warranties or guaranties (other that guaranties of obligations under Space Leases) respecting the Property, if any;

(e) all Tangible Personal Property;

(f) all trademarks and tradenames used in connection with the Real Property, including without limitation, the name "College Centre" and any other name by which the Real Property is commonly known, and all goodwill, if any, related to said names, all for which Purchaser shall have the sole and exclusive rights;

(g) all promotional material, marketing materials, brochures, photographs, books, records, tenant data, leasing material and forms, past and current rent rolls, files, statements, tax returns, market studies, keys, plans, specifications, reports, tests and other materials of any kind owned by or in the possession of Seller which are or may be used by Seller

in the use and operation of the Improvements or Tangible Personal Property; and

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

Pass-Through Charges shall have the meaning set forth in Section 6.3.

Permits shall have the meaning set forth in Section 6.5.

Permitted Exceptions shall mean collectively those restrictions, covenants, agreements, easements, matters and things of fact or of record affecting title to the Property set forth on Schedule B annexed hereto and made a part hereof, those matters set forth in Section 4, and the other matters subject to which title to the Property is to be sold by Seller and purchased by Purchaser pursuant to this Agreement.

Property shall mean Seller's right, title and interest in and to the Ground Lease, the Leasehold Estate, the Improvements, the Space Leases, the Elected Service Contracts, and the Other Seller Interests.

Purchaser's Casualty shall have the definition set forth in Section 12.1.

Purchase Price shall have the meaning set forth in Section 5.1.

Rent Roll shall have the meaning set forth in Section 15.3.

Repair shall have the meaning set forth in Section 9.19(b).

Service Contracts shall mean those contracts relating to or affecting the use or operation of the Property, such as service, maintenance, labor, parking operator and similar agreements, which are set forth in Exhibit J annexed hereto and made a part hereof; and Elected Service Contracts shall mean those Service Contracts which Purchaser elects to assume pursuant to Section 10.5 and which shall, subsequently, be set forth on Exhibit J-1 and attached

hereto.

Settlement Statement shall have the meaning set forth in Section 8.1(c).

Space Leases shall have the meaning set forth in Section 15.3.

Space Rent shall have the meaning set forth in Section 6.3.

Space Tenant Estoppel Certificates shall have the meaning set forth in Section 7.5(h).

Survey shall mean the survey described in Section 3.3.

Substantial shall have the meaning set forth in Section 12.2.

Tangible Personal Property shall mean all property, fixtures, inventory and equipment owned by Seller and used exclusively in the operation and maintenance of the Property.

Title Company shall mean Commonwealth Land Title Insurance Company.

Title and Survey Date shall have the meaning set forth in Section 3.1.

Title Policy shall mean an owner's polity of title insurance, issued by the Title Company, in the amount of the Purchase Price.

Title Report shall have the meaning set forth in Section 3.1.

Title and Survey Objections shall have the meaning set forth in Section 3.1.

2. Sale of the Property.

Upon and subject to the terms and conditions contained in this Agreement, Seller agrees to sell, assign and convey to Purchaser, and Purchaser agrees to purchase and accept from Seller, the Property, subject to the terms and provisions of this Agreement.

3. Title and Survey.

3.1 Simultaneously with or prior to the execution of this Agreement, Seller has delivered to Purchaser a copy of a report of the title to the Land, the Improvements and the Ground Lease, dated August 8, 1988, as confirmed by a report dated March 2, 1998, prepared by Lawyers Title Insurance. Purchaser agrees that such delivery by Seller is without representation or warranty by Seller, and without recourse to Seller. Purchaser (at Purchaser's expense, except as otherwise expressly provided herein) shall obtain from the Title Company, an ALTA 1972 Form B with extended coverage title insurance commitment issued by the Title Company reporting on the condition of title to the Land, Improvements and Ground Lease, and committing to ensure Purchaser in the amount of the Purchase Price, together with legible copies of all items shown as exceptions to such title (the "Title Report"). Purchaser shall deliver to Seller a copy of the Title Report, together with notice of all survey objections, liens, encumbrances, title objections, financing statements, covenants or easements to which Purchaser objects (the "Title and Survey Objections"), on or before 5:00 p.m. (New York City time) on the date (the "Title and Survey Date") which is the earliest to occur of (i) the date ten (10) days after Purchaser receives both the Title Report and the Survey described in Section 3.3, and (ii) the date fifteen (15) days after the date of this Agreement. If Purchaser fails to give written notice of Title and Survey Objections on or before the Title and Survey Date, such Title and Survey Objections shall be considered waived and accepted by Purchaser and shall constitute Permitted Exceptions hereunder. Except as set forth in the next sentence, Seller may, but shall not be required to, cure all or any such Title and Survey Objections (which cure may, at the option of Seller, be by means of affirmative insurance or endorsement from the Title Company, in form and substance reasonably satisfactory to Purchaser, insuring over and providing that any covenants, easements or other matters which are not Permitted Exceptions shall not be collected out of, or enforced against, Purchaser or the Property). In any event, Seller shall cure, at its expense, (i) judgments against Seller, and (ii) mortgages or other liens which can be satisfied by payment of a liquidated amount (collectively the "Monetary Objections"). Notwithstanding any other provision of this Agreement to the contrary (other than Section 3.2), in no event shall Seller be obligated to incur any expense, liability or obligation, or to commence or continue any suit or other action, to cure or remove any Title and Survey Objections, or any other encumbrance upon or defect in title to the Property, except the Monetary Objections and Section 9.2(i)(4) Title Objections, as hereinafter defined, and

failure or omission by Seller to cure any such Title and Survey Objections or other encumbrance upon or defect in title to the Property other than a Monetary Objection or a Section 9.2(i)(4) Title Objection, shall not be a default by Seller hereunder, nor give rise to any rights or remedies on the part of Purchaser, except that, upon notice by Seller to Purchaser that Seller has failed to cure such Title and Survey Objections or other encumbrance upon or defect in title to the Property Purchaser, as its sole remedies (to be exercised by written notice to Seller within five (5) days after receipt by Purchaser of Seller's notice), may either (a) terminate this Agreement, receive the return of the Deposit and all accrued interest and this Agreement shall be null and void, each party having no further obligation to the other except for Purchaser's obligations which this Agreement expressly provides shall survive the termination of this Agreement, or (b) purchase the Property subject to such Title and Survey Objections or other encumbrance upon or defect in title to the

Property (which shall be deemed Permitted Exceptions), in which case this Agreement shall remain in full force and effect, otherwise subject to satisfaction of all of the other terms and conditions hereof, and the parties shall proceed to Closing hereunder without reduction in the Purchase Price or other obligation on the part of Seller by reason of such Title and Survey Objections or other encumbrance upon or defect in title to the Property (and if Purchaser fails to deliver the aforesaid notice within such five (5) day period Purchaser shall be deemed to have elected the option set forth in clause (b)).

3.2 In the event that prior to the Closing Date Purchaser becomes aware of and objects to additional title matters (other than the Permitted Exceptions established pursuant to Section 3.1) not disclosed in the Title Report (the "Additional Title Matters"), then Purchaser shall give written notice thereof to Seller not later than five (5) days after becoming aware of such Additional Title Matters (and in all events prior to the Closing). If Purchaser fails to give written notice of Additional Title Matters as set forth in the preceding sentence, such Additional Title Matters shall be considered waived and accepted by Purchaser and shall constitute Permitted Exceptions hereunder. Purchaser and Seller shall have the same duties and obligations and rights with respect to Additional Title Matters that they respectively have with respect to Title and Survey Objections and Monetary Objections, except that Seller shall cause to be removed any Additional Title Objections placed of record after the date hereof in violation of Section 9.2(i)(4) ("Section 9.2(i)(4) Title Objections").

3.3 Purchaser, upon the full execution of this Agreement, shall order a survey of the Property (the "Survey") prepared in accordance with the "Minimum Detail Requirements for ALTA/ACSM Land Title Surveys" including, without limitation, plotting all easements and restrictions of record by book and page, and shall cause an original of same to be delivered to Seller not later than the date that is fifteen (15) days after the date of this Agreement. The Survey shall be certified to Purchaser, its designee, Seller, and the Title Company.

3.4 Anything in this Agreement to the contrary notwithstanding, Purchaser shall not have a right to object to any of the matters set forth on Exhibit B, or referred to in Sections 4.1, 4.2, 4.4, 4.5 and/or 4.6, and such matters shall not constitute Survey or Title Objections, and Purchaser shall accept title to the Property subject to all thereof.

3.5 If Seller, in its sole discretion, elects to cure any Title and Survey Objection or Additional Title Matters shall have the right (but not the obligation) to adjourn the Closing Date for period or periods not to exceed ninety (90) days in the aggregate in order to make such attempt or attempts to cure any Title and Survey Objections or Additional Title Matters other than Monetary Objections which, if not cured prior to Closing, shall be cured at Closing by application of the Closing proceeds.

3.6 It shall be a condition to Closing that Seller convey, and that the Title Company insure, title to the Land, Improvements and Ground Lease in the amount of the Purchase Price (at a standard rate for such insurance) in the name of Purchaser or its designee, after delivery

of the Deed, by a standard 1992 ALTA Owners Policy, with ALTA endorsements Form 3.1, Form 8.1, Form 9 and any other endorsements as required by Purchaser attached, free and clear of all liens, encumbrances and other matters, other than the Permitted Exceptions. The Title Company shall provide affirmative insurance that any (i) Permitted Encumbrances have not been violated, and that any future violation thereof will not result in a forfeiture or reversion of title; (ii) Purchaser's contemplated use of the Property will not violate the Permitted Exceptions; (iii) the existing use of the Property complies with all applicable zoning ordinances and regulations as may affect the Property; and (iv) the exception for taxes shall apply only to the current taxes not yet due and payable. The words "insurable title" and "insurable" as used in this

Agreement are hereby defined to mean title which is insurable at standard rates (without special premium) by the Title Company without exception other than the Permitted Exceptions.

4. Matters to Which the Sale is Subject.

The sale of the Property and any other items (if any) sold hereunder shall be subject to each and all of the following, which shall constitute Permitted Exceptions:

4.1 All Federal, State, County, Municipal and other laws, ordinances, orders and governmental or quasi-governmental rules, requirements and regulations (including but not limited to building and zoning laws, ordinances, or regulations and Environmental Laws and regulations) affecting the Property, its use, occupancy, development, construction or maintenance ("Legal Requirements").

4.2 The Permitted Exceptions.

4.3 The Space Leases as to the rights of the Space Tenants, as Tenants only, and Elected Service Contracts.

4.4 Terms, provisions and conditions of this Agreement.

4.5 Terms, provisions and conditions of the Ground Lease; and all amounts due or payable to the Land Lessor under the Ground Lessor which are not due as of the Closing, or which are apportioned under this Agreement.

4.6 Taxes, sewer and water charges and assessments (and installments thereof), and the liens thereof, not due as of the date of Closing, but subject to apportionment under this Agreement.

The provisions of this Section 4 shall survive Closing and the Permitted Exceptions shall be set forth in the Assignment of Ground Lease and Deed as exceptions to title; but whether or not recited as exceptions to or encumbrances upon title in the Assignment of Ground Lease and/or the Deed, all of the Permitted Exceptions shall survive the Closing.

5. Purchase Price and Payment; the Deposit.

5.1 The purchase price for the Property to be sold to Purchaser pursuant to this Agreement (the "Purchase Price") shall be an amount equal to TWENTY ONE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS (United States Currency) ($21,190,000.00). The Purchase Price shall be payable by Purchaser to Seller at Closing as follows:

(a) The principal amount of the Deposit, if in cash, shall be released by Escrow Agent to Seller, and wired to and received by Seller on the date of Closing by wire transfer of same day, federal funds (United States legal tender), at such account as Seller shall designate in writing to Escrow Agent; or, if by Letter of Credit, Purchaser shall pay or cause to be paid at Closing in addition to amounts due under Paragraph 5.1(b) below, Five Hundred Thousand Dollars ($500,000) in the same manner as provided therein.

(b) Purchaser shall pay or cause to be paid at Closing to Seller by same day, federal funds (United States legal tender) wired to and received by Seller, at such account as Seller shall designate in writing to Purchaser, an additional amount equal to TWENTY MILLION SIX HUNDRED NINETY THOUSAND DOLLARS ($20,690,000.00), plus or minus the net additions and subtractions as shown on the Settlement Statement drawn by Seller in accordance with the provisions of this Agreement and approved by Purchaser.

5.2 (a) The Deposit shall be deposited by Purchaser with Escrow Agent (by wire transfer of same day, federal funds (United States legal tender) wired to and received by Escrow Agent, at such account as Escrow Agent shall designate in writing or by delivery of an executed Letter of Credit) not later than three (3) days after the execution and delivery of this Agreement by all parties (with TIME OF THE ESSENCE AS AGAINST PURCHASER IN RESPECT OF MAKING SUCH DEPOSIT). In the event Purchaser does not make the Deposit as required hereunder, the Agreement automatically (and without need of notice to Purchaser or any other party) shall be deemed terminated, and neither party shall have any further rights one against the other under this Agreement. Escrow Agent will hold the Deposit in accordance with the provisions of Section 5.3 of this Agreement. The parties agree to direct Escrow Agent to release the Deposit to Seller or return the Deposit to Purchaser, as the case may be, as provided in this Agreement. Escrow Agent at all times shall keep Seller and Purchaser advised in writing of the bank or other institution (and the location thereof), and the account name and number, in which Escrow Agent has deposited the Deposit while holding same.

5.3 The parties agree that the Deposit, when and if delivered, shall be held by the Escrow Agent in escrow and disposed of only in accordance with

the provisions of this Section 5.3. The parties agree that the Deposit, if in cash, shall be invested in an assignable interest-bearing certificate of deposit, money market fund, treasury bill or other similar security approved by Seller and Purchaser, and all interest accruing thereon shall be paid to Purchaser, except as otherwise provided herein. The party receiving the Deposit shall be responsible for the payment of any taxes due on the interest earned, if any, on the Deposit.

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

(1) If not in the form of the Letter of Credit, to Seller on the Closing Date for the account of Purchaser provided Closing is completed;

(2) If in the form of the Letter of Credit, to Purchaser on the Closing Date provided Closing is completed;

(3) If Purchaser defaults hereunder, to Seller, upon receipt of written demand therefor, such demand stating that Purchaser has defaulted in the performance of this Agreement and specifically setting forth the basis for such default. The Escrow Agent shall not honor such demand until more than ten (10) days have elapsed after the Escrow Agent has mailed a copy of such demand to Seller or Purchaser, as the case may be, nor thereafter if the Escrow Agent shall have received written notice of objection from Purchaser in accordance with the provisions of clause (b) of this Section 5.3; or

(4) To Purchaser upon receipt of written demand therefor, such demand stating that this Agreement has been terminated in accordance with the provisions hereof, or Seller has defaulted in the performance of this Agreement, and specifically setting forth the basis for the same. The Escrow Agent shall not honor such demand until more than ten (10) days have elapsed after the Escrow Agent has mailed a copy of such demand to Seller or Purchaser, as the case may be, nor thereafter, if the Escrow Agent shall have received written notice of objection from the other party in accordance with the provisions of clause (b) of this Section 5.3.

(b) Upon the filing of a written demand for the Deposit by Purchaser or Seller, pursuant to subclause 3 or 4 of clause (a) of this Section 5.3, the Escrow Agent shall promptly mail a copy thereof to the other party. The other party shall have the right to object to the delivery of the Deposit by filing written notice of such objection with the Escrow Agent at any time within ten (10) days after the mailing of such copy to it, but not thereafter. Such notice shall set forth the basis for objecting to the delivery of the Deposit. Upon receipt of such notice, the Escrow Agent shall promptly mail a copy thereof to the party who filed the written demand. In the event that Closing is not completed by May 22, 1998, then Escrow Agent shall thereafter promptly make demand upon the issuer of the Letter of Credit for payment thereof. Upon receipt of the proceeds, Escrow Agent shall deposit the same in an account as specified in the first paragraph of this Section 5.3 and shall hold such proceeds in accordance with the provisions hereof. In the event that the issuer of the Letter of Credit refuses to honor payment thereof, Escrow Agent shall promptly notify Purchaser and Seller, who jointly shall enforce collection thereof.

(c) In the event the Escrow Agent shall have received the notice of objection provided for in clause (b) above and within the time therein prescribed, the Escrow Agent shall continue to hold the Deposit until (i) the Escrow Agent receives written notice from

Seller and Purchaser directing the disbursement of said Deposit, in which case, the Escrow Agent shall then disburse said Deposit in accordance with said direction, or (ii) in the event of litigation between Seller and Purchaser, the Escrow Agent shall deliver the Deposit to the Clerk of the Court or the office of Judicial Support, as the case may be, in which said litigation is pending, or (iii) the Escrow Agent takes such affirmative steps as the Escrow Agent may, in the Escrow Agent's reasonable opinion, elect in order to terminate the Escrow Agent's duties including, but not limited to, depositing the Deposit with the Court and bringing an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losing party.

(d) The Escrow Agent may act upon any instrument or other writing believed by it in good faith to be genuine and to be signed and presented by the proper person and it shall not be liable in connection with the performance of any duties imposed upon the Escrow Agent by the provisions of this Agreement, except for damage caused by the Escrow Agent's own negligence or willful default. The Escrow Agent shall have no duties or responsibilities except those set forth herein. The Escrow Agent shall not be bound by any modification of this Agreement, unless the same is in writing and signed by Purchaser and Seller, and, if the Escrow Agent's duties hereunder are affected,

unless the Escrow Agent shall have given prior written consent thereto. In the event that the Escrow Agent shall be uncertain as to the Escrow Agent's duties or rights hereunder, or shall receive instructions from Purchaser or Seller which, in the Escrow Agent's opinion, are in conflict with any of the provisions hereof, the Escrow Agent shall be entitled to hold and apply the Deposit pursuant to clause (c) above and may decline to take any other action. The Escrow Agent shall not charge a fee for its services as escrow agent.

(e) The Escrow Agent shall not be:

(1) Responsible for any loss or delay occasioned by the closure or insolvency or the financial institution into which it deposited the Deposit;

(2) Responsible for the dishonor of any check, money order, draft, negotiable instrument, or other financial document, received as the Deposit; and

(3) Liable for any error of judgement or for any act done or omitted in good faith, or for anything which it may in good faith do or refrain from doing in connection herewith.

(f) Purchaser and Seller hereby indemnify and agree to save the Escrow Agent harmless from all liability, loss, damage, reasonable attorney's fees and expenses, arising out of this Paragraph and its duties hereunder; save and except however any liability, loss, damage, attorney's fees and/or expenses caused by Escrow Agent's fraud, negligence or willful default.

6. Adjustments.

The items of income and expense arising from the ownership or operation of the Property set forth hereinafter shall be prorated and adjusted as of 11:59 p.m. Eastern time on the date preceding the Closing Date, as follows:

6.1 (a) Additional Rent for the current calendar year or fiscal year as may be applicable with respect to such item, under the Ground Lease (as defined in the Ground Lease);

(b) all other additional rent, sums and credits, if any, due under the Ground Lease; provided, in no event shall Purchaser be responsible for all or any part of, and no adjustment shall be made as to the Single Rent Payments (as defined in the Ground Lease) or the Annual Rent (as defined in the Sublease).

6.2 (a) General real estate taxes, assessments and public improvement liens (if any) upon the Property for the year of Closing. If the amount of such taxes and/or assessments and/or liens is not known at the time of Closing, then to the extent not known the proration shall be based upon the final bill for the immediately preceding fiscal year for such charge, provided that, if the actual charges for such items for the current year are more or less than the charges for the preceding year, Seller and Purchaser shall adjust the proration of such items and Seller or Purchaser, as the case may be, shall pay to the other any amount required as a result of such adjustment and this covenant shall not merge with the Assignment of Ground Lease and/or Deed but shall survive the Closing. Taxes, assessments, and liens for public improvements for prior years due to change in land usage or ownership, which are due or payable in any tax year after the year in which the Closing occurs even if assessed prior to the Closing Date, shall be assumed by Purchaser and the Property shall be sold subject thereto. Anything herein to the contrary notwithstanding, if on the Closing Date any assessment is a lien on all or part of the Property, and such assessment is or may be payable in installments, of which the first installment is then a charge or lien, or has been paid, then for purposes of this Agreement, Seller shall pay all the unpaid installments of any such assessment due and payable prior to Closing and Purchaser shall accept the Property subject to all installments of any such assessment that are to become due and payable after the Closing Date.

(b) If, subsequent to the Closing Date, any proceeding shall result in a reduction of any assessment, tax or other charge for the applicable fiscal year in which the Closing occurs, the amount of the savings or refund for such fiscal year, less the reasonable expenses (including reasonable fees and disbursements payable to attorneys or consultants) incurred in connection with such proceedings (but less any refunds or other amounts which are due to Space Tenants as a result of such reduction, which amounts shall be paid to such Space Tenants) shall be apportioned between Seller and Purchaser as of the Closing Date as if the reduction had been known as of that date. Neither Seller nor Purchaser will withdraw, settle or compromise any reduction proceeding affecting the Property without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed, except that the consent of Seller shall not be required for the fiscal years after that in which the Closing Date occurs, and the consent of Purchaser shall not be required for fiscal years in which the Closing Date occurs and prior thereto.

The party benefited by the reduction shall promptly pay the other party said party's share of such reduction. Purchaser is hereby authorized by Seller, in Purchaser's sole discretion, following Closing, to file any applicable proceeding for any tax years following the last tax year 1997. The net refund of taxes, if any, for any tax year for which Seller or Purchaser shall be entitled to share in the refund shall be divided between Seller and Purchaser in accordance with the apportionment of taxes pursuant to the provisions hereof. All expenses in connection therewith, including counsel fees, shall be paid for by the party entitled to the benefits thereof, with a pro-rata sharing between Seller and Purchaser for any tax year in which both parties are entitled to a portion of the refund. This provision shall survive the Closing.

6.3 All fixed rents, additional rent, operating escalations, tax escalations, CPI and other Pass-Through Charges (hereinafter defined), and escalations, if any (collectively, "Space Rent"), on the Space Leases. To the extent that Seller receives, after the Closing Date, Space Rent payments attributable to any period from or after the Closing, the same shall be held in trust and immediately paid to Purchaser. Promptly on receiving any Space Rent after the Closing Date attributable to the period after the Closing, Seller shall provide to Purchaser notice thereof. The foregoing notwithstanding, in the event that any tenant under a Space Lease (a "Space Tenant") prior to the Closing has failed to pay Space Rent as and when due under its Space Lease, then payments on account of Space Rent received from such Space Tenant after the Closing shall be applied in the following order of priority: (i) first, to the then current installment of Space Rent of such Space Tenant and to other installments of Space Rent due from such Space Tenant for months subsequent to the month in which Closing occurs; (ii) second, to the month in which the Closing occurred; and (iii) third (to the extent of available funds), to the period prior to the month in which the Closing occurred, if Space Rent from such Space Tenant was not paid for any of such months provided; however, that to the extent PassThrough Charges are collected in arrears, then notwithstanding the provisions of the first clause of this sentence Pass-Through Charges shall be adjusted and apportioned as hereinafter provided in this paragraph. To the extent that Space Rent payments on account of Pass-Through Charges are received by Purchaser after the Closing Date which are attributable to a period prior to the Closing Date, or cannot be determined on the Closing Date, then, provided Space Tenant is current with respect to Pass-Through Charges owed to Purchaser, the amount of such Space Rents for the period ending on the date preceding the Closing Date, and a calculation showing the determination thereof, shall be paid (and furnished) to Seller by Purchaser as, if and when received after the Closing Date within fifteen (15) days after receipt by Purchaser; and provided, however, that if it shall subsequently be determined that any refund on account of such amount shall be due any Space Tenants, or that a Space Tenant is entitled to a refund of a portion of the Pass-Through Charges previously paid by Space Tenant to Seller, then Seller, immediately upon demand of Purchaser, shall pay its allocable share of such refund to Purchaser. At Closing, Seller shall furnish to Purchaser a statement certified by an officer of Seller, with a cost category breakdown (and which shall be subject to amendment to correct errors or omissions), of all expenses commonly referred to as pass-through expenses or charges, operating expenses or charges, operating escalations, tax expenses or charges or tax escalations, which are the obligation of Space Tenants under the Space Leases ("Pass-Through Charges"), owed and unpaid by Space Tenants up to the Closing Date as reasonably estimated by

Seller, together with supporting evidence of same reasonably acceptable to Purchaser. If Purchaser receives after the Closing any Space Rents in payment or reimbursement of any Pass-Through Charges attributable to any period prior to the Closing, Purchaser shall upon receipt of such Space Rents immediately pay to Seller the amount of the Pass-Through Charges attributable to the period prior to the Closing subject to refund as provided above. The portion of Space Rents consisting of Pass-Through Charges for the fiscal year of the Property in which the Closing occurs shall be apportioned on a calendar basis so that the amount thereof under any Space Lease to which Seller shall be entitled shall be an amount which bears the same ratio to the total Pass-Through Charges due under that Space Lease for the fiscal year in which the Closing occurs, as the number of days in said year which have elapsed prior to the Closing Date bears to the total numbers of days in said year. For example, if the fiscal year in which the Closing occurs and for which such Pass-Through Charges are to be paid runs from January 1, 1998 through December 31, 1998, Seller shall be entitled to the number of days from and including January 1, 1998 to the date preceding the Closing Date divided by 365 and multiplied by the total Pass-Through Charges for such year. Seller shall have the right to commence litigation against any Space Tenants or their successors under any Space Lease as to which any Space Rent payments were in arrears on the Closing Date. Seller shall not be obligated to Purchaser for any Space Rent which is in default, unpaid or otherwise has not been actually collected by Seller. Seller acknowledges its obligation to each Space Tenant with respect to any claims of overpayment of Pass-Through Charges for any period up to the date of Closing, and that such obligation shall survive

Closing. In the event that a Space Tenant subsequently disputes the amount of such expenditures by Seller, Seller shall provide Purchaser with copies of the invoices and evidence of payment of the invoices for the purposes of resolving such dispute. In the event Purchaser is unable to resolve such dispute amicably, Purchaser may request Seller to provide counsel for any litigation which may ensue. This provision shall survive the Closing.

6.4 At the Closing Seller shall transfer to Purchaser, by bank, cashier's or certified check, an amount equal to, or allow a credit to Purchaser against the Purchase Price of an amount equal to, the sum of all security and other deposits and any prepaid rents from Space Tenants under the Space Leases, other than those Seller has applied prior to the Closing against defaulted obligations of Space Tenants under the Space Leases together with accrued interest, if any, due Space Tenants on the security deposits, and Purchaser shall assume all obligations and responsibilities concerning such security deposits and indemnify Seller from and against all claims and liabilities arising in connection with such security deposits and interest actually received by Purchaser.

6.5 Current payments (that is, attributable to the year or other applicable period in which the Closing occurs) of fees and charges (other than those directly payable by Space Tenants) under any licenses, permits, certificates, warranties and guarantees, or approvals relating to the Property, or the use or occupancy thereof (the "Permits"), if any, which are assigned to Purchaser at the Closing.

6.6 Fees and charges under Elected Service Contracts assigned to Purchaser.

6.7 Except as otherwise provided in this Agreement, the adjustments shall be made in accordance with the customs in respect to closings in the State of New Jersey. Any errors in calculations or adjustments shall be corrected or adjusted as soon as practicable after the Closing.

6.8 Water, sewer, electric and other utility charges for the Property (other than such charges as are the obligation of Space Tenants to pay). If consumption of any of the foregoing is measured by meters, no more than five (5) days prior to the Closing Date Seller shall obtain a reading of each such meter and a final bill as of the Closing Date. If there is no such meter or if the bill for any of the foregoing will not have been issued as of the Closing Date, the charges therefor shall be adjusted as of Closing Date on the basis of the charges of the prior period for which such bills were issued and shall be further adjusted between the parties when the bills for the correct period are issued (and this obligation shall survive the Closing). Any utility security deposits or bonds to be refunded or returned to Seller shall be obtained by Seller from the utility company and Purchaser shall make its own deposit with such companies. All water, sewer, electric and other utility charges for the Property, if any, which are the obligation of Space Tenants to pay shall not be apportioned, but Purchaser shall accept the Property subject to such charges, and shall look solely to the respective Space Tenants for payment thereof.

6.9 All Leasing commissions and Space Tenant Inducements other than the Merrill Lynch Allowance, as hereinafter defined, due on account of the original term or any extension of such term currently effective shall be paid and satisfied in full by Seller on or before the Closing Date and Seller shall indemnify, defend and hold Purchaser harmless in respect thereof, including without limitation, the Merrill Lynch Allowance, and the provisions hereof shall survive the Closing. Brokerage commissions under the Space Leases shall be paid by Seller (not including commissions due in connection with any renewal, extension or expansion of any such Space Lease which has not been exercised on the date hereof, whether or not such renewal, extension or expansion is pursuant to a right or option set forth in the Space Lease, and not including brokerage commissions with respect to new Space Leases entered into after the date of this Agreement). Seller acknowledges that under the terms of the Merrill Lynch Space Lease, upon submission to Seller by Merrill Lynch of documentation supporting certain tenant improvements made by Merrill Lynch prior to the date hereof, and other costs incurred by Merrill Lynch in connection therewith, Seller is obligated to pay to Merrill Lynch approximately One Hundred Twenty-Five Thousand Fifty-Eight Dollars ($125,058) (the "Merrill Lynch Allowance"). Seller agrees that upon submission by Merrill Lynch of the documentation required under the Merrill Lynch Space Lease by Merrill Lynch to either Seller or Purchaser for payment of the (the "Merrill Lynch Allowance"), Seller shall promptly, but in any event within twenty-five (25) days after receipt of such request, pay the amount of the Merrill Lynch Allowance due to Merrill Lynch under the Merrill Lynch Space Lease. Notwithstanding the foregoing, in the event any request for payment of the Merrill Lynch Allowance is made by Merrill Lynch prior to Closing, Seller shall make the payment due prior to Closing. Any amount of Merrill Lynch Allowance due which is not paid within such twenty-five (25) day period shall incur interest at the rate of twelve percent (12%) per annum until paid. In the event Seller fails to timely make any such payment due,

Purchaser may, but shall not be obligated to, make such payment to Merrill Lynch. In the event Purchaser pays any part of the Merrill Lynch Allowance due to Merrill Lynch, Seller shall pay such amount to Purchaser, within ten (10) days after written demand therefor, together with interest thereon at an annual rate of twelve percent (12%). In the event Purchaser incurs any cost or expense in enforcing the obligations of Seller under this Section 6.09, in addition to the foregoing, Seller agrees to reimburse to Purchaser all such costs and expenses, including without limitation, the cost of suit and reasonable attorneys fees. If the Closing shall occur, brokerage commissions due in connection with any renewal, expansion or extension of any Space Lease exercised after the date hereof, and/or with respect to new Space Leases entered into after the date of this Agreement in accordance with Section 9.2(b), shall be paid by Purchaser (and if, at the option of Seller, any of same are paid by Seller prior to the Closing, then at the Closing Purchaser shall reimburse such amounts to Seller upon delivery by Seller to Purchaser of reasonable substantiation of the amounts thereof) and Purchaser shall indemnify, defend and hold harmless Seller in respect thereof, and the provisions hereof shall survive the Closing. If the Closing shall occur, costs of Space Tenant improvements, Space Tenant finishing, Space Tenant fit-up and/or Space Tenant fixturing, and other "Space Tenant Inducements" in connection with any renewal, expansion or extension of any Space Lease exercised after the date hereof, and/or with respect to new Space Leases entered into after the date of this Agreement, shall be paid by Purchaser (and if, at the option of Seller, any of same are paid by Seller prior to the Closing, then at the Closing Purchaser shall reimburse such amounts to Seller upon delivery by Seller to Purchaser of reasonable substantiation of the amounts thereof), and Purchaser shall indemnify, defend and hold harmless Seller in respect thereof. The provisions of this Section 6.09 shall survive the Closing.

6.10 Revenues, deposits and expenses generated from any parking at the Property.

6.11 Purchaser shall pay all costs of recording the Assignment of Ground Lease and Deed.

6.12 At Closing Seller shall pay the State of New Jersey and/or other real estate transfer taxes, if any, which are required in connection with the Assignment of Ground Lease and/or Deed.

6.13 Seller and Purchaser at the Closing each shall pay one-half (1/2) the costs of Escrow Agent, if any, for providing services as escrow agent.

6.14 Purchaser and Seller shall each pay their respective attorney's fees.

6.15 Except as otherwise herein provided, any fee, cost, charge or expense incurred by either party hereto or for which either party hereto may be liable in connection with the negotiation, examination and consummation of this Agreement, shall be paid by the party hereto incurring, or liable for, such fee, cost, charge or expense.

6.16 The cost of preparation of the Title Report, the Survey and the premiums and charges for the Title Policy (other than the premium for affirmative insurance or endorsements insuring against a Title and Survey Objection or Additional Title Matter which Seller, in its sole discretion, elects to obtain) shall be borne by Purchaser. Purchaser shall also bear all other costs and expenses relating to any and all searches, investigations and/or inspections by or for Purchaser.

6.17 Premiums on insurance policies will not be adjusted. Seller shall terminate its insurance coverage as of Closing and Purchaser will effect its own insurance coverage.

The provisions of this Section 6 shall survive the Closing Date.

7. Closing; Closing Date; Conditions Precedent/Other Matters.

7.1 The Closing shall take place at the offices of Seller's counsel, St. John & Wayne, LLC, Two Penn Plaza, Newark, New Jersey, or at such other place as the parties shall agree in writing, at 10:00 a.m. (New York City time) on the Closing Date.

7.2 The "Closing Date" shall be May 22, 1998, or (b) such earlier date to which the parties may agree in writing. TIME SHALL BE OF THE ESSENCE AS AGAINST THE PARTIES AS TO THE CLOSING DATE, SUBJECT TO SELLER'S RIGHT TO ADJOURN CLOSING AS PROVIDED HEREIN.

7.3 It is a condition of Closing that Seller and Purchaser shall have each complied in all material respects with each of their respective obligations specified in this Agreement to be complied with as of the Closing

Date, except as those obligations may have been waived in writing by the party for whose benefit such obligations are undertaken.

7.4 It is agreed by Purchaser and Seller that the day of Closing shall be a day of income and expense to Purchaser.

7.5 Purchaser's obligations to close hereunder shall be conditioned upon the occurrence of each of the following conditions. If any of the following conditions are not satisfied, then Purchaser, as its sole remedies, may elect to (1) terminate this Agreement and receive a refund of the Deposit and accrued interest, (2) waive noncompliance with any such condition, or (3) with respect to a default by Seller under the terms of Sections 7.5(a), (b), and (c) only (but not Sections 7.5 (d), (e), (f), (g) or (h)) , exercise the remedies available to Purchaser for a breach by Seller as set forth in Section 14.1 hereof:

(a) The representations and warranties of Seller as set forth herein shall be true in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date; provided, however, that if the representation and warranties of Seller as set forth herein are not true in all

material respects on and as of the Closing Date due to acts of third parties beyond Seller's reasonable control, then Purchaser shall only be entitled to (i) terminate this Agreement and receive back the Deposit and accrued interest; or (ii) close hereunder without an abatement of the Purchase Price.

(b) Seller shall have performed, observed and complied in all material respects with all the covenants, agreements and conditions required by this Agreement to be performed, observed and complied with, prior to or as of the Closing Date.

(c) Seller shall not have made a general assignment for the benefit of creditors, nor have admitted in writing its inability to pay its debts as they become due, nor have filed, or have had filed against it, a petition in bankruptcy or been adjudicated a bankrupt or insolvent or have filed a petition seeking any reorganization, arrangement, composition, readjustment liquidation, dissolution or similar relief under any present or future statute, law or regulation, nor have filed any answer admitting or failing to reasonably contest the material allegations of a petition filed against it in any such proceeding or seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Seller for any material part of Seller's property.

(d) Title Company unconditionally shall be prepared to issue to Purchaser a Title Policy meeting the requirements set forth in Section 3(6).

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

(f) Land Lessor shall not have exercised its right of first refusal under Section 18.01 (b) of the First Ground Lease, as amended or Section 18.01 (b) of the Second Ground Lease, as amended, within the time periods provided therefore, and Seller shall have obtained and delivered to Purchaser, not later than the Closing Date, agreements in substantially the form attached hereto as Exhibits "01, "02", and "03", between Land Lessor and Purchaser evidencing the consent of Land Lessor to the assignment of the Ground Lease (including the First Ground Lease, as amended, Second Ground Lease, as amended, and the Sublease) to Purchaser or its Permitted Assignee, as hereinafter defined, as contemplated in this Agreement and providing estoppels dated as of the Closing Date, in favor of Purchaser, and its Permitted Assignee, in accordance with the provisions of Section 24.02 of the First Ground Lease and Section 24.02 of the Second Ground Lease (collectively the "Land Lessor's Consent").

(g) Seller shall have obtained and delivered to Purchaser on or before the Closing Date estoppel certificates addressed to Purchaser (herein called "Space Tenant Estoppel Certificates") dated not more than thirty (30) days prior to the Closing Date from all Space Tenants in substantially the form attached hereto as Exhibit "P", completed to reflect each Space Tenant's particular Space Lease status, and not materially inconsistent with Space Tenant's Space Lease, except in the case of Buchanan Ingersoll with respect to a claim with respect to

electricity charges as noted on Schedule 15.4. Seller agrees to use its best efforts to obtain from all Space Tenants a Space Tenant Estoppel Certificate in such form; provided, however, that if any Space Tenant shall refuse to execute an estoppel certificate in such form, Seller shall nevertheless be obligated to obtain a Space Tenant Estoppel Certificate in the form in which such Space Tenant is obligated to deliver same as provided in its Space Lease. Seller shall

have the right to adjourn Closing for up to fifteen (15) days in the event Seller cannot deliver any Space Tenant Estoppel Certificates by the Closing Date so that Seller may continue its efforts to obtain such items.

7.6 Seller's obligations to close hereunder shall be conditioned upon the occurrence of each of the following conditions. If any of the following conditions are not satisfied, then Seller may elect to (1) terminate this Agreement, (2) waive noncompliance with any such condition, or (3) with respect to a default by Purchaser under the terms of Sections 7.6(a), (b) or (c), exercise the remedies available to Seller for a breach by Purchaser as set forth in Section 14.2 hereof:

(a) The representations and warranties of Purchaser as set forth herein shall be true in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date; provided, however, that if the representation and warranties of Purchaser as set forth herein are not true in all material respects on and as of the Closing Date due to acts of third parties beyond Purchaser's reasonable control, then Seller shall only be entitled to (i) terminate this Agreement (ii) close hereunder without an adjustment to the Purchase Price.

(b) Purchaser shall have performed, observed and complied in all material respects with all the covenants, agreements and conditions required by this Agreement to be performed, observed and complied with, prior to or as of the Closing Date.

(c) Purchaser shall not have made a general assignment for the benefit of creditors, nor have admitted in writing its inability to pay its debts as they become due, nor have filed, or have had filed against it, a petition in bankruptcy or been adjudicated a bankrupt or insolvent or have filed a petition seeking any reorganization, arrangement, composition, readjustment liquidation, dissolution or similar relief under any present or future statute, law or regulation, nor have filed any answer admitting or failing to reasonably contest the material allegations of a petition filed against it in any such proceeding or seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator for any material part of Purchaser's property.

(d) Seller shall have obtained the Land Lessor's Consent.

(e) Seller shall have obtained the Ground Lease Estoppel Certificate.

7.7 At Closing, Seller shall deliver to Purchaser possession of the Property, subject to the Permitted Exceptions.

7.8 Promptly after the full execution of this Agreement, Seller shall request from Land Lessor the Land Lessor's Consent. Seller shall use its best efforts in attempting to obtain same from Land Lessor, but in no event shall Seller be obligated to incur any expense, liability or obligation, or to commence or continue any suit or other action, in order to obtain issuance by Land Lessor of the Land Lessor's Consent, nor shall Seller be required to accept any Land Lessor's Consent which shall be conditioned on the payment by Seller of any consideration therefor. The failure, omission or inability of Seller, despite its best efforts, to obtain issuance by Land Lessor of the Land Lessor's Consent and deliver same to Purchaser shall not be a default by Seller under this Agreement, nor shall same give rise to any rights or remedies on the part of Purchaser (except that Purchaser shall have the right to terminate this Agreement in accordance with the provisions of Section 7.5). Notwithstanding anything to the contrary set forth above, in the event Seller delivers an executed Land Lessor's Consent that is in substantially the form of Exhibits 01, 02 and 03, but does not include any provision with respect to the purported encroachment of the Improvements into a certain twenty foot wide drainage easement or any other provision not required to be given by Land Lessor under the Ground Lease, then for purposes of this Agreement the Land Lessor's Consent shall be deemed delivered.

7.9 Promptly after the full execution of this Agreement, Seller shall request from Space Tenants the Space Tenant Estoppel Certificates. Seller shall use good faith in attempting to obtain same from the required Space Tenants under this Agreement, but in no event shall Seller be obligated to incur any expense, liability or obligation, or to commence or continue any suit or other action, in order to obtain same, nor shall Seller be required to accept any Space Tenant Estoppel Certificates which shall be conditioned on the payment by Seller of any consideration therefor. The failure, omission or inability of Seller, despite Seller's best efforts, to obtain issuance of the Space Tenant Estoppel Certificates and to deliver same to Purchaser shall not be a default by Seller under this Agreement, nor shall same give rise to any rights or remedies on the part of Purchaser (except that Purchaser shall have the right to terminate this Agreement in accordance with the provisions of Section 7.5).

8. Documents at Closing/Merger.

8.1 Subject to compliance by Purchaser with all Purchaser's obligations to be kept, observed or performed by Purchaser under this Agreement, Seller shall execute and/or deliver to Purchaser at Closing, the following instruments (and other items), all of which, unless the form thereof shall be attached as an Exhibit or Schedule to this Agreement, shall be in form and substance as may be reasonably acceptable to the parties:

(a) The Assignment of Ground Lease (including assignment and assumption of the First Ground Lease, the Second Ground Lease and the Sublease).

(b) An affidavit of Seller setting forth the tax identification number of Seller and certifying that, (i) it is not a foreign person as that term is used and defined in Section

1455 and 7701 of the U.S. Internal Revenue Code of 1986, as amended; (ii) it is a United States tax resident; (iii) it intends to file a United States Tax return with respect to the transactions contemplated by this Agreement, and (iv) it understands that such certification is being made under penalty of perjury.

(c) A settlement statement (the "Settlement Statement") documenting the Closing and reflecting the Purchase Price, charges, credits, adjustments and prorations.

(d) Certified copies or originals of certificates of good standing, incumbency certificates, and corporate or partnership consents and resolutions and other required or appropriate organic documents and consents and approvals to the within transaction and articles of incorporation and bylaws.

(e) A certificate of Seller stating (to the extent so) that all representations and warranties of Seller contained in Section 15 of this Agreement are true and correct in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date or if different, in what respect. To the extent, if any, that such representations or warranties shall be made to the "knowledge" or "best knowledge" of Seller in this Agreement, then such certificate shall also be made to the "knowledge" or "best knowledge" of Seller.

(f) An affidavit as to title to the Property in the form of Exhibit D annexed hereto and made a part hereof.

(g) An unitemized bill of sale conveying all Tangible Personal Property to be conveyed pursuant to this Agreement, without representation, warranty or recourse, in the form attached hereto as Exhibit E.

(h) Originals, to the extent available to Seller using its best efforts, of all Space Leases (including, without limitation, all guarantees thereof, if any), or true and correct copies of originals if originals are not available, and an assignment and assumption of Space Leases (the "Space Lease Assignment") in the form of Exhibit F attached hereto and made a part hereof.

(i) Originals, to the extent available, of all Elected Service Contracts, or true and correct copies of originals if originals are not available, and an assignment and assumption of Elected Service Contracts (the "Service Contract Assignment") in the form of Exhibit G attached hereto and made a part hereof.

(j) Notices to the Space Tenants ("Space Tenant Notices") executed by Seller, in the form of Exhibit H attached hereto and made a part hereof, indicating the sale of the Property to Purchaser and Purchaser's liability for all Space Tenant security deposits to the extent delivered to Purchaser, and directing rent to be paid to Purchaser or its designee.

(k) Originals of the Space Tenant Estoppel Certificates.

(l) An updated Rent Roll, certified by an officer of Seller to be true and correct in all respects.

(m) An original of the Land Lessor's Consent.

(n) An original of the Ground Lease Estoppel Certificate..

(o) An original, if available, of the Ground Lease, or a true and correct copy of the Ground Lease, if the original is not available, certified by Seller to be so.

(p) The Deed.

(q) To the extent in the possession of Seller, originals or

copies of all maintenance records, operating manuals, as-built and other and plans pertaining to the Property, tax bills, historical operating statements and property records, and the books and records of Seller in respect of the Leasehold Estate and the Property insofar as the same may be reasonably required by Purchaser in its operation of the Leasehold Estate and the Property following the Closing Date, including, without being limited to, Seller's books and records in respect of payments or performance under the Land Lease, Space Leases and the Service Contracts, any proceedings for the reduction of real estate taxes and assessments, and any outstanding claims by or against utility companies servicing the Property; all of the foregoing to be deemed delivered to Purchaser without representation or warranty by Seller, and without recourse to Seller, except as may otherwise be expressly provided in this Agreement.

(r) All keys to the Property appropriately tagged for identification.

(s) An assignment by Seller to Purchaser, without representation or warranty by Seller, and without recourse to Seller, and only to the extent freely assignable, of the Other Seller Interests, and assumption by thereof by Purchaser (the "Assignment of Other Seller Interests").

(t) Written confirmation by Seller to Purchaser that Land Lessor has not exercised its Right of First Refusal pursuant to Section 18.01(b) of the First Ground Lease and Section 18.01(b) of the Second Ground Lease.

(u) A Letter of Non-Applicability pursuant to ISRA from the Element (as defined in Section 15.B(e)(ii)) below.

(v) All such transfer and other tax declarations and returns, duly

executed and sworn to by Seller as may be required by law in connection with the conveyance of the Property to Purchaser.

(w) Such additional documents as Seller and Purchaser shall mutually agree are necessary to carry out the provisions of this Agreement, provided that such additional documents do not expand Seller's liability beyond the liability of Seller described in or under this Agreement, and do not diminish any rights or remedies of Seller.

8.2 In addition to payment of the Purchase Price as provided in Section 5 hereof, Purchaser shall execute and deliver to Seller at Closing, subject to compliance by Seller with all Seller's obligations to be kept, observed and performed by Seller under this Agreement:

(a) The Assignment of Ground Lease.

(b) The Settlement Statement.

(c) A certificate of Purchaser stating that all representations and warranties of Purchaser contained in Section 16 of this Agreement are true and correct in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date or if different, in what respect.

(d) Certified copies or originals of certificates of good standing, incumbency certificates, partnership consents and resolutions,, partnership agreements, and resolutions, and other required or appropriate organic documents and consents and approvals to the within transaction.

(e) The Space Lease Assignment.

(f) The Service Contract Assignment.

(g) The Space Tenant Notices.

(h) The Assignment of Other Seller Interests.

(i) Such additional documents, as Seller and Purchaser shall mutually agree are necessary to carry out the provisions of this Agreement, provided that such additional documents do not expand Purchaser's liability beyond the liability of Purchaser described in or under this Agreement, and do not diminish Purchaser's rights and remedies.

8.3 The parties shall make reasonable efforts so that and all documents which are not attached hereto as Exhibits may be prepared and submitted at least five (5) days prior to Closing for review and approval.

8.4 Except as otherwise expressly provided in this Agreement, (i)

all warranties, representations, covenants and agreements of Seller set forth in this Agreement or made pursuant to this Agreement shall merge in the Assignment of Ground Lease and the Deed delivered by Seller at Closing, and none shall survive Closing, and (ii) the acceptance by Purchase of the Assignment of Ground Lease and the Deed shall be deemed full performance by Seller of all of Seller's covenants, agreements, representations and warranties under this Agreement.

9. Obligations Pending Closing

9.1 (a) Between the date hereof and the date of Closing, Seller shall be obligated to maintain the Property, and improvements thereon, in their present condition (reasonable wear and tear excluded), and cure all violations of which Seller has been notified of Legal Requirements affecting the Property, or any improvements thereon, whether or not such violations are now noted in the records of, or have been issued by any governmental authorities, until the Closing Date, provided, however, anything in this Agreement to the contrary notwithstanding, including, without limitation, the representations and warranties of Seller concerning violations of law or any other matter, in no event shall Seller have any obligation to incur any expenses, costs, liabilities or obligations to alter, repair, change or improve the Property or any part thereof, (a) in excess of One Hundred Forty Thousand Dollars ($140,000.00), in the aggregate. In the event Seller undertakes any repair, improvement, compliance with law or other matters which are the obligation of a Space Tenant under a Space Lease, after the date hereof, Seller, may after Closing, bring suit against such space Tenant to recover Seller's expense and cost incurred in connection therewith. Purchaser shall cooperate with Seller, as may reasonably be requested by Seller, but in no event shall Purchaser be required to participate in any litigation as a party or suffer any costs or expenses. Seller shall maintain in force until Closing the current insurance covering the Property (or comparable coverage).

(b) Notwithstanding anything to the contrary, the provisions of subparagraph (a), if during the period commencing after the End of the Feasibility Period but prior to the Closing Date, any Repair (hereinafter defined) shall be required, Seller, at its option, may cause the repair to be made at its expense prior to Closing (and Seller shall be entitled to adjourn the Closing Date for up to sixty (60) days in order to perform the Repair); provided, however, if Seller shall elect not to make the Repair prior to Closing, Purchaser, as its sole remedies, may either (i) terminate this Agreement, receive the return of its Deposit (and all interest accrued thereon), and thereafter this Agreement shall be null and void and neither party shall have any obligations hereunder, except for such obligations specified herein to survive the termination of this Agreement, or (ii) purchase the Property and receive from Seller a One Hundred Forty Thousand Dollar ($140,000.00) credit against the Purchase Price, and assume the obligation for making all repairs at its sole expense (and Seller shall have no liability or responsibility for such Repairs). "Repairs" shall mean all repairs to the Property in excess in the aggregate of $140,000.00 cost for all repairs that would be required (1) to cause the Property to be in its condition existing as of the End of the Feasibility Period, and (2) to correct any violation of Legal

Requirements set forth in a written notice from a public authority and received by Seller after the End of the Feasibility Period, (i) reasonable wear and tear and (ii) any damage caused by Purchaser or any of Purchaser's agents, employees or contractors excluded. Purchaser shall have no rights under this paragraph relating to any condition existing as of the End of the Feasibility Period, except as set forth in clause (ii) of the second preceding sentence. Furthermore, the provisions of this Section 9.1(b) shall not apply to any damage or destruction by fire or other casualty.

9.2 Subject to the provisions of this Section 9, Seller hereby covenants and agrees with Purchaser that:

(a) After the date of this Agreement, Seller shall duly comply with all terms, conditions and covenants, and duly perform all of its obligations and duties, under the Ground Lease and shall not amend, modify, supplement, extend, terminate or alter the Ground Lease, nor intentionally waive any of the rights of the tenant under the Ground Lease.

(b) After the date of this Agreement, Seller shall not enter into any material service contracts or personal property leases which would continue for a period subsequent to the Closing Date, or which would not be terminable on the Closing Date without penalty or premium, without the prior written approval of Purchaser, which consent shall not be unreasonably withheld or delayed and shall cancel any Service Contract that is not an Elected Service Contract. Seller hereby agrees to indemnify Purchaser from and against any claims made under any such non-Elected Service Contract.

(c) After the date of this Agreement Seller shall not have the right to (A) enter into new Space Leases at the Property, (B) extend, amend, modify and/or supplement Space Leases at the Property, and/or (C) to terminate Space Leases at the Property unless Seller shall have first obtained the written

consent of Purchaser in Purchaser's reasonable discretion, which consent Purchaser agrees not to unreasonably withhold or delay and which consent shall be deemed given if Purchaser fails to respond to Seller's request for consent within five (5) Business Days after Purchaser receives Seller's request for consent; and any new Space Leases; any amendments, modifications or supplements to Space Leases, which Seller shall enter into pursuant to the provisions hereof, shall be included in the term "Space Leases." Except as herein provided, Seller shall not extend, amend, modify and/or supplement Space Leases at the Property, and/or to terminate Space Leases at the Property, except that Seller shall have the right to enter into renewals, extensions or other documents evidencing or reflecting the exercise by Space Tenants of any rights or options, the terms of which are fixed or determinable as of the date hereof, under Space Leases identified in this Agreement.

(d) After the date of this Agreement, Seller shall neither transfer nor remove any material personal property or fixtures owned by Seller from the Property, except for any of such personal property as is replaced by Seller by an article of equal suitability and value, free and clear of any lien or security interest. Seller shall not make any material alterations to any

portion of the Property or any material alterations to the electrical, plumbing, mechanical or other systems servicing the Building, except that Seller, at its option, may make any such alterations (provided such is free and clear of any liens and encumbrances and undertaken in conformity with all Legal Requirements), (i) to the extent, if any, that a Space Tenant may have under its Space Lease an existing right to make or have made any such alteration, or (ii) if required by law or by any of its insurers providing coverage in connection with the Property, or (iii) if required to prevent possible damage to property or injury to person.

(e) After the date of this Agreement, Seller will not initiate or seek or agree to any zoning reclassification of the Property or seek any variance under existing zoning ordinances applicable to the Property to use or permit the use of the Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Legal Requirements. Seller will not impose any restrictive covenants or encumbrances on the Property or execute or file any subdivision plat affecting the Property without the prior written consent of Purchaser, which consent Purchaser agrees not to unreasonably withhold or delay, unless same shall be released, terminated or discharged prior to the Closing.

(f) Seller hereby agrees that from the date hereof until the Closing, it will maintain in full force and effect fire and extended coverage insurance upon the Property and public liability insurance with respect to damage or injury to persons or property occurring on the Property in such amounts as is maintained by Seller on the date of this Agreement.

(g) Seller will perform all material obligations of Seller which under the Service Contracts are to be performed prior to the Closing Date and will not renew, change or modify any Elected Service Contract in any manner (if such modification or change shall apply to any period subsequent to the Closing) without the prior written consent of Purchaser, which consent Purchaser agrees not to unreasonably withhold or delay (and which consent shall be deemed given if Purchaser fails to respond to Seller's request for consent within three (3) Business Days after Purchaser receives Seller's request for consent).

(h) Seller will perform all material obligations of Seller as landlord under the Space Leases which under the Space Leases are to be performed prior to the Closing Date.

(i) Seller shall not:

(1) Enter into any agreement requiring the landlord to do work for any Space Tenant after the Closing Date without first obtaining the prior written consent of Purchaser, which such consent shall not be unreasonably withheld, conditioned or delayed. Purchaser shall inform Seller of its consent or objection to any request for consent with respect to such work within five (5) days after its receipt of such request or be deemed to have consented thereto;

(2) Accept the surrender of any Space Lease, or grant any concession, rebate, allowance or free rent, except as to any new Space Lease;

(3) Apply any Security Deposits with respect to any Space Tenant in occupancy on the Closing Date; and

(4) Cause or permit the Property, or any interest therein, to be alienated, mortgaged, licensed, encumbered or otherwise be

transferred.

(j) Upon request of Purchaser at any time after the date hereof, Seller shall assist Purchaser, without any cost to Seller, in its preparation of audited financial statements, statements of income and expense, and such other documentation as Purchaser may reasonably request, covering the period of Seller's ownership of the Property.

(k) Seller shall permit Purchaser and its authorized representatives to inspect the books and records of the operations of the Property operations at all reasonable times. All books and records not conveyed to Purchaser hereunder shall be maintained for the three year period following Closing for Purchaser's inspection at Seller's address as set forth above. Such items are normally maintained in New York City or Washington, D.C. ("Seller's Offices").

(l) Seller shall operate and maintain the Property in the ordinary course of business and use reasonable efforts to reasonably preserve for Purchaser the relationships of Seller and Seller's tenants, suppliers, manager, employees having ongoing relationships with the Property. Seller will not otherwise manage the Property differently due to this proposed sale of the Property.

(m) Seller shall promptly notify Purchaser of, and promptly deliver to Purchaser, a certified true and complete copy of any notice Seller may receive, on or before the Closing date, from any Governmental Authority, concerning a violation of Environmental Laws or Discharge of Hazardous Materials.

(n) Seller shall, within three (3) days after the signing and delivery of this Agreement, and subsequently, promptly upon receipt by Seller or its representatives, deliver to Purchaser a certified true and complete copy of all Environmental Documents.

10. Inspection; Restoration; Indemnity.

10.1 (a) For a period from the date hereof until the Closing Date, Purchaser, at Purchaser's expense, shall (subject to the provisions of this Agreement) have the right to inspect the Property, personally or through agents, employees or contractors, and in pursuance thereof Purchaser may go upon the Property at reasonable times with reasonable prior notice to Seller to make boundary line or topographical surveys and to conduct such inspections, tests, investigations,

and analyses of the Property as Purchaser deems desirable, provided Purchaser shall give Seller notice before going on the Property, and provided that Purchaser shall not materially or unreasonably interfere with the use, operation, or occupancy of the Property, or any part thereof, or unreasonably disturb or interfere with any of the Space Tenants. Seller (at no cost to Seller) shall provide reasonable cooperation to Purchaser to facilitate Purchaser's inspections of the Property. Seller, at Seller's option, shall be permitted to accompany Purchaser and its agents and observe all or any inspections, tests, and investigations performed by or for Purchaser at or upon the Property. It this Agreement is terminated for any reason other than a default by Seller, Purchaser shall make available to Seller for copying (at Seller's expense), at Purchaser's offices in Cranford, New Jersey during normal business hours, all surveys and investigative reports, all applications, inquiries, written communications, and submissions made by Purchaser to any public authority with respect to conditions of the Property and all responses thereto, to the extent Purchaser has the authority to disclose such information to Seller. Seller shall make available for Purchaser's inspection and copying (at Purchaser's expense) at the Property or at Seller's Offices all books, records, documents and lease files concerning the Property (other than matters relating to privileged or confidential matters relative to the Seller's other sale negotiations and internal, confidential or proprietary matters which would not be relevant and material to a purchaser). Purchaser shall pay all costs incurred in making such surveys, tests, analyses, and investigations, and in making such applications and submissions to public authorities (except for the cost of the Survey); and Purchaser shall indemnify, defend, and hold Seller harmless from any claims, demands, losses, costs, and expenses (including reasonable attorney's fees and court cost) incurred by Seller in connection with any negligent acts or omissions of Purchaser its agents, employees, contractors, and invitees with respect to any inspections and tests performed on the Property by or on behalf of Purchaser, except for those caused in whole or in part by Seller or its agents, or employees. Prior to coming or entering upon the Property Purchaser shall provide to Seller evidence of liability insurance coverage in form, with carriers and in amounts reasonably acceptable to Seller. Further, Purchaser shall restore the portions of the Property affected by Purchaser's surveys, analysis, and other investigations to substantially the same condition as existed prior to such disturbance. Notwithstanding any contrary provision contained in this Agreement, Purchaser shall have no obligation to defend, indemnify or hold Seller harmless with respect to any

existing environmental matters which are discovered by Purchaser during its performance of any inspections or tests unless, and only to the extent, such matters are exacerbated by the actions of Purchaser, its employees, agents, contractors or invitees. Seller shall notify Purchaser of any dangerous conditions on the Property of which Seller has knowledge.

10.2 Purchaser shall not, prior to the Closing, disclose, directly or indirectly, any information of a proprietary nature obtained in connection with this Agreement and the transaction contemplated hereby (including, without limitation, any tests, inspections, analysis or investigations conducted by Purchaser), and in addition to and not in limitation of the foregoing, Purchaser will keep confidential until the Closing any information or data received or discovered in its analyses, tests and inspections regarding the Property or at any other time prior to the Closing. Notwithstanding the foregoing, Purchaser may disclose such information or data:

(a) to its lenders, attorneys, consultants, directors, shareholders or Affiliates, to extent reasonably necessary in connection with Purchaser's evaluation and effectuation of the transaction contemplated in this Agreement, provided that all such lenders, attorneys, consultants and Affiliates shall be required to hold and keep such information and data confidential, and Purchaser shall be responsible for such attorneys, consultants, directors, shareholders and Affiliates holding and keeping such information and data confidential; and

(b) if (and then only to the extent that) any such disclosure is required by law or court order (and promptly upon receiving such an order, or any notice that disclosure is required by law, Purchaser shall provide a copy thereof to Seller), then prior to making any such required disclosure, Purchaser shall provide to Seller not less than five (5) days written notice (or, if shorter, such advance notice as may be possible concerning a court-ordered disclosure on less than five (5) days prior notice to Purchaser), and in any such events Seller, at its sole discretion, shall have the right to challenge and contest (by legal action or otherwise) such required disclosure, and Purchaser, at no expense to it, fully and freely shall cooperate with Seller in making such contest and attempting to keep such information and data confidential. Failure of omission by Seller to contest or challenge shall not be a waiver by Seller of the provisions of this Paragraph.

10.3 Pursuant to a certain Letter of Intent, dated February 13, 1998, between Seller and Purchaser, Seller has made, or will make, available to Purchaser, certain information, items and materials respecting the Property, as set forth on Exhibit A to such Letter of Intent. Except as otherwise expressly provided in this Agreement, all such information, materials and items furnished by Seller to Purchaser conclusively shall be deemed furnished without representation or warranty by Seller, and without recourse to Seller.

10.4 The provisions of this Section 10 shall survive Closing or termination of this Agreement for any reason; except that Purchaser's rights to enter upon the Property and/or to perform interviews, tests, reviews, inspections and/or other studies shall terminate immediately upon termination or cancellation of this Agreement.

10.5 Purchaser has elected to assume only the service contract for the elevator service with Security Elevator Co.

11. Ground Lease Assumption/Indemnities.

11.1 At the Closing, Purchaser shall accept the Leasehold Estate from Seller and shall assume all obligations of Seller as the tenant under the Ground Lease accruing on or after the Closing Date.

11.2 Subject to the provisions of Section 15. C hereof, Seller shall, and hereby does, jointly and severally, indemnify, defend and hold harmless Purchaser from and against:

(a) Any and all claims or demands made by third parties and arising out of any and all acts or omissions of Seller relating to the Property, or any other rights, properties or interests sold by Seller hereunder and any and all liabilities and obligations of Seller to third parties including, without limitation, any and all liabilities or obligations of the Seller in respect of which claims are asserted against Purchaser or the Property (or any part thereof) by third parties by reason of Seller's (or Seller's agents', employees' or contractors') acts or omissions with respect to the Property (or any part thereof), or any other rights, properties or interests sold by Seller hereunder, the Ground Lease, the Space Leases, the Elected Service Contracts, or other agreements relating to the Property, by reason of events which occurred or causes of action which accrued prior to the Closing Date, specifically excluding all claims and causes of action caused by Purchaser, its agents, employees or

contractors;

(b) Any misrepresentation, breach of warranty, or nonfulfillment of any express representation or warranty on the part of Seller under this Agreement (except those waived or deemed waived by Purchaser), or in any certificate other instrument furnished or to be furnished by or for Seller to Purchaser under this Agreement (expressly excluding all materials, information and items furnished or to be furnished without representation or warranty by Seller, or without recourse to Seller); and

(d) All claims, actions, suits, proceedings, demands, assessments, judgments, costs and expenses (including reasonable attorneys' fees) incident to any of the foregoing.

Seller's obligations under this Section 11.2 shall be subject to and conditioned upon the performance and satisfaction of all of the following provisions and conditions:

(a) Within fifteen (15) days (and within ten (10) days in the event of service of judicial process or other court pleadings or documents) after Purchaser has received written notice of a claim for which Seller may be responsible under this Section 11.2, Purchaser shall deliver a complete copy of such notice to Seller, but the failure to notify Seller of a particular claim within that period of time shall not defeat or terminate the rights of the Purchaser under this Section 11.2 with respect to that claim, unless (and then only to the extent that) such failure or delay of notice prejudiced or adversely affected Seller in some material respect.

(b) If, by the first to occur of (1) the thirtieth day after Seller has received written notice of a claim for indemnification and defense under this Section 11.2, and (2) the date prior to the date on which will occur the entry of a judgment against Purchaser with respect to that claim, Seller notifies Purchaser that Seller will defend such claims, then Seller shall defend such claim at Seller's sole expense and Seller and Purchaser shall jointly select and retain counsel to defend such claim. Seller and Purchaser shall jointly make all decisions relating to the defense, contest, conduct and settlement of such claim. In connection with the defense, contest, conduct and/or settlement of any such claim Seller in a timely manner shall keep Purchaser informed concerning the status of all such matters (which shall include, without limitation, providing to

Purchaser copies of all claims, pleadings and other material documents and instruments, and notification of the content of all material conversations, discussions, meetings and hearings (which Purchaser, at its option, may attend and participate in). In connection with any such defense, contest, conduct and/or settlement, provided that Seller shall keep Purchaser informed sufficiently in advance so that Purchaser may discuss with Seller any proposed action or decision of the Seller, then (i) provided that Seller shall exercise its discretion in a reasonable manner and in a manner which shall not unduly prejudice the interests or rights of Purchaser or the Property, Seller shall have the right, in its reasonable discretion, to make all decisions and determinations which shall be of a routine, non-strategic, and minor nature, and (ii) provided that Seller shall exercise its discretion in a reasonable manner and in a manner which shall not unduly prejudice the interests or rights of Purchaser or the Property, Seller shall have the right, subject to the prior written consent of Purchaser (which Purchaser agrees not to unreasonably withhold or delay), to make all other decisions and determinations. If within such time Seller fails to notify Purchaser that it will defend such claim, then Purchaser may, upon notice to Seller, retain a single joint counsel reasonably satisfactory to Seller to defend, contest and settle such claim, the reasonable fees, costs and expenses of which will be paid by Seller, and, in addition, even if Seller does timely notify the Purchaser and engage counsel and defend such claim, Purchaser may, at its sole cost and expense, also retain separate legal counsel to advise Purchaser with respect to any such claim. Seller shall, at reasonable intervals, advise the Purchaser of the status of such claim and Seller's actions pertaining thereto.

(c) Upon Seller's written request, Purchaser shall cooperate with Seller in the contest of such claim, provided that Seller shall reimburse Purchaser for any out-of-pocket costs and expenses (not including fees or expenses of the Purchaser's separate legal counsel or any other outside consultants or advisers) reasonably incurred by Purchaser in connection therewith.

11.3 Purchaser shall, and hereby does, indemnify, defend and hold harmless Seller from and against:

(a) Any and all claims or demands made by third parties and arising out of any and all acts or omissions of Purchaser relating to the Property, or any other rights, properties or interests sold by Seller hereunder and any and all liabilities and obligations of Purchaser to third parties including, without limitation, any and all liabilities or obligations of the

Purchaser in respect of which claims are asserted against Seller by third parties by reason of Purchaser's (or Purchaser's agents', employees' or contractors') acts or omissions with respect to the Property (or any part thereof), or any other rights, properties or interests sold by Seller hereunder, the Ground Lease, the Space Leases, the Elected Service Contracts, or other agreements relating to the Property, by reason of events which occurred or causes of action which accrue or accrued on or after the Closing Date, specifically excluding all claims and causes of action caused by Seller, its agents, employees or contractors;

(b) Any misrepresentation, breach of warranty, or nonfulfillment of any express representation or warranty on the part of Purchaser under this Agreement (except those

waived or deemed waived by Seller), or in any certificate other instrument furnished or to be furnished to Seller by or for Purchaser under this Agreement.

(c) All claims, actions, suits, proceedings, demands, assessments, judgments, costs and expenses (including reasonable attorneys' fees) incident to any of the foregoing.

Purchaser's obligations under this Section 11.3 shall be subject to and conditioned upon the performance and satisfaction of all of the following provisions and conditions:

(a) Within fifteen (15) days (and within ten (10) days in the event of service of judicial process or other court pleadings or documents) after Seller has received written notice of a claim for which Purchaser may be responsible under this Section 11.3, Seller shall deliver a complete copy of such notice to Purchaser, but the failure to notify Purchaser of a particular claim within that period of time shall not defeat or terminate the rights of the Seller under this Section 11.3 with respect to that claim, unless (and then only to the extent that) such failure or delay of notice prejudiced or adversely affected Purchaser in some material respect.

(b) If, by the first to occur of (1) the thirtieth day after Purchaser has received written notice of a claim for indemnification and defense under this Section 11.3, and (2) the date prior to the date on which will occur the entry of a judgment against Seller with respect to that claim, Purchaser notifies the Seller that Purchaser will defend such claims, then Purchaser shall defend such claim at Purchaser's sole cost and expense, and Seller and Purchaser shall jointly select and retain counsel to defend such claim. Seller and Purchaser shall jointly make all decisions relating to the defense, contest, conduct and settlement of such claim. In connection with the defense, contest, conduct and/or settlement of any such claim Purchaser in a timely manner shall keep Seller informed concerning the status of all such matters (which shall include, without limitation, providing to Seller copies of all claims, pleadings and other material documents and instruments, and notification of the content of all material conversations, discussions, meetings and hearings (which Seller, at its option, may attend and participate in). In connection with any such defense, contest, conduct and/or settlement, provided that Purchaser in a timely manner shall keep Seller fully informed sufficiently in advance so that Seller may discuss with Purchaser any proposed action or decision of the Purchaser, then (i) provided that Purchaser shall exercise its discretion in a reasonable manner and in a manner which shall not unduly prejudice the interests or rights of Seller or the Property, Purchaser shall have the right, in its reasonable discretion, to make all decisions and determinations which shall be of a routine, non-strategic, and minor nature, and (ii) provided that Purchaser shall exercise its discretion in a reasonable manner and in a manner which shall not unduly prejudice the interests or rights of Seller or the Property, Purchaser shall have the right, subject to the prior written consent of Seller (which Seller agrees not to unreasonably withhold or delay), to make all other decisions and determinations. If within such time Purchaser fails to notify Seller that it will defend such claim, then Seller may, upon notice to Purchaser, retain a single joint counsel reasonably satisfactory to Purchaser to defend, contest and settle such claim, the reasonable fees, costs and expenses of which will be paid by

Purchaser, and, in addition, even if Purchaser does timely notify the Seller and engage counsel and defend such claim, Seller may, at its sole cost and expense, also retain separate legal counsel to advise Seller with respect to any such claim. Purchaser shall, at reasonable intervals, advise the Seller of the status of such claim and Purchaser's actions pertaining thereto.

(c) Upon Purchaser's written request, Seller shall cooperate with Purchaser in the contest of such claim, provided that Purchaser shall reimburse the Seller for any out-of-pocket costs and expenses (not including fees or expenses of the Seller's separate legal counsel or any other outside consultants or advisers) reasonably incurred by the Seller in connection

therewith.

11.4 The provisions of this Section 11 shall survive the Closing for a period of two (2) years.

12. Risk of Fire and Condemnation Prior to Closing.

12.1 In the event (a) the entire Property or any substantial part thereof (as defined in Section 12.2) is substantially damaged or destroyed by fire or other casualty, except if such casualty shall arise from the act or negligence of Purchaser, any Affiliate of Purchaser, or any agent, employee, servant, or director of either, or shall otherwise arise from the use or occupancy of the Property or entry upon the Property by Purchaser or an Affiliate or representative of Purchaser (a "Purchaser's Casualty") or (b) condemnation or eminent domain proceedings (or private purchase in lieu thereof) shall be pending or shall be commenced by any public or quasi-public authority having jurisdiction against all or any part of the Property and/or the Leasehold Estate, then Seller shall upon receipt of knowledge of such casualty or proceedings promptly notify Purchaser. Purchaser may, as its sole options, by giving written notice to Seller within fourteen (14) Business Days after receipt of notice from Seller of such casualty or condemnation proceedings, either (i) terminate this Agreement or (ii) proceed to close without an abatement of the Purchase Price and without any obligation or liability of Seller, and without any credit to Purchaser as a result thereof, except as hereinafter set forth in Section 12.2 and Section 12.3. The failure of Purchaser to give notice to Seller electing an option within such fourteen (14) Business Day period conclusively shall be deemed an election by Purchaser to close title as described in the preceding clause (ii). In the event Purchaser elects to terminate this Agreement, Purchaser shall be entitled to the return of the Deposit and all accrued interest and thereafter neither Purchaser nor Seller shall have any liability to the other hereunder except for the obligations specifically set forth to survive termination of this Agreement.

12.2 In the event Purchaser does not thus elect to terminate this Agreement notwithstanding any such substantial casualty damage (or in the event of any damage which is not "substantial" as herein provided or in the event the damage results from a Purchaser's Casualty), then all insurance proceeds, if any, as well as all unpaid claims and rights to insurance proceeds in connection with such casualty plus the amount of any deductible, will be assigned to Purchaser (without representation or warranty by or recourse to Seller, except that Seller has not settled,

compromised, assigned or otherwise transferred such award or damages) at the Closing or, if paid to Seller prior thereto, shall be retained by Seller and together with the amount of the deductible credited dollar for dollar against the unpaid balance of the Purchase Price due at Closing. Seller shall give Purchaser evidence of such amount reasonably satisfactory to Purchaser. For purposes of this Section 11, a "substantial" damage shall mean such damage to the Property that shall require in excess of $500,000.00 to repair, as determined by Seller's insurance carrier(s).

12.3 In the event Purchaser does not thus elect to terminate this Agreement, notwithstanding that such condemnation proceedings are pending or have commenced, then the condemnation award, or damages of any kind arising from such condemnation, shall at Closing be the property solely of Purchaser and Seller shall execute and deliver at Closing such instruments reasonably required to effect such assignment to Purchaser (without representation or warranty by or recourse to Seller, except that Seller has not settled, compromised, assigned or otherwise transferred such award or damages), and the parties shall otherwise proceed to Closing as if such proceedings were not pending or commenced. If Seller receives any condemnation award for any portion of the Property prior to the Closing Seller shall retain the same and the Purchase Price hereunder shall be reduced by the same amount. Seller shall give Purchaser evidence of such amount reasonably satisfactory to Purchaser. In the event Purchaser elects to contest the condemnation and/or the amount of the condemnation award (in which event Purchaser irrevocably shall be deemed to have elected to proceed to close), Purchaser shall so notify Seller by giving written notice to Seller within fourteen (14) Business Days after receipt from Seller of notice of the condemnation proceedings, and thereafter, Purchaser, at its expense, will join Seller to contest the condemnation and/or the condemnation award. Nothing herein shall require Seller to contest any condemnation and/or the amount of the award unless (a) Purchaser elects to proceed to close and (b) Purchaser bears all expenses of such contest.

12.4 In consideration of the provisions of this Section 12, Seller agrees to continue to maintain its present insurance with risks generally known as extended coverage, at Seller's cost and expense until Closing.

12.5 In the event that any casualty damage occurs that is not substantial and does not result from a Purchaser's Casualty, this Agreement shall remain in full force and effect. In the event Seller expends any money in repairing any such casualty damage prior to Closing, then Seller shall be

entitled to a portion of insurance proceeds equal to Seller's actual expenditures incurred in connection with such repairs. Prior to Closing, Seller shall provide Purchaser evidence of such expenditures. All remaining insurance proceeds shall be assigned to Purchaser and all remaining sums received by Seller in connection therewith shall be paid over to Purchaser, and all rights to claims shall be assigned to Purchaser.

12.6 Seller shall not settle or compromise any claims, or undertake any repairs following any casualty, except if necessary to secure and safeguard the Property, without obtaining Purchaser's prior written consent, which such consent shall not be unreasonably withheld, conditioned or delayed.

13. Notices and Other Communications.

All notices, demands, requests, consents, approvals and other communications (collectively, "Notices") required or permitted to be given hereunder or which are to be given with respect to this Agreement shall be in writing and shall be given by (a) hand delivery, (b) Express Mail, Federal Express or any other similar form of airborne/overnight delivery service which provides for delivery receipt, or (c) certified or registered mail, return receipt requested, postage prepaid, addressed to the party to be so notified at the following address (or at such other address as may be specified by such party by appropriate Notice) (receipt to be evidenced by Federal Express or other overnight delivery service receipt, or certified or registered mail receipt as the case may be [no return receipt required for hand delivery]):

If to Seller: c/o Sibag Holding Corporation
1201 Market Street, Suite 1402
Wilmington, Delaware 19801

with simultaneous copies sent to:

Sibag Investments, Inc.
5335 Wisconsin Avenue, NW
Suite 490
Washington, D.C. 20015
Attn: Eileen M. Blaker, Vice President

and

St. John & Wayne, L.L.C.
Two Penn Plaza East
Newark, New Jersey 07105
Attn: Robert A. Wayne, Esq.

If to Purchaser:

Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Attn: Roger Thomas, Esquire,
Vice President and General Counsel

with a simultaneous copy sent to:

Stephan K. Pahides, Esquire

McCausland, Keen & Buckman
Radnor Court - Suite 160
259 Radnor-Chester Road
Radnor, PA 19087-5240

If to Escrow Agent: Commonwealth Land Title Ins. Co.
655 Third Avenue, 11th Floor
New York, New York 10017
Attention: William Deatly

Notices shall be deemed given (a) on the date of hand delivery, (b) on the first regular business delivery day after the date of mailing by Federal Express or other overnight delivery service, and (c) three (3) days after mailing by certified or registered mail. Notices given by an attorney for a party hereto shall be deemed to be a Notice given by such party.

14. Default.

14.1 Seller's Default. (a) Subject to Section 7.5 and Section 14.1(b) hereof, if Seller shall default (other than an insignificant or immaterial default) in the performance of its obligation hereunder (including without limitation, a default in Seller's obligations set forth in Sections 3.1,

3.2, 8.1 (a), (b), (c), (d), (e), (g), (h), (i), (j), (l), (p) and (s) and 9.2 or to make settlement on the Closing Date in accordance with the terms hereof) and Purchaser shall not have defaulted hereunder (other than an insignificant or immaterial default), Purchaser, following receipt by Seller of ten (10) Business Days prior written notice from Purchaser stating that Seller is in default hereunder, unless Seller shall have cured such default during such ten (10) Business-Day period, may, as its sole remedies, avail itself of (i) the right to terminate this Agreement and to bring suit for all of Purchaser's costs and expenses incurred in connection with this Agreement and the transaction contemplated hereby, including without limitation, reasonable attorneys' fees (both in-house and outside counsel) and fees of engineers and consultants, up to One Hundred Fifty Thousand Dollars ($150,000) and to a prompt return of the Deposit and all interest earned thereon; or (ii) the remedy of specific performance (which shall be limited to the right to compel Seller to convey to Purchaser such title as Seller is able to convey without incurring any material expense to cure any Title and Survey Objections, (except for Seller's obligations pursuant to Section 3.1 and Section 3.2)), with an abatement of the Purchase Price in an amount equal to Purchaser's costs and expenses incurred in enforcing its remedy of specific performance, including without limitation, reasonable attorneys' fee, plus an amount equal to four percent (4%) of $21,190,000 per annum from the date initially scheduled for Closing hereunder to the date on which Closing subsequently occurs. Except as provided for above, Purchaser shall not be entitled to avail itself of any remedy at law or equity to recover monetary damages from Seller arising from a default by Seller. This Section 14.1(a) sets forth remedies for failure to close and is not intended to apply to remedies Purchaser may have with respect to Seller's obligations (i) which survive Closing or termination of this Agreement, or (ii) which are set forth in or result from any instruments or documents executed and delivered by Seller at Closing.

(b) Anything in this Agreement to the contrary notwithstanding (including without limitation the foregoing provisions of Section 14.1(a)), the parties expressly agreed that (i) failure or omission by Seller to discharge, clear or remedy any Title and Survey Objection or Additional Title Matter, except as specifically set forth in Section 3.1 and 3.2, shall not be a default or breach by Seller under this Agreement, nor give rise to any rights or remedies of Purchaser, except for the right of Purchaser to terminate this Agreement and receive a return of the Deposit (and the interest thereon) pursuant to Sections 3.1, 3.2, and 3.6, and (ii) failure of omission by Seller, despite its best efforts, to deliver the Land Lessor Consent, the Ground Lease Estoppel Certificate, and/or any or all of the Space Tenant Estoppel Certificates shall not be a default or breach by Seller under this Agreement, nor give rise to any rights or remedies of Purchaser, except for the right of Purchaser to terminate this Agreement and receive a return of the Deposit (and the interest thereon) pursuant to Section 7.5.

14.2 Purchaser's Default. Purchaser and Seller acknowledge that it would be extremely impracticable and difficult to ascertain the actual damages which would be suffered by Seller if Purchaser defaults under this Agreement. Accordingly, if Purchaser has defaulted (other than an insignificant or immaterial default) in the performance of its obligations hereunder (including without limitation, a default in Purchaser's obligation to deliver to Seller those documents and other items required under Section 8.2 hereof or to make settlement on the Closing Date) and Seller shall have not defaulted hereunder (other than an insignificant or immaterial default), then at the end of the ten (10) Business Day period following the receipt by Purchaser of a written statement from Seller stating that Purchaser is in default hereunder, unless Purchaser shall have cured such default during such ten (10) Business Day period, as Seller's sole and exclusive remedy, the Deposit (together with all interest thereon) shall be by Escrow Agent paid over, transferred and assigned to Seller as full, complete, agreed and liquidated damages, and thereupon this Agreement shall terminate and neither party shall have any further obligations hereunder, except for those specifically set forth in this Agreement to survive termination. Seller's retention of the Deposit (and interest) is intended not as a penalty, but as full liquidated damages, and is Seller's sole and exclusive remedy in the event of default by Purchaser in its obligation to close title hereunder, and (respecting a default by Purchaser in its obligations to close title as provided in this Agreement) Seller hereby waives and releases any right to (and hereby covenants that it shall not) sue Purchaser (i) for specific performance of this Agreement or (ii) to recover actual damages for default by Purchaser in its obligation to close title as provided in this Agreement. This Section 14.2 sets forth remedies for failure to close and it not intended to apply to remedies Seller may have with respect to Purchaser's obligations (i) which survive Closing or termination of this Agreement, or (ii) which are set forth in or result from any instruments or documents executed and delivered by Purchaser at Closing.

15. Representations and Warranties of Seller. To induce Purchaser to enter into this Agreement, Seller makes only the following representations and warranties to Purchaser, all of which are made as of the date of this Agreement:

15.1 Seller is a duly organized and validly existing corporation under the laws of the State of Delaware and is duly authorized to transact business in the State of New Jersey. All requisite corporate action has been or will be taken by Seller in connection with Seller entering into this Agreement and the instruments and documents referenced herein, and the consummation by Seller of the transaction contemplated hereby, and Seller has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby; the representations and warranties set forth in this Section 15.1 shall survive the Closing for a period of three (3) years.

15.2 Neither the execution of this Agreement nor the consummation of the transaction contemplated hereby shall result in a breach of, or constitute a default under, any agreement, document, instrument, order, rule, writ or other obligation to which Seller is a party or by which Seller or the Property may be bound. Other than this Agreement or as provided in the Ground Lease, the Property is not subject to any option to purchase or contract of sale.

15.3 Annexed hereto as Exhibit I is a rent roll (the "Rent Roll") containing a complete and correct (as of the date of this Agreement) list of all Space Leases and amendments and modifications thereof, in effect on the date of this Agreement in respect of the Property (the "Space Leases") and setting forth with respect to each of such Space Leases (as of the date of this Agreement): (i) the name of the Space Tenant and the general identification and rentable square footage of the space purported to be covered thereby: (ii) the date thereof: (iii) the commencement date thereof: (iv) renewal and expansion options and whether any have been exercised by the Space Tenant: (v) the brokerage or leasing commissions or other compensations, if any, which are due with respect to or on account of any of the Space Leases: (vi) whether or not, to the knowledge of Seller, any Space Tenant is in material default under the terms of its Space Lease: (vii) whether or not any currently effective notice from any Space Tenant under a Space Lease has been received by Seller claiming that the landlord is in material default under a Space Lease (not including notices, if any, which have been withdrawn, mooted, discharged or resolved): (viii) whether any rent concessions, free rent or other allowances have been given the Space Tenant, and the amount thereof, and the amount thereof, if any, and the periods to which same apply; (ix) the current monthly Space Rent (including fixed or basic rent and PassThrough Charges), and the dates through which such rent is paid, (x) any existing defaults by any Space Tenant in payment of Space Rent (including Pass-Through Charges), including any arrearages in payment of Space Rent; (xi) any prepaid Space Rent or other charges, and the amounts thereof; (xii) any outstanding tenant improvement or build-out allowances or obligations of Landlord, the amounts thereof, and the periods to which same apply; (xiii) utilities, the costs of which are included in the Space Rent; and (xiv) whether or not any Space Tenant has given currently effective notice to Seller of such Space Tenant's intention of instituting litigation with respect to its Space Lease.

15.4 Except as disclosed in the Rent Roll or in the Space Leases, or as set forth on Schedule 15.4 with respect to Buchanan Ingersoll: no Space Lease has been modified or amended in any respect; the Space Lease is the sole agreement between the Space Tenant under the Space Lease and the Seller in respect of the Property; no brokerage or leasing commissions or

other compensations are due with respect to or on account of any of the Space Leases or any extensions or renewals thereof; to the knowledge of Seller, the Space Leases are valid and enforceable in accordance with their terms; no Space Tenant is in material default under the terms of its Space Lease; and no notice from any Space Tenant under a Space Lease has been received by Seller claiming that the landlord is in material default under a Space Lease (not including notices, if any, which have been withdrawn, mooted, discharged or resolved); no Space Tenant has given any currently effective notice to Seller of such Space Tenant's intention of instituting litigation with respect to its Space Lease, except as may be set forth in the Rent Roll; and all alterations, construction and improvements required to be made by the Landlord under the existing Space Leases have been fully completed, and paid for.

15.5 True and complete copies of all Space Leases (including, without limitation, all riders, modifications, guarantees, and work letters relating thereto) and commission agreements in effect or extant have been delivered by Seller to Purchaser.

15.6 A true and complete copy of the Ground Lease has been delivered by Seller to Purchaser. The Ground Lease represents the complete agreement between Seller and the Land Lessor as to all rights and obligations of Seller and Land Lessor in and to the Property.

15.7 The Ground Lease is a valid and subsisting lease and is in full force and effect in accordance with the terms thereof and has not been further modified, amended, supplemented, extended, renewed or terminated; all of the

rent, additional rent and other amounts and charges due and payable by the tenant under the Ground Lease prior to the execution hereof have been paid directly to the Land Lessor; no defaults exist under the Ground Lease. Seller has not received any notice of default pursuant to the Ground Lease. There are no actions or proceedings pending or threatened by Seller against Land Lessor; and there are no actions or proceedings pending or (to the knowledge of Seller) threatened against Seller or against the Leasehold Estate by Land Lessor.

15.8 Except for the Sublease Seller has not assigned or transferred the Leasehold Estate, and Seller has not subleased any of the Leasehold Estate except for the Sublease and the Space Leases.

15.9 The rent and additional rent payable pursuant to the Ground Lease has been paid through March 31, 1998, and Seller has not prepaid any rent or additional rent.

15.10. There is no security deposit under the Ground Lease.

15.11 True and complete copies of all Permits extant or effective as of the date of this Agreement (not including any Permits issued to or obtained by Space Tenants, or relating to the particular business of any Tenant, or for the obtainment or issuance of which Space Tenants otherwise are responsible) have been delivered by Seller to Purchaser.

15.12 True and complete copies of all Service Contracts in effect or extant as of the date of this Agreement have been delivered by Seller to Purchaser. To Seller's knowledge neither Seller nor any vendor under a Service Contract is in material default thereunder.

15.13 Seller has not received any written notice from a governmental body or governmental agency that the Property is in material default with respect to building codes or fire department regulations which has not been withdrawn, mooted, discharged or resolved.

15.14 Except as set forth on the Rent Roll or on Exhibit K attached hereto and made a part hereof, Seller is not involved in any litigation or other proceedings involving or respecting the Property, and to the best of Seller's knowledge no actions, suits, litigation or proceedings are threatened against the Property.

15.15 Other than this Agreement or as provided in the Ground Lease, the Property is not subject to any option to purchase or contract of sale.

15.16 There are no union or collective bargaining contracts or employment agreements binding upon Seller with respect to the Property except as set forth on Exhibit Q attached hereto and made a part hereof.

15.17. Except as provided in Exhibit M, attached hereto and made a part hereof, Seller has not retained any person to file notices of protest against, or to commence actions to review, real property tax assessments against the Property; and to Seller's knowledge, no such action has been taken by or on behalf of any of the Space Tenants.

15.18 The financial statements of the operation of the Property covering the fiscal year from October 1, 1996 to September 30, 1997, including the statements of income, expenses, and escalatable operating costs, attached hereto and made a part hereof as Exhibit N are complete, true and accurate in all material respects as of the respective dates thereof, are in accordance with the books and records of the Property and fairly present the financial position, cash flow, equity and results of operations of the Property with respect to such period. To Seller's knowledge, there have not been any material adverse changes in the income or expenses or other items set forth on the financial statements between the date thereof and the date of this Agreement.

15.19 Seller has provided Purchaser with or given Purchaser the opportunity to inspect in Seller's Offices with all reports, including, without limitation, the Environmental Documents (as defined in Section 15.B(e)(iii)) in Seller's possession, which to the knowledge of Seller are all of the reports and Environmental Documents related to the physical condition of the Property.

15.20 Except as set forth in Schedule 15.20, attached hereto Seller has no knowledge of any notices, suits, investigations or judgments relating to any violations of Legal Requirements, including without limitation, Environmental Laws (as defined in Section

15.B(e)(iv)) affecting the Property and, to Seller's knowledge, it has not received notice of any violations from any agency, board, bureau, commission, department, office or body of any municipal, county, state or federal governmental unit, or any subdivision thereof, having, asserting or acquiring

jurisdiction over all or any part of the Property or the management, operation, use or improvement thereof (collectively, the "Governmental Authorities") or that any Governmental Authorities contemplate the issuance thereof, and there are no outstanding orders, judgments, injunctions, decrees, directives or writ of any Governmental Authorities against or involving Seller or the Property.

15.21 [Intentionally Deleted]

15.22 Seller has not received any notice of, and has no knowledge of, outstanding requirements or recommendations by (i) the insurance company(s) currently insuring the Property; (ii) any board of fire underwriters or other body exercising similar functions, or (iii) the holder of any mortgage encumbering any of the Property, which require or recommend any repairs or work to be done on the Property, except as set forth in Schedule 15.22, attached hereto.

15.23 Seller has not received any notice of, and has no knowledge of (i) any pending or contemplated annexation or condemnation proceedings, or private purchase in lieu thereof, affecting or which may affect the Property, or any part thereof, (ii) any proposed or pending proceeding to change or redefine the zoning classification of all or any part of the Property, (iii) any proposed or pending special assessments affecting the Property or any portion thereof, (iv) any penalties or interest due with respect to real estate taxes assessed against the Property and (v) any proposed change(s) in any road or grades with respect to the roads providing a means of ingress and egress to the Property, except as set forth in Section 15.23, attached hereto. Seller agrees to furnish Purchaser with a copy of any such notice received within two (2) days after receipt.

15.24 Annexed hereto as Schedule 15.24 is a schedule of all leasing commission obligations affecting the Property. The respective obligations of Seller and Purchaser with respect to said commissions are set forth in Section 6.9.

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

15.27 The Improvements and Other Seller Interests are now owned and will on the Closing Date be owned by Seller free and clear of any conditional bills of sale, chattel mortgages, security agreements or financing statements or other security interests of any kind.

15.28 Seller has paid all Taxes (as defined in this Section 15.28) due and payable prior to the Closing and filed all returns and reports required to be filed prior to the Closing with respect to the ownership and operation of the Property (by it or any predecessor entity) for which Purchaser could be held liable or a claim made against the acquired property. Except as set forth in Schedule 15.28, there are no audits or other proceedings by any Governmental Authorities pending or, to the knowledge of Seller, threatened with respect to the Taxes resulting from the ownership and operation of the Property (by it or any predecessor entities) for which Purchaser could be held liable or a claim made against the acquired property. No assessment of Taxes is proposed against Seller (including any predecessor entities), the Property. Seller is not party to, and has no liability under (including liability with respect to a predecessor entity), any indemnification, allocation or sharing agreement with respect to Taxes. "Taxes" mean all federal, state, county, local, foreign and other taxes of any kind whatsoever (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital levy, production, transfer, license, stamp, environmental, withholding, employment, unemployment compensation, payroll related and property taxes, import duties and other governmental charges or assessments), whether or not measured in whole or in part by net income, and including deficiencies, interest, additions to tax or interest, and penalties with respect thereto, and including expenses associated with contesting any proposed adjustment related to any of the foregoing.

15.B In addition to the provisions of Section 15.A, Seller hereby warrants and represents the following with respect to environmental matters:

(a) Except as disclosed on Schedule 15.B or in the Environmental Documents delivered to Purchaser by Seller:

(i) to the knowledge of the Seller, there are no Hazardous Materials on, under, at, emanating from or affecting the Property, other than reasonably small quantities of household cleaning and office supplies and the typical waste products resulting from the use thereof, used and disposed of in accordance with

Environmental Laws; and except those in compliance with all applicable Environmental Laws;

(ii) to the knowledge of the Seller, no portion of the Property has ever been used by Seller or, to the knowledge of the Seller, any former owner or current or former occupant to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Hazardous Materials;

(iii) to the knowledge of the Seller, no ss.104(e) informational request has been received by Seller or any current or former owner or occupant of the Property issued pursuant to CERCLA (as defined in Section 15.B(e)) with respect to the Property or any property in the vicinity of the Property;

(iv) to the knowledge of the Seller, there are no aboveground storage tanks or

Underground Storage Tanks at the Property and to the knowledge of Seller there were no above ground storage tanks or Underground Storage Tanks at the Property;

(v) to the knowledge of the Seller, the Property has not been used as a sanitary landfill facility as defined in the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq.;

(vi) To Seller's knowledge, Seller has all environmental certificates, licenses and permits ("Permit") required to operate the Property and except as set forth in Schedule 15.B(a)(vi), Seller has no notice of any violation of any statute, ordinance, rule, regulation, order, code, directive or requirement, including, without limitation, Environmental Laws, with respect to any Permit, nor any pending application for any Permit; and

(vii) To Seller's knowledge, there are no engineering or institutional controls at the Property, including without limitation, any deed notice, declaration of environmental restriction, groundwater classification exception area or well restriction area pursuant to N.J.S.A. ss.13:1E-56 or N.J.S.A. 58:10B-13.

(b) Notwithstanding anything to the contrary contained in this Agreement, the obligation of Purchaser to pay the Purchase Price and otherwise proceed to Closing shall be subject to the condition that Seller obtain a Letter of Non-Applicability pursuant to ISRA from the Element (as defined in Section 15.B(e)(ii)), on or before the date (hereinafter called the "ISRA Compliance Date") that is twenty (20) days after this Agreement is executed by Seller. Upon Purchaser's request, Seller shall provide Purchaser with all information, reports, studies and analysis which Seller delivered to the NJDEP with the application for, or otherwise in connection with, the issuance of the Letter of Non-Applicability. If the requirements of this Section are not satisfied on or before the ISRA Compliance Date, Purchaser shall have the right to extend the ISRA Compliance Date or to terminate this Agreement, in which latter event this Agreement shall be rendered null and void and of no further force or effect, the Deposit shall promptly be paid to Purchaser, and neither party shall have any further liability or obligation to the other under or by virtue of this Agreement.

(c) Within three (3) days of the date of the execution of this Agreement, and subsequently promptly upon receipt by Seller or Seller's representatives, Seller shall deliver to Purchaser copies of: (i) all Environmental Documents concerning the Property generated by or on behalf of predecessors in title or former occupants of the Property to the extent in Seller's possession; (ii) all Environmental Documents concerning the Property generated by or on behalf of Seller, whether currently or hereafter existing; (iii) all Environmental Documents concerning the Property generated by or on behalf of current or future occupants of the Property to the extent in Seller's possession, whether currently or hereafter existing; and (iv) existing maps, diagrams and other documentation to the extent in Seller's possession or control designating the location of past and present operations at the Property and past and present storage of Hazardous Materials above or below ground, on, under, at, emanating from or affecting the Property or its environs.

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

(e) The following terms shall have the following meanings when used in this Agreement:

(i) "Discharge" shall mean the releasing, spilling, leaking, leaching, disposing, pumping, pouring, emitting, emptying, treating or dumping of Hazardous Materials at, into, onto or migrating from or onto the Property,

regardless of whether the result of an intentional or unintentional action or omission.

(ii) "Element" shall mean the Industrial Site Evaluation Element or its successor of the NJDEP.

(iii) "Environmental Documents" shall mean all environmental documentation in the possession of Seller which to the knowledge of Seller is all environmental documentation concerning the Property, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

(iv) "Environmental Laws" shall mean each and every applicable federal, state, county or municipal statute, ordinance, rule, regulation, order, code, directive or requirement, together with all successor statutes, ordinances, rules, regulations, orders, codes, directives or requirements, of any Governmental Authority in any way related to Hazardous Materials.

(v) "NJDEP" shall mean the New Jersey Department of Environmental Protection or its successor.

(vi) "Tank Laws" shall mean the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq., and the federal underground storage tank law (Subtitle I) of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq., together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

(vii) "Underground Storage Tank" shall mean each and every "underground storage tank", whether or not subject to the Tank Laws, as well as the "monitoring system", the "leak detection system", the "discharge detection system" and the "tank system" associated with the "underground storage tank", as those terms are defined by the Tank Laws.

15.C For the purposes of this Agreement, the term "knowledge of Seller" shall mean only and solely the actual knowledge or knowledge of any written information, notice or demand of Eileen M. Blaker, Judy Lasley or William Adelson at the time Seller shall make the representation, after reasonable due diligence, with respect to such referenced fact, condition or circumstance, but without duty to independently investigate beyond Seller's books, records, plans and files.

15.D Limitation of Survival Liability. Except as otherwise expressly set forth herein, the representations and warranties of Seller set forth in the Agreement shall survive only for a period of two (2) years from the date of Closing and, upon the expiration of such two (2) year period, all such representations and warranties shall terminate and may not be asserted (and any and all claims and causes of action resulting from or on account of a breach thereto, for which Purchaser has not served Seller theretofore with written notice of claim, shall terminate and may not be asserted).

16. Representations, Warranties and Agreements of Purchaser. Purchaser makes the following representations and warranties to Seller, and the following agreements with Seller.

16.1 Purchaser has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby. The representations and warranties set forth in this Section 16.1 shall survive the Closing for a period of three (3) years.

16.2 All requisite corporate and/or partnership and/or other action has been taken by Purchaser and all requisite consents have been obtained in connection with Purchaser entering into this Agreement and the instruments and documents referenced herein, and the consummation by Purchaser of the transaction contemplated hereby. The representations and warranties set forth in this Section 16.1 shall survive the Closing for a period of three (3) years.

16.3 Neither the execution of this Agreement nor the consummation of the transaction contemplated hereby shall result in a material breach of, or constitute a material default under, any agreement, document, instrument, order, rule, writ or other obligation to which Purchaser is a party or by which Purchaser may be bound.

17. Third Party Beneficiaries.

Nothing in this Agreement is intended or shall be construed to confer upon or to give to any person, firm or corporation other than the parties hereto any right, remedy, or claim under or by reason of this Agreement. All terms and conditions in this Agreement shall be for the sole and exclusive benefit of the parties herein.

18. Assignment.

This Agreement may be assigned by Purchaser only if and provided that (a) Purchaser shall give Seller written notice of the assignment prior to on the effective date of the assignment, (b) the assignee shall agree in writing (by instrument in form and substance reasonably acceptable to Seller) to assume all obligations of Purchaser hereunder, and an executed original of said instrument shall be delivered to Seller prior to on the effective date of the assignment, (c) the original signatory to this Agreement as "Purchaser" shall remain jointly and severally liable with such assignee for all obligations of "Purchaser" under this Agreement, (d) the assignment includes an assignment to the assignee of Purchaser's interest in the Deposit, (e) the Land Lessor Consent shall not be affected, invalidated, or rendered ineffective or inapplicable by reason of such assignment, and (f) the assignee shall be (i) an entity controlled by or controlling or under common control with Purchaser ("control" meaning the ownership of more than fifty (50%) percent of the equity interests in such entity), or (ii) a limited partnership, the general partner of which shall be Purchaser (a "Permitted Assignee").

19. Time of the Essence.

TIME IS OF THE ESSENCE AS AGAINST BOTH PARTIES UNDER THIS AGREEMENT.

20. AS IS. EXCEPT AS SPECIFICALLY SET FORTH TO THE CONTRARY IN THIS AGREEMENT OR IN THE INSTRUMENTS DELIVERED BY SELLER AT CLOSING, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO (I) THE PRESENT OR FUTURE PHYSICAL (INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL) CONDITION OF THE PROPERTY, (II) ITS PRESENT OR PERMISSIBLE USES, (III) THE INCOME OR EXPENSES OF THE PROPERTY, (IV) THE GROUND LEASE, (V) THE SPACE LEASES, (VI) THE COMPLIANCE OF THE PROPERTY, ITS OPERATION OR OCCUPANCY, WITH ANY LEGAL REQUIREMENTS, OR (VII) ANY OTHER MATTERS CONCERNING THE CONDITION (INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL CONDITION), STATE OF REPAIR, TITLE, OR ANY OTHER MATTER CONCERNING THE GROUND LEASE, THE LEASEHOLD ESTATE, THE PROPERTY, ITS OWNERSHIP, OPERATION, DEVELOPMENT, FINANCES, CONSTRUCTION, OR OCCUPANCY, AND PURCHASER ACKNOWLEDGES THAT BEFORE CLOSING IT WILL HAVE THOROUGHLY INSPECTED THE GROUND LEASE, THE LEASEHOLD ESTATE AND THE PROPERTY AND IS AND WILL BE FAMILIAR WITH THE PHYSICAL CONDITION OF THE PROPERTY AND ALL SUCH OTHER MATTERS, INCLUDING BUT NOT LIMITED TO ENVIRONMENTAL CONDITIONS RESPECTING THE PROPERTY, AND ITS PRESENT AND PERMISSIBLE USES. PURCHASER FURTHER ACKNOWLEDGES THAT PURCHASER WILL HAVE A FULL OPPORTUNITY TO INSPECT AND REVIEW THE GROUND LEASE, THE LEASEHOLD ESTATE AND PROPERTY, AND ALL MATTERS RELATING THERETO, AND THAT EXCEPT AS

EXPRESSLY OTHERWISE PROVIDED IN THIS AGREEMENT, PURCHASER WILL ACCEPT THE GROUND LEASE, THE LEASEHOLD ESTATE AND THE PROPERTY AND ITS USES "AS-IS", "WHERE-IS", AND "WITH ALL FAULTS" AS OF THE CLOSING DATE, INCLUDING, WITHOUT LIMITATION, THE EXISTENCE OF ANY HAZARDOUS MATERIAL ON OR ABOUT THE PROPERTY. EXCEPT AS EXPRESSLY OTHERWISE PROVIDED IN THIS AGREEMENT AND THE INSTRUMENTS DELIVERED BY SELLER AT CLOSING, AND TO THE MAXIMUM EXTENT PERMISSIBLE BY LAW, PURCHASER IRREVOCABLY WAIVES ANY REPRESENTATIONS OR WARRANTIES IMPLIED BY LAW, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES AS TO MERCHANTABILITY, FITNESS, QUANTITY, QUALITY OR SUITABILITY. PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT EXCEPT AS MAY OTHERWISE BE PROVIDED BY THE EXPRESS TERMS OF THIS AGREEMENT, SELLER HAS NO OBLIGATION WHATSOEVER TO UNDERTAKE ANY REPAIRS, ALTERATIONS OR OTHER WORK OF ANY KIND WITH RESPECT TO ANY PORTION OF THE PROPERTY. PURCHASER WAIVES ANY RIGHT IT NOW OR IN THE FUTURE MAY HAVE TO AVOID THE CONVEYANCE OR ASSIGNMENT OF THE PROPERTY BY SELLER TO PURCHASER EXCEPT AS EXPRESSLY PROVIDED BY THIS AGREEMENT.. THE AGREEMENTS AND PROVISIONS CONTAINED IN THIS SECTION 20 SHALL SURVIVE THE CLOSING.

21. Miscellaneous.

21.1 The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

21.2 This Agreement shall not be binding or effective until properly executed and delivered by Seller and Purchaser. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully executed counterpart.

21.3 This Agreement may not be changed or terminated orally. This Agreement shall be deemed to merge with the conveyance of title and all covenants, agreement, indemnities, representations and warranties shall not survive the Closing except as may be otherwise specifically provided herein.

21.4 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, personal representatives, heirs and assigns (subject to the provisions of Section 18).

21.5 This Agreement shall be governed by and construed in accordance with

the laws of the State of New Jersey.

21.6 This Agreement contains the entire agreement between the parties and any and all understandings and dealings heretofore had are merged herein and any agreement hereafter made shall be ineffective to change, modify, or discharge this Agreement in whole or in part unless such agreement hereafter made is in writing and signed by the parties hereto.

21.7 Except as provided to the contrary in this Agreement, the failure by Purchaser or Seller to insist upon or enforce any rights herein shall not constitute a waiver thereof. Seller and Purchaser each shall have the right to waive any one or more of the terms and conditions of this Agreement which are for its benefit, by express written notice of such waiver to the other party.

21.8 The Schedules and Exhibits (if any) attached hereto are hereby made a part of this Agreement as fully as if set forth in the text of this Agreement.

21.9 Neither this Agreement, nor any memorandum or notice thereof, may be recorded by Purchaser. The recordation of this Agreement, or any memorandum or notice thereof by Purchaser shall be a default by Purchaser under this Agreement, and, at the option of Seller, shall render this Agreement null and void.

21.10 All captions, headings, Section numbers and other references are solely for the purpose of facilitating reference to this Agreement and shall not supplement, limit or otherwise vary in any respect the text of this Agreement.

21.11 Except as expressly provided by the terms of this Agreement, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those given by law.

21.12 All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons or entity or entities in question may require.

21.13 In connection with any litigation arising under this Agreement, the prevailing party shall be entitled to attorneys fees and other legal costs, including but not limited to attorneys fees and costs incurred in a bankruptcy proceeding.

21.14 Purchaser shall not, prior to the Closing, make or give any press release or any other public announcement respecting the transaction contemplated in this Agreement, nor otherwise publicly disclose or disseminate any information respecting such transaction, including, without limitation, the Purchase Price and/or the other terms and provisions of this Agreement, without the prior written consent of Seller in each case, except as otherwise may be required by law or court order. The provisions of this paragraph shall survive the termination or cancellation

of this Agreement

22. Broker.

Purchaser hereby represents to Seller that Purchaser has not dealt with any real estate broker, finder agent or salesman in connection with the negotiation of this Agreement other than Broker, as hereinafter defined. Seller hereby represents to Purchaser that Seller has not dealt with any real estate broker, finder agent or salesman in connection with the negotiation of this Agreement other than Eastdil Properties ("Broker"). Seller shall pay a commission to Broker pursuant to a separate agreement between Seller and Broker and shall indemnify Purchaser against, and hold Purchaser harmless from, any and all claims (and all expenses incurred in defending any such claims or in

enforcing this indemnity, including attorneys' fees and court costs) by Broker and by any broker or finder for a real estate commission or similar fee arising out of or in any way connected with any claimed relationship between such broker or finder and Seller, including without limitation Merrill Lynch Locations Services or any Merrill Lynch related entity. Purchaser shall indemnify Seller against, and hold Seller harmless from, any and all claims (and all expenses incurred in defending any such claims or in enforcing this indemnity, including attorneys' fees and court costs) by any broker or finder for a real estate commission or similar fee arising out of or in any way connected with any claimed relationship between such broker or finder and Purchaser. The provisions of this Section 22 shall survive the Closing or the termination of this Agreement.

23. Township's Requirements.

23.1 Seller and the Township of Plainsboro (the "Township") are parties to a certain Bus Shelter Escrow Agreement dated November 30, 1995, (the "Bus Shelter Agreement"), pursuant to which Seller has deposited into escrow with the Township Seven Thousand Five Hundred Dollars ($7,500). Seller has provided to Purchaser a true and complete copy of said agreement. The parties agree that following Closing the Bus Shelter Agreement, and the funds deposited into escrow pursuant thereto, shall remain in place, in accordance with the terms thereof. Seller shall not seek to withdraw from such agreement because of the Closing of the transactions contemplated hereby. Seller shall be entitled to the return by the Township of the escrow funds not expended and interest earned thereon, in accordance with the terms of the Bus Shelter Agreement and Purchaser shall have no right to or make any claim for such funds.

23.2 In connection with certain construction to the parking areas of the Property (the "Prior Work"), Seller has pre-paid to the Township Two Thousand Six Hundred NinetyThree Dollars ($2,693) for inspection fees (the "Pre-Paid Amount"). The Pre-Paid Amount shall remain with the Township after Closing to pay for any inspection fees charged by the Township in connection with the Prior Work. After Closing Seller shall be entitled to make application for return to it of the Pre-Paid Amount and to receive from the Township any balance remaining after application by the Township of any remaining inspection fees for the Prior Work.

23.3 In connection with and as required by certain approvals granted by Plainsboro Township with respect to the extension of the parking area of the Improvements, Seller

has posted with Plainsboro Township a maintenance bond (the "Bond") in the amount of Sixteen Thousand Two Hundred Twenty-One Dollars and Fifty-One Cents ($16,221.51) (the "Bond Amount"). To the extent permitted by law and acceptable to Plainsboro Township, Purchaser agrees to post with Plainsboro Township a substitute bond in the Bond Amount. Purchaser shall have no obligation and not be in default hereof on account of any refusal or delay by Plainsboro Township in accepting such a substitute bond. In addition, Purchaser shall have no obligation to provide a substitute bond on any terms or conditions different from those applicable to the Bond. Seller, at its sole cost, shall be responsible for obtaining any necessary approvals of Plainsboro Township with respect to the release of the Bond in connection with the substitution of a new bond. Purchaser shall reasonably cooperate with Seller in connection with obtaining such approvals.

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

SELLER:
SI PRINCETON, INC.

Attest: _____ By: _____ Name: _____
EILEEN M. BLAKER, PRESIDENT
Title: _____ By: _____
Seller's Tax Identification No.: _____

PURCHASER:
MACK-CALI REALTY ACQUISITION CORPORATION

Attest: _____ By: _____ Name: _____
ROGER THOMAS, ESQUIRE
VICE PRESIDENT

Purchaser's Tax Identification No.: _____

ESCROW AGENT (as to Section 5 only):

COMMONWEALTH LAND TITLE INS. CO.

Attest: _____ By: _____

Name: _____ WILLIAM DEATLY

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT J
SERVICE CONTRACTS

SERVICE	VENDOR
CLEANING	Unicco
ELEVATOR MAINTENANCE	Security Elevator Co.
FIRE SPRINKLERS	AFA Protective Systems, Inc.
FIRE SYSTEM	Standard Electric
SECURITY	(see access control)
HVAC	Sass-Moore Svc. Corp.
INTERIOR & EXTERIOR LANDSCAPING	Pennick Arrimour
TRASH REMOVAL	Waste Management of Central New Jersey
RECYCLING	Waste Mgmt.
WINDOW CLEANING	LWC Services, Inc.
MARBLE MAINTENANCE	Not provided
METAL MAINTENANCE	Not provided
ACCESS CONTROL	STI
EXTERMINATING	Cooper Pest Control
SNOW REMOVAL	Penninck Arrimour, Inc.
SWEEPING	Reilly Sweeping, Inc.

EXHIBIT J-1
ELECTED SERVICE CONTRACTS

ELEVATOR MAINTENANCE - SECURITY ELEVATOR CO.

EXHIBIT K
LITIGATION

NONE

EXHIBIT M
TAX PROTESTS

NONE

EXHIBIT Q

UNION AND COLLECTIVE BARGAINING AGREEMENTS

NONE

SCHEDULE 15.B

ENVIRONMENTAL MATTERS

Phase I Environmental Site Assessment Report of Dames and Moore dated June 18, 1996.

SCHEDULE 15.4

LEASE ISSUES

Matters raised with respect to charges for electrical usage in that certain letter dated April 8, 1998 from Mark I. Goldberg, of Buchanan Ingersoll.

SCHEDULE 15.22

REQUIREMENTS OF INSURANCE UNDERWRITERS

July 17, 1997 letter from Industrial Risk Insurers to William Adelson and attached Loss Prevention Survey.

SCHEDULE 15.23

GOVERNMENTAL ACTIONS

See New Jersey Authority Application attached regarding proposed Route 92.

SCHEDULE 15.24

LEASING COMMISSIONS

Commission Agreement with Grubb & Ellis Company and Merrill Lynch Location Services with respect to the Merrill Lynch Asset Management, L.P. lease (copy attached).

Also attached hereto is a copy of the leasing commission provisions of the Management Agreement with Carr Real Estate Services which Management Agreement shall be terminated by Seller effective as of the date of Closing. There are no leasing commissions due to Carr Real Estate Services as of the date hereof or hereafter.

SCHEDULE 15.28

AUDITS AND PROCEEDINGS

NONE

PURCHASE AND SALE AGREEMENT

by and between

1709 L.P.

(as Seller)

and

MACK-CALI REALTY ACQUISITION CORP.

(as Purchaser)

Dated: June 1, 1998

TABLE OF CONTENTS

TABLE OF SCHEDULES AND EXHIBITS

Schedules

Exhibits

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into this 1st day of June, 1998 (the "Effective Date"), by and between 1709 L.P., a District of Columbia limited partnership ("Seller") and MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Purchaser").

RECITALS

A. Seller owns a certain parcel of land and the improvements thereon, located at 1709 New York Avenue, N. W., Washington, D. C.

B. Seller has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Seller, all land, improvements, furniture, furnishings, fixtures, equipment and other tangible and intangible assets and properties owned by Seller and used by it in connection with the management, operation, maintenance and repair of such land and improvements.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions.

The terms defined in this Section 1 shall have the respective meanings stated in this Section 1 for all purposes of this Agreement. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Section 1 shall include the

plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender; (ii) accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles; (iii) references herein to "Sections" and other subdivisions without reference to a document shall be to designated Sections and other subdivisions of this Agreement; (iv) a reference to an Exhibit or a Schedule without a further reference to the document to which the Exhibit or Schedule is attached shall be a reference to an Exhibit or Schedule to this Agreement; (v) the words "herein," "hereof," "hereunder" and other words of similar import shall refer to this Agreement as a whole and not to any particular provision; and (vi) the word "including" shall mean "including, but not limited to."

1.1 Additional Rent shall mean all reimbursements of Operating Expenses and administrative charges, common area

maintenance charges, reimbursements of real estate taxes, rent escalations based on increases in the consumer price index or any other measures of inflation, retroactive rent escalations, insurance cost reimbursements, parking charges, antenna rents, license fees and all other amounts and charges payable by Tenants to Seller, as landlord, under their Leases (other than Basic Rent), but shall not include security deposits under the Leases.

1.2 Affiliate shall mean, with respect to any entity, any natural person or firm, corporation, partnership, association, trust or other entity that controls, is controlled by, or is under common control with, the subject entity; a natural person or entity that controls an Affiliate under the foregoing shall also be deemed to be an Affiliate of such entity. For purposes hereof, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any such entity, or the power to veto major policy decisions of any such entity, whether through the ownership of voting securities, by contract or otherwise.

1.3 AS IS CONDITION WITH ALL FAULTS shall mean as is, with all faults, including defects seen and unseen and all conditions natural and artificial without right of set-off or reduction in the Purchase Price and without representation or warranty of any kind, express or implied, except for such representations or warranties as are expressly provided for herein.

1.4 Basic Rent shall mean all base rent or basic rent payable in fixed installments and fixed amounts for stated periods by Tenants under their Leases.

1.5 Building shall mean collectively all of the buildings and structures now or on the Closing Date erected or situated upon the Land, including all improvements and fixtures, appurtenant to or used in connection therewith, that are owned by Seller presently or on the Closing Date and any interest of Seller in and to alterations and installations in the buildings and structures that may now or hereafter, by lease or operation of law, become the property of Seller.

1.6 Business Day shall mean those days of the week that are not a Saturday, Sunday or a federal holiday.

1.7 Closing shall have the meaning set forth in Section 4.3.

1.8 Closing Date shall mean the Effective Date.

1.9 Closing Statement shall have the meaning set forth in Section 5.1.

1.10 Delinquent Rent shall mean rent that is due and payable by a Tenant on or before the Closing Date but that has not been paid by the Closing Date.

1.11 Deposit. No deposit is required of Purchaser hereunder. All references to a "Deposit" under this Agreement, and all provisions of this Agreement dealing with a "Deposit", shall be deemed to be inoperative and of no force or effect.

1.12 Effective Date shall be the date set forth in the preamble to this Agreement.

1.13 End of the Inspection Period shall mean the Effective Date.

1.14 Escrow Agent shall mean Commercial Settlements, Inc.

1.15 Final Closing Adjustment shall have the meaning set forth in Section 5.7.

1.16 Inspection Period shall have the meaning set forth in Section 9.1.

1.17 Intangible Property shall mean the contract rights, licenses, permits, certificates of occupancy, guaranties, warranties, approvals, rights to use trademarks, any name by which the Property is commonly known, trade names, telephone numbers in use at the Property by Seller or its managing agent, logos, designs, graphics or artwork, architectural drawings and as-built plans, and all similar items, each to the extent owned by Seller and to the extent they are in Seller's possession and used in connection with the operation of the Property,

but shall not include bank accounts or cash held in the name of Seller or its managing agent.

1.18 Land shall mean that certain parcel of land situate and lying in the District of Columbia, as more particularly described in Schedule A.

1.19 Leases shall mean the leases of space in the Building as described in Schedule B and any other leases or occupancy agreements to which Seller is a party, with amendments

and guaranties thereof and other amendments permitted by this Agreement or otherwise agreed to by Purchaser.

1.20 Operating Expenses shall mean all costs, expenses, charges and fees relating to the ownership, management, operation, maintenance and repair of the Property, including electricity, gas, water and sewer charges, telephone and other public utilities, common area maintenance charges, vault charges, personal property taxes, and periodic charges payable under Service Contracts, but not including any costs, expenses, charges or fees that are the direct responsibility of a Tenant under a Lease.

1.21 Other Seller Interests shall mean all of the right, title and interest of Seller pertaining to the Land, including all hereditaments and appurtenances thereunto belonging or in any way appertaining, including the following:

(a) all of the right, title and interest of Seller in and to any easements, privileges, grants of right or other agreements affecting the Property or comprising the Permitted Encumbrances, including any structures or improvements erected pursuant to such easements, grants of right or other agreements whether or not situated upon the Land;

(b) all of the right, title and interest of Seller in and to any land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Property, to the center line thereof, and to any strips or gores adjoining the Property or any part thereof, and all right, title and interest of Seller in and to any award made or to be made in lieu thereof, and in and to any unpaid award for damages to the Property by reason of change of grade of any street;

(c) all of the right, title and interest of Seller in and to any mineral and water rights, if any; and

(d) tenant data, leasing material and forms, past and current rent rolls, tenant files, and other similar information and materials used by Seller in the use and operation of the Property, all to the extent in Seller's possession, with the exception of appraisals, forecasts and other owner-oriented or confidential information.

1.22 Permitted Encumbrances shall mean those items or matters affecting title to the Property which are set forth on Schedule D attached hereto, and those items or matters otherwise

deemed to be Permitted Encumbrances pursuant to the provisions of this Agreement.

1.23 Personal Property shall mean all personal property, fixtures, equipment and inventory owned by Seller and located at the Building.

1.24 Property shall mean collectively the Land, the Site Improvements, the Building, the Personal Property, the landlord's rights under the Leases, the Seller's rights under the Service Contracts, the Intangible Property and the Other Seller Interests.

1.25 Purchase Price shall mean the purchase price for the Property specified in Section 4.1.

1.26 Service Contracts shall mean all of the service, operation, maintenance, labor and similar agreements entered into by Seller in respect of the Property that are described in Schedule C; provided, however, that Service Contracts shall not include any management contracts or exclusive agency agreements for leasing of office and/or retail space in the Building.

1.27 Site Improvements shall mean the parking garage, driveway pavings, access cuts, lighting, bumpers, drainage systems and landscaping situated upon the Land.

1.28 Tenant shall mean the holder of any right to occupy, possess, or use all or any part of the Property pursuant to a Lease.

1.29 Title Commitment shall have the meaning set forth in Section 9.2.

1.30 Title Company shall mean Lawyers Title Insurance Corporation. At Purchaser's election, Purchaser may cause the Title Commitment to be issued by an abstract agency writing for Purchaser's title company. In addition, Purchaser shall have the right to cause the Title Commitment to be issued by one

or more title companies.

2. Sale of the Property.

Upon and subject to the terms and conditions contained in this Agreement, Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller.

3. Matters to Which the Sale is Subject.

The sale of the Property shall be subject to each and all of the following:

(a) all laws, ordinances, statutes, orders, requirements and regulations to which the Property is subject, including zoning, building and environmental laws and requirements;

(b) any state of facts that a new or updated survey or physical inspection of the Property might disclose;

(c) the Permitted Encumbrances;

(d) all covenants, encumbrances or restrictions approved (or deemed approved) by Purchaser;

(e) all terms, provisions and conditions of the Leases; and

(f) the Service Contracts and any other agreements affecting the Property that Purchaser assumes pursuant to Section 21 hereof.

4. Purchase Price and Payment.

4.1 Amount. The purchase price for the Property shall be the sum of Forty-Nine Million Dollars ($49,000,000) (the "Purchase Price"), which shall be payable all in cash at the Closing. No part of the Purchase Price is allocable to the Personal Property.

4.2 Deposit. Purchaser shall place the Deposit in escrow with the Escrow Agent simultaneously with Purchaser's execution of this Agreement. The Deposit shall be subject to disposition as provided for elsewhere in this Agreement. If the Deposit is in cash or is converted into cash in accordance with this Section, Escrow Agent shall promptly after receipt invest the Deposit in an interest-bearing account in a commercial bank acceptable to both Purchaser and Seller. If Purchaser elects to deliver a letter of credit ("LOC") as the Deposit, the LOC shall be (i) unconditional and irrevocable, (ii) issued to Escrow Agent as beneficiary by a commercial bank acceptable to Seller, (iii) for a term of not less than one year from the date of issuance, and (iv) otherwise acceptable to Seller in all respects. In the event that the Deposit is in the form of an LOC and there is any dispute between Seller and Purchaser regarding the disposition of

the Deposit, Seller shall have the unilateral right, at its sole discretion, to instruct Escrow Agent to cash the LOC and to hold the proceeds of the LOC as a cash deposit under the provisions of this Agreement. Purchaser agrees that if Seller so instructs Escrow Agent, Purchaser will not interpose any objection to such instruction and will permit Escrow Agent to cash the LOC pursuant to such instruction.

4.3 Payment. On the Closing Date, and subject to the terms and conditions of this Agreement, Purchaser shall pay the Purchase Price to, or for the account of, Seller in the manner provided for in this Section 4.3, subject to the adjustments and prorations set forth in Section 5. Not later than 11:00 a.m. Eastern Time on the Closing Date, Purchaser shall effect a wire transfer of federal funds to the Title Company's designated escrow account in an amount equal to the sum of (i) the Purchase Price and (ii) the net amount (if any) of the costs, expenses, prorations and adjustments payable by Purchaser under this Agree ment. The amount of the funds to be wired to the Title Company's account shall be reduced by the Deposit, if the Deposit is in cash. After the Title Company's receipt of the wire transfer of funds in the amount required by this Agreement, and immediately following Purchaser's confirmation that all conditions precedent to Purchaser's obligation to close hereunder have been satisfied, Purchaser or its counsel shall instruct the Title Company to (i) disburse to Seller an amount equal to the Purchase Price, reduced by the net amount of the costs, expenses, prorations and adjustments payable by Seller under this Agreement; (ii) deliver to Purchaser all other documents and instruments received by the Title Company that, in accordance with the terms of this Agreement, are to be delivered by Seller to Purchaser at the closing of the purchase and sale of the Property (the "Closing"); and (iii) deliver to Seller all other documents and instruments received by the Title Company that, in accordance with the terms of this Agreement, are to be delivered by Purchaser to Seller at the Closing. Simultaneously with giving the instruction set forth in the previous sentence, Purchaser shall instruct Escrow Agent to disburse the Deposit to Seller. If the Deposit is in the form of an LOC, Seller shall instruct Escrow Agent to deliver the LOC to Purchaser promptly after completion of the Closing, and Escrow Agent shall execute a release of Seller and Purchaser (in the customary form) relating to the performance by Escrow Agent of its obligations hereunder.

4.4 Disposition of Deposit. If this Agreement is terminated pursuant to Section 13 and thereafter either Seller or Purchaser makes a demand on the Escrow Agent for the return of the Deposit (if the demand is made by Purchaser) or for the

payment of the Deposit (if the demand is made by Seller), the Escrow Agent shall give notice of such demand to the other party. If the Escrow Agent does not receive an objection from the other party to the proposed payment or return of the Deposit within ten (10) days after the giving of such notice, the Escrow Agent shall pay the Deposit to the party making the demand. If the Escrow Agent receives an objection from the other party within the ten (10)-day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed by instructions from Seller and Purchaser or until otherwise directed by a court of competent jurisdiction. If a demand is made for either the return or payment of the Deposit and if the Deposit is in the form of a LOC, and the Escrow Agent continues to hold the Deposit, either of the Seller or the Purchaser may, by notice in writing to the Escrow Agent, require the Escrow Agent to cash the LOC and hold the proceeds in accordance with the terms of this Agreement. If the Deposit is in the form of an LOC, Escrow Agent shall effect any payment of the Deposit to Seller by cashing the LOC and paying the proceeds to Seller.

4.5 Interpleader. In the event of a dispute concerning the disposition of the Deposit, the Escrow Agent shall have the right at any time to deposit any cash funds held by it under this Agreement, or the LOC (in the event Seller has not instructed Escrow Agent to cash the LOC in accordance with the provisions of Sections 4.2 or 4.4 hereof), with the clerk of the court having jurisdiction. The Escrow Agent shall give notice of such deposit to Seller and Purchaser. Upon such deposit, the Escrow Agent shall be relieved and discharged of all further obligations and responsibilities hereunder.

4.6 Escrow Agent as Stakeholder. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience; that the Escrow Agent shall not be deemed to be the agent of either of the parties; and that the Escrow Agent shall not be liable to either of the parties for any act or omission on its part unless taken or suffered in bad faith, in willful disregard of this Agreement or involving gross negligence. Seller and Purchaser shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims, and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or suffered by the Escrow Agent in bad faith, in willful disregard of this Agreement or involving gross negligence on the part of the Escrow Agent.

5. Closing Adjustments and Prorations.

5.1 General. All Additional Rent, Basic Rent, and other rentals, revenues and other income generated by the Property ("Rent") and all utilities, real estate taxes, maintenance charges and other Operating Expenses incurred in connection with the ownership, management and operation of the Property shall be paid or shall be prorated between Seller and Purchaser in accordance with the provisions of this Section 5. For purposes of the prorations and adjustments to be made pursuant to this Section 5, Purchaser shall be deemed to own the Property and therefore be entitled to any revenues and be responsible for any expenses for the entire day upon which the Closing occurs. Any apportionments and prorations that are not expressly provided for in this Section 5 shall be made in accordance with the customary practice in the metropolitan Washington D.C. area. Seller and Purchaser shall cause their accountants to prepare a schedule of prorations (the "Closing Statement") in draft form to be finalized on the Business Day immediately prior to the Closing Date. Any net adjustment in favor of Purchaser shall be credited against the Purchase Price at the Closing. Any net adjustment in favor of Seller shall be paid in cash at the Closing by Purchaser to Seller.

5.2 Rent and Security Deposits. Rent shall be prorated at the Closing in accordance with the following provisions:

(a) Basic and Additional Rent. Subject to Section 5.2(b), Seller shall be entitled to all Basic Rent and Additional Rent that accrues before the Closing Date and Purchaser shall be entitled to all Basic Rent and Additional Rent that accrues on and after the Closing Date. Basic Rent and Additional Rent that Seller has collected for the month in which Closing occurs shall be prorated between Seller and Purchaser as of the Closing Date based on the actual number of days in the month during which the Closing Date occurs. For purposes hereof, Additional Rent shall be prorated as of the Closing Date based on Seller's current estimates thereof which have been collected from Tenants and shall be readjusted in the Final Closing Adjustment.

(b) Delinquent Rent. Delinquent Rent, after reasonable, actual expenses of collection, shall be promptly paid by Purchaser to Seller as provided in the balance of this paragraph if, as and when actually collected by Purchaser after the Closing, it being understood and agreed that Purchaser shall be obligated only to use commercially reasonable efforts to collect Delinquent Rent on behalf of Seller, and shall not be

obligated to commence litigation or to terminate a Tenant's Lease in order to collect Delinquent Rent. Purchaser hereby agrees that Seller or its agents may attempt to collect Delinquent Rent at Seller's expense, including commencing litigation to collect such Delinquent Rent, but Seller agrees that after the Closing Date it shall not (i) initiate any action that would terminate a Tenant's Lease or affect such Tenant's right to occupy the premises or use the parking spaces leased under its Lease, or (ii) seek to apply such Tenant's security deposit against the Delinquent Rent of such Tenant. If a Tenant has 60 days or less of Delinquent Rent which is Basic Rent ("Delinquent Basic Rent"), Rent collected by Purchaser after the Closing Date in respect of such Tenant shall be applied first to Delinquent Basic Rent to the extent of thirty (30) days of Delinquent Basic Rent attributable to the thirty (30)-day period immediately preceding the Closing Date, then to Rent currently due (including unpaid Rent accruing after the Closing Date), and then to any other unpaid Delinquent Rent. If a Tenant has more than 60 days of Delinquent Basic Rent, Rent collected by Purchaser after the Closing Date in respect of such Tenant shall be applied first to Rent currently due (including unpaid Rent accruing after the Closing Date), and then to Delinquent Rent. All Rent received by Purchaser which is required to be applied as a credit to, or for the benefit of, Seller pursuant to this Agreement shall be promptly paid by Purchaser to Seller upon Purchaser's receipt of the same. Attached as Schedule 5.2(b) is a schedule of Delinquent Rent compiled as of May 29, 1998 (it being understood that Seller makes no representation or warranty concerning the accuracy of such delinquency report). Schedule 5.2(b) attached hereto shall be the basis of making the payments referred to in this Section, absent manifest error.

(c) Security Deposits. Purchaser shall receive, as a credit against the Purchase Price, an amount equal to all cash security deposits set forth in the Leases, together with interest required to be paid thereon, to the extent not applied by Seller, as landlord, under such Leases on or prior to the Effective Date, and any prepaid Rent. The security deposits held by Seller as of the Effective Date are set forth on Schedule B attached hereto (it being understood and agreed that Seller makes no representation or warranty concerning such security deposits or the accuracy of Schedule B regarding such security deposits). At Closing, Schedule B shall be the basis of making the credit to Purchaser referred to in this Section, absent manifest error.

5.3 Taxes and Assessments.

(a) Proration of Taxes at Closing. All non-delinquent real estate taxes and special assessments, if any, assessed against the Property shall be prorated between Seller and Purchaser as of the Closing Date in the customary fashion, based upon the actual current tax bill. If the most recent tax bill received by Seller before the Closing Date is not the actual current tax bill, then Seller and Purchaser shall initially prorate the real estate taxes at the Closing by applying the tax rate indicated on the most recent tax bill received by Seller to the latest assessed valuation, and shall re-prorate the real estate taxes retroactively at the Final Closing Adjustment. All real estate taxes accruing before the Closing Date shall be the obligation of Seller and all real estate taxes accruing on and after the Closing Date shall be the obligation of Purchaser. Any delinquent real estate taxes assessed against the Property shall be paid (together with any interest and penalties) by Seller at the Closing. Any general or special assessments, if any, assessed against the Property for work which has been completed prior to the Closing shall be paid for in full by Seller at or prior to the Closing; provided, however that if any such assessment is payable in installments, Seller shall pay all of such installments due through the day prior to the Closing, and Purchaser shall be responsible for the balance of such installments. All other assessments shall be paid by Purchaser when due (and if due prior to Closing, shall be paid at or prior to Closing).

(b) Post-Closing Supplemental Taxes. If, after the Closing Date, any additional or supplemental real estate taxes are assessed against the Property by reason of back assessments, corrections of previous tax bills or other events (including, without limitation, imposition of any special assessments) occurring before the Closing Date, Seller and Purchaser shall re-prorate the real estate taxes within thirty (30) days after the final determination thereof, but in no event later than at the Final Closing Adjustment.

(c) Post-Closing Refunds of Taxes. Any refunds of real estate taxes made after the Closing shall first be applied to the reasonable unreimbursed costs incurred in obtaining the refund (including, but not limited to, any legal fees paid by Seller or Purchaser), then paid to any Tenants who are entitled to the same, and the balance, if any, shall be paid (within thirty (30) days after the final determination of such amount) to Seller (with respect to real estate taxes for the period prior to the Closing Date) and to Purchaser (with respect

to real estate taxes for the period commencing on and after the Closing Date). The parties understand and agree that there are pending claims and/or proceedings pursuant to which Seller is pursuing a reduction in the assessed valuation of the Property for real estate tax purposes or a claim for refund of real estate taxes. Seller agrees that, without obtaining the prior consent of Purchaser (not to be unreasonably withheld), Seller will not make any commitments to the taxing authority regarding real estate taxes for periods

after the Closing Date in connection with the resolution of such pending claims and/or proceedings.

5.4 Operating Expenses. Seller shall be responsible for all Operating Expenses attributable to the period before the Closing Date and Purchaser shall be responsible for all Operating Expenses attributable to the period on and after the Closing Date. All Operating Expenses shall be prorated between Seller and Purchaser in the customary fashion as of the Closing Date, based on the actual number of days in the month during which the Closing Date occurs for monthly expenses, and based on a 365-day year for annual expenses. To the extent commercially reasonable and practicable, Seller shall obtain final billings for meter readings made as of the Business Day preceding the Closing Date, and Seller shall pay such final billings when Seller receives the same. If Seller is able to obtain final meter readings and billings, there shall be no adjustment at Closing for the costs, expenses, charges or fees shown thereon. If billings or meter readings as of the Business Day preceding the Closing Date are not available for any utility service, the charges therefor shall be adjusted at the Closing on the basis of the per diem charges for the most recent prior period for which bills were issued, and shall be further adjusted within thirty (30) days after receipt of the necessary bills or meter readings, but in no event later than at the Final Closing Adjustment on the basis of the actual bills for the current period.

5.5 Utility Deposits. Seller shall be entitled to retain any or all utility deposits and all interest accrued thereon. If any utility deposit is not refundable to Seller without replacement by Purchaser, Purchaser shall deliver the requisite replacement utility deposit to the utility company on or before the Closing Date.

5.6 Tenant-related expenses.

(a) Leasing Commissions. Purchaser shall be responsible for the payment of all leasing commissions due in respect of (i) new Leases of space in the Building or amendments to existing Leases approved by Purchaser, which new leases and

amendments are listed on Schedule 5.6 attached hereto, and (ii) renewals of Leases or expansions of the space leased by Tenants under Leases, which renewals and expansions are to be effective after the date hereof, so long as and to the extent that any leasing commissions covered by this clause (ii) are not in excess of market rate commissions. All other leasing commissions shall be paid by Seller. It is understood and agreed that Seller makes no representation or warranty concerning the amount of leasing commissions payable by Purchaser under this Section 5.6(a). The agreements pursuant to which leasing commissions are owing on the new Leases and/or amendments to Leases referenced in clause (i) above are listed on Schedule 5.6.

(b) Other Lease Costs. Purchaser shall be responsible for the payment and performance of any tenant improvements to be paid for and/or performed by landlord under Leases from and after the date hereof (including but not limited to tenant improvements to be made under new Leases of space in the Building or amendments to existing Leases approved by Purchaser that are listed on Schedule 5.6 attached hereto). Purchaser shall also accept (and shall not seek compensation from Seller by reason of) any rental abatements provided for in Leases or in the new Leases or amendments to Leases listed on Schedule 5.6. It is understood and agreed that Seller makes no representation or warranty concerning the amount of tenant improvements to be paid for by Purchaser under this Section 5.6(b). Seller shall be responsible for the payment of all tenant improvements not to be paid for by Purchaser under the provisions of this Section 5.6(b).

(c) Federal Reserve. In furtherance, but not in limitation of the foregoing provisions of this Sections 5.6, it is understood and agreed that The Board of Governors of the Federal Reserve System (the "Federal Reserve") has been granted the option to expand the premises leased by the Federal Reserve in the Building onto the 6th and/or the 7th floors of the Building, and that such option is contained in the Federal Reserve Leases described in items 1 - 3 of Schedule B attached hereto. Under such Leases, the Federal Reserve must exercise such option on or before June 1, 1998, if the expansion will be onto both the 6th and 7th floors or onto the 7th floor only, or on or before July 1, 1998 if the expansion will be onto the 6th floor only. Any tenant improvement costs associated with the expansion of the premises leased by the Federal Reserve pursuant to such Leases will be paid by Purchaser.

5.7 Final Closing Adjustment. No later than April 30, 1999, Seller and Purchaser shall make a final adjustment to the

prorations made pursuant to this Section 5 (the "Final Closing Adjustment"). The Final Closing Adjustment shall be made in the following manner:

(a) General. Subject to Section 5.7(b) and (c) hereof, all adjustments or prorations that could not be determined at the Closing because of the lack of actual statements, bills or invoices for the current period, or any other reason shall be made within thirty (30) days after the receipt of the applicable statement, bill or invoice, but in no event later than as a part of the Final Closing Adjustment. Any net adjustment in favor of Purchaser shall be paid in cash by Seller to Purchaser no later than thirty (30) days after said

adjustment is made, but in no event later than thirty (30) days after the Final Closing Adjustment. Any net adjustment in favor of Seller shall be paid in cash by Purchaser to Seller no later than thirty (30) days after said adjustment is made, but in no event later than thirty (30) days after the Final Closing Adjustment. The parties shall correct any manifest error in the prorations and adjustments made at Closing promptly after such error is discovered (but in no event later than April 30, 1999).

(b) Additional Rent Adjustment. Seller and Purchaser shall prorate the actual amount of Additional Rent paid by each Tenant for the 1998 calendar year as follows (it being understood and agreed that all Tenants are on a calendar year basis of accounting with respect to Additional Rent payments):

(1) Seller shall be entitled to the portion of the actual amount of Additional Rent for calendar year 1998 paid by the Tenant equal to the product obtained by multiplying such amount by a fraction, the numerator of which is the number of days in 1998 preceding the Closing Date and the denominator of which is 365; and

(2) Purchaser shall be entitled to the balance of the Additional Rent paid by the Tenant.

If a Tenant has made payments of Additional Rent on an estimated basis during 1998, such estimated payments shall be taken into account in prorating Additional Rent under this Section 5.7(b). Seller shall pay any Tenant, as required under its Lease, from any Additional Rent adjustment made in Seller's favor under this Section, any overpayment of Additional Rent such Tenant may have made for periods prior to the Closing Date. In order to assure Purchaser that there will be sufficient cash to repay Tenants any overpayments of Additional Rent such Tenants may have made for the period during 1998 prior to the Closing Date, Seller will

establish an escrow at Closing in accordance with the provisions of the Escrow Agreement attached hereto as Exhibit G. Purchaser shall pay any Tenant, as required under its Lease, from any Additional Rent adjustment made in Purchaser's favor under this Section, any overpayment of Additional Rent such Tenant may make for periods on or after the Closing Date.

(c) No Further Adjustments. Except for: (i) additional or supplemental real estate taxes, real estate tax credits or rebates, or other adjustments to real estate taxes due to back assessments, corrections to previous tax bills or real estate tax appeals or contests or (ii) manifest errors, the Final Closing Adjustment shall be conclusive and binding upon Seller and Purchaser, and Seller and Purchaser hereby waive any right to contest after the Final Closing Adjustment any prorations, apportionments or adjustments to be made pursuant to this Section 5. In no event shall Purchaser have the right to recover any adjustments not brought to Seller's attention in writing prior to April 30, 1999.

6. Closing Date and Costs.

6.1 Closing Date. The Closing shall take place at the offices of Arent Fox Kintner Plotkin & Kahn, 1050 Connecticut Avenue, Washington D.C. 20036, at 10:00 a.m., Eastern Daylight Time, on the Closing Date.

6.2 Closing Costs and Transfer Taxes. All District of Columbia transfer and recordation taxes, and other recording charges, payable in connection with the recording of the special warranty deed (whether imposed in the form of transfer taxes, documentary stamps or otherwise), and any charges of the Escrow Agent for holding the Deposit, shall be divided equally between Seller and Purchaser. Purchaser shall pay for all expenses of examination of title, the cost of an owner's title insurance policy, survey, and all other Closing expenses. Each party shall pay its own legal fees and other expenses incurred by it prior to Closing. Seller shall pay all costs incurred in connection with the repayment or satisfaction of any liens on the Property except for any liens caused by the acts of Purchaser or any of its agents or representatives. The provisions of this Section 6.2 shall survive the Closing Date.

7. Closing Documents.

7.1 Seller's Deliveries. Seller shall execute and/or deliver to Purchaser on the Closing Date the following:

(a) a special warranty deed in the form attached hereto as Exhibit A;

(b) an assignment and assumption of leases and service contracts in the form attached hereto as Exhibit B;

(c) an assignment of all Intangible Property and warranties related to the Property in the form attached hereto as Exhibit C;

(d) letters in the form attached hereto as Exhibit D to each Tenant under the Leases;

(e) an affidavit in the form attached hereto as Exhibit E;

(f) an owner's affidavit signed by Seller, addressed to the Title Company designated by Purchaser, with respect to the absence of claims caused by Seller that would give rise to mechanics' liens, the absence of parties in possession of the Property other than Tenants under the Leases (and other than subtenants of Tenants) and the absence of unrecorded easements granted by Seller, in the form reasonably required by the Title Company to eliminate the exceptions for those matters from Purchaser's title insurance policy;

(g) the Closing Statement referred to in Section 5.1 signed by Seller;

(h) all keys to the Property, if any, that are in Seller's possession;

(i) Intentionally Omitted;

(j) Tenant estoppel certificates in accordance with the provisions of Section 9.5;

(k) such additional documents as Seller and Purchaser shall mutually agree are necessary to consummate the sale of the Property to Purchaser;

(l) to the extent in Seller's possession, all original Leases, together with any guarantees thereof and any other amendments permitted to be executed pursuant to this Agreement or otherwise used in connection the use and operation of the Property;

(m) such evidence of authority of the parties executing any closing documents on behalf of Seller, as reasonably requested by the Title Company;

(n) to the extent in Seller's possession, all plans and specifications with respect to the initial construction of the Property and any subsequent changes or authorization thereto, all manuals, guarantees, security codes and other information with respect to operating any of the equipment at the Property or which was provided at the time such equipment was purchased or installed, and all maintenance records, in all cases to the extent in Seller's possession;

(o) a computer diskette containing this Purchase Agreement as finally agreed to and executed by the parties; and

(p) a certificate stating that the representations and warranties made by Seller in Section 15 hereof are true, correct and complete in all material respects as of the Closing, subject to changes therein caused by changed circumstances since the Effective Date.

In addition to the foregoing, Seller shall make available to Purchaser at Seller's offices any books and records relating to the Property in Seller's possession should Purchaser require such access in connection with any review or audit of the income and expenses of the Property for any period of Seller's ownership thereof; provided, however, that any such review and/or audit shall be made at Purchaser's sole expense, with the least disruption possible to Seller's business, and upon not less than seven (7) days' written notice; and provided, further, that Seller shall not be required to make available to Purchaser any such books or records which are more than three (3) years old. The provisions of this paragraph shall survive Closing for a period of three (3) years.

7.2 Purchaser's Deliveries. Purchaser shall execute and deliver to Seller on the Closing Date the following:

(a) an assignment and assumption of leases and service contracts in the form attached hereto as Exhibit B;

(b) the Closing Statement referred to in Section 5.1 signed by Purchaser; and

(c) all documents reasonably required by Seller's attorneys or the Title Company to determine that Purchaser is

authorized to buy the Property and to execute all documents in connection therewith.

7.3 Delivery in Escrow. The delivery to the Title Company of the Purchase Price, the executed special warranty deed described in Section 7.1(a) and all other documents and instruments required to be delivered by either party to the other by the terms of this Agreement, and the performance by all parties to this Agreement of all material obligations to be so performed, shall be deemed to be a good and sufficient tender of performance of the terms hereof. Seller shall be deemed to have delivered voluminous or cumbersome materials (such as the items described in Sections 7.1(l) and 7.1(n)) by making them available at the office of the managing agent for the Property.

8. Obligations Pending Closing.

8.1 Continued Care and Maintenance. During the period between the Effective Date and the Closing Date, Seller agrees to operate and maintain the Property in the ordinary course of business and use reasonable efforts to reasonably preserve for Purchaser the relationships between Seller and the Tenants, suppliers, managers, employees and others having ongoing relationships with the Property. Further, during the period between the Effective Date and the Closing Date, Seller agrees: (i) not to change, amend or modify the Leases, or any of the instruments affecting, or with respect to, the title to the Property except as required by law or the document involved (provided, however, that the Seller may, at its option, eliminate any financing and/or other encumbrances which are not Permitted Encumbrances); (ii) not to change, amend or modify, except in a de minimis respect, any of the Service Contracts or other rights, obligations or agreements related to use, ownership or operation of the Property without Purchaser's prior approval, where such changes, amendments or modifications would (x) materially increase Seller's obligations, liability or expenses thereunder, (y) modify in any respect Purchaser's obligations, liability or expenses as set forth in such Service Contracts or other rights, obligations or agreements as they exist as of the date hereof (except in emergency situations) or (z) result in such Service Contracts or other rights, obligations or agreements not being cancelable upon thirty (30) days' notice or only being cancelable upon payment of a fee or penalty, or both; (iii) not to make alterations or changes to the Property other than de minimis alterations or changes or ordinary and necessary maintenance and repairs, without Purchaser's prior approval (provided, however, that Seller may make any alterations or changes to the Property that are required by any Lease or applicable law without

Purchaser's prior approval), Seller agreeing that it shall give Purchaser notice of any alterations or changes made to the Property on or about the date it performs same, whether or not Purchaser's prior approval is necessary; (iv) to maintain in effect all policies of casualty and liability insurance or similar policies of insurance, with no less than the limits of coverage now carried with respect to the Property; and (v) to cure all material violations of law affecting the Property for which a written notice of violation was issued by the local governmental authorities prior to the Effective Date (provided, however, that the cost to cure such violations shall not exceed $25,000 in the aggregate, or if such violations are not cured prior to the Closing Date, at Closing Purchaser shall be entitled to a credit not to exceed $25,000 and shall not be entitled to refuse to close on account of the existence of any such violations). Where an approval of Purchaser is required under the foregoing provisions, Purchaser agrees not to unreasonably withhold or delay any such approval, and such approval shall be deemed given if Purchaser has not objected in writing within five (5) days after notice of the matter on which Purchaser's approval is sought, which notice is to include notification from Seller that Purchaser's failure to so approve as provided in this Section 8.1 shall be deemed an approval. Nothing contained herein shall prevent Seller from acting to prevent loss of life, personal injury or property damage in emergency situations, or prevent Seller from performing any act with respect to the Property that may be required by any Lease, applicable law, rule or governmental regulations.

8.2 Other Covenants. In addition to the matters set forth in Section 8.1, during the period between the Effective Date and the Closing Date, Seller agrees: (a) that, at any time prior to Closing, it shall terminate, at its own cost and expense, any and all management agreements and any exclusive leasing agency agreements for the Property, subject, however in the case of leasing agreements, to the provisions of Section 5.6 hereof); (b) that it shall not terminate any Lease, apply any security deposits posted thereunder, or accept the surrender of any Lease, or grant any concession, rebate, allowance or free rent thereunder (except pursuant to the provisions of a Lease in existence on the Effective Date or approved or deemed approved by Purchaser); (c) not to mortgage or transfer the Property, or any interest therein; (d) to permit Purchaser and its representatives to continue to inspect the Property as more particularly provided in Section 9.1 below notwithstanding the termination of the Inspection Period; and (e) to deliver to Purchaser any notice of violation of law Seller may receive from any governmental agency having jurisdiction over the Property. Seller will give

Purchaser notice (promptly after Seller becomes aware of the same) of any liens placed on the Property by a Tenant or a creditor of a Tenant, but Seller shall not be obligated to remove or caused to be removed any such liens.

9. Conditions to Closing.

9.1 Inspection Period.

(a) Seller shall provide or make available to Purchaser all information related to the Property in Seller's possession, except for confidential and proprietary information concerning the partnership that owns the Property, the financing of the Property, and confidential and proprietary information belonging to any third party (including the property manager). In addition to the foregoing, Seller shall provide a copy of or make available all Leases and Lease amendments and Service Contracts in its possession, leasing commission agreements, test borings, environmental reports, surveys, title materials and engineering and architectural data and the like relating to the Property that are in Seller's possession. Purchaser agrees that Seller and Seller's agents make no warranty or representation, either express or implied, concerning the matters disclosed in such information, including the completeness

or accuracy thereof.

(b) During the period prior to the Effective Date (such period being hereinafter called the "Inspection Period"), Purchaser has made, or caused to be made, at Purchaser's own risk and expense, such investigation of the Property as it elected, including physical inspections of the Property, review of the Leases, Service Contracts, laws and ordinances, and approval of survey and condition of title. Purchaser agrees that it has investigated the Property and that any further investigation of the Property by Purchaser will not disrupt normal operations of the Property or any Tenant's quiet enjoyment of its demised premises. Purchaser shall not undertake any structural, physical, mechanical, environmental or other testing which will cause damage to the Property, or undertake any other invasive testing of the Property. Subject to the foregoing, Purchaser has conducted studies on the Property to determine the environmental condition of the Property. By Purchaser's execution of this Agreement, Purchaser shall be deemed to have accepted the Property at Closing in an AS IS CONDITION WITH ALL FAULTS, subject to the provisions of Section 11 hereof. Seller makes no representations or warranties as to the physical condition of the Property, and specifically Seller does not warrant against latent defects or defects of any kind or nature.

(c) Purchaser hereby indemnifies and holds Seller harmless from any loss, damage, cost or expense incurred by Seller and arising (directly or indirectly) out of the activities at the Property by Purchaser or its designated representatives, including any loss, damage, cost or expense arising out of damage to the Property or personal injury. Notwithstanding the foregoing, Purchaser shall not indemnify Seller nor hold Seller harmless on account of any existing environmental matters discovered as a result of Purchaser's due diligence. This indemnity shall survive Closing and any termination of this Agreement prior to Closing. Purchaser agrees that all information received from Seller is Seller's confidential work product unless otherwise indicated in writing, unless the Closing occurs, or unless such information is already public, and Purchaser agrees that it will maintain the confidentiality of all information received as set forth in Section 20 hereof.

9.2 Title or Survey Exceptions. Purchaser, at its own cost and expense, has ordered, received and reviewed, and delivered to Seller, a title commitment covering the Property (the "Title Commitment"), and an updated survey on the Property prior to the Effective Date. Simultaneously with Purchaser's execution hereof, Purchaser shall notify Seller of such objections as Purchaser may have to anything contained on the survey or in the Title Commitment. Such objections shall not include any exceptions to title set forth in Schedule B - Section 2 to the Title Commitment which are set forth on Schedule D annexed hereto. Any title or survey matter so objected to by Purchaser are herein referred to as "Objections." If there are Objections by Purchaser, Seller shall have the option, at its sole discretion, to satisfy them prior to the Closing Date and, if Seller so elects and so notifies Purchaser, to adjourn the Closing Date for up to 60 days to attempt to do so. If Seller elects to satisfy the Objections, it shall be a condition precedent to Closing that such Objections are satisfied, which condition precedent Purchaser shall have the right to waive. If Seller elects not to satisfy the Objections, or if Seller is not successful in satisfying such Objections, as the case may be, then Seller shall deliver as soon as practicable written notice of such circumstance to Purchaser and Purchaser shall, within five (5) Business Days after receipt thereof, either (i) waive the Objections and accept such title as Seller is able to convey and by such waiver of the Objections Purchaser shall be deemed to have waived any and all claims and/or causes of action against Seller for damages or any other remedies relating to the Objections or any other matter relating to title to the Property, or (ii) terminate this Agreement, in which event the Deposit shall be returned to Purchaser and the parties hereto shall be

released of further liability hereunder except as otherwise provided herein. Any Objections waived by Purchaser under the foregoing provisions shall be deemed to be Permitted Encumbrances. Notwithstanding any provision of this Section 9.2 to the contrary, Seller shall be required to remove prior to the Closing Date any Objection that is a monetary lien placed on the Property by Seller or any judgment lien against Seller (either by payment, by causing the Title Company to insure over such matter or by posting a bond in an amount to cover the estimated cost of removing the same).

9.3 Encumbrances Subsequent to Inspection Period. In the event that, during the period between the End of the Inspection Period and the Closing Date, title to the Property should become affected by any encumbrance, lien, outstanding interest or question of title that is not a Permitted Encumbrance, that is not disclosed by the Title Commitment or survey described in Section 9.2 and that is not created or caused to be created by Purchaser or by any Tenant (a "New Objection"), then, provided that the New Objection is capable of being satisfied by the payment of a sum certain (i.e., determinable with certainty by Seller), Seller may (but shall not be obligated to) elect (by notice to Purchaser) to remove such New Objection either by payment on or prior to Closing, by causing the Title Company to insure over such encumbrance or by posting a bond in an amount to cover the estimated cost of removing the same, and Seller shall be entitled, for such purpose, to postpone the Closing Date for a reasonable period of time. In the event that Seller elects not to remove such New Objection, Seller shall so notify Purchaser as soon as practicable, whereupon Purchaser shall elect, by giving Seller notice thereof within five (5) days of receiving Seller's notice, either (i) waive the New Objection and accept

such title as Seller can convey notwithstanding the existence of any such New Objection, or (ii) terminate this Agreement. In the event that Seller elects to remove such New Objection but is unable to do so within sixty (60) days after the End of the Inspection Period, then either party hereto may elect to terminate this Agreement by giving the other party written notice thereof; provided, however, that if Seller elects to terminate this Agreement under this sentence, Purchaser shall have the right to nullify such election by notifying Seller (within five (5) Business Days after receipt of such termination notice from Seller) that Purchaser will accept any such New Objection and close hereunder. If this Agreement is terminated pursuant to the provisions of this Section 9.3, then the Deposit shall be returned to Purchaser and the parties hereto shall be released of any further liability hereunder except as otherwise provided herein. Any title matter waived by Purchaser under this

Section 9.3 shall be deemed a Permitted Encumbrance. Notwithstanding any provision of this Section 9.3 to the contrary, Seller shall be required to remove prior to the Closing Date any New Objection that is a monetary lien placed on the Property by Seller or any judgment lien against Seller (either by payment, by causing the Title Company to insure over such New Objection or by posting a bond in an amount to cover the estimated cost of removing the same).

9.4 Representations and Warranties True. It shall be a condition of Purchaser's obligation to close hereunder that Seller's representations and warranties set forth in Section 15 shall be true and correct in all material respects on the Closing Date. In the event that Purchaser believes that Seller's representations and warranties set forth in Section 15 are not true and correct in all material respects on or prior to the Closing Date, Purchaser may deliver notice thereof to Seller, which notice shall (i) specify which representation and warranty is believed not to be true and (ii) provide evidence of the untruth of the representation and warranty and of its materiality. Seller shall have five (5) days from its receipt of Purchaser's notice described in the preceding sentence to notify Purchaser that Seller (a) will attempt to cure such failed representation or warranty within a period not to exceed sixty (60) days, in which event the Closing Date shall be extended by sixty (60) days or such lesser period of time as may be elected by Seller, or (b) does not elect to cure such alleged failed representation or warranty. In the event that Seller either (x) elects to cure pursuant to the provisions of clause (a) of the preceding sentence but has not effected such cure on or before the extended Closing Date or (y) does not elect to cure pursuant to the provisions of clause (b) of the preceding sentence, then Purchaser may terminate this Agreement by giving notice thereof to Seller within five (5) Business Days after Purchaser receives notice of either (x) or (y) above, in which event the Deposit shall be returned to Purchaser and the parties hereto shall be relieved of any further liability hereunder except as otherwise provided herein. Notwithstanding any provision to the contrary herein, if Purchaser proceeds to Closing and David Parisier, as Purchaser's representative, has actual knowledge of any uncured breach of a representation and warranty made by Seller in Section 15, Purchaser shall be deemed to have waived any remedy for Seller's breach of such representation or warranty.

9.5 Estoppel Certificates. Seller shall use reasonable efforts to obtain from each Tenant an estoppel certificate, dated no earlier than April 10, 1998, substantially in the form of Exhibit F hereto, it being agreed that Purchaser

will accept as conforming to Exhibit F an estoppel certificate in the form (or containing the statements) contemplated under each Tenant's Lease or as may required by law or regulation (as, for example, in the case of a governmental tenant) ("Estoppel Certificate"). It shall be a condition of Purchaser's obligation to close hereunder that Seller deliver at Closing Estoppel Certificates signed by Tenants occupying at least seventy-five percent (75%) of the leased office space in the Building (the "Required Tenants"). If a Tenant occupies less than 5,000 square feet of office space in the Property and such Tenant delivers an Estoppel Certificate not conforming to the requirements of this Section because of statements in the Estoppel Certificate relating to the operation or physical condition of the Building, then such Tenant shall nevertheless be included in the calculation of the foregoing 75% threshold of leased office space in the Building. Furthermore, an Estoppel Certificate shall be deemed to conform to the requirements of this Section if the facts set forth therein are substantially consistent with the terms of such Tenant's Lease and there is no statement asserting a material default (not relating to the operation or physical condition of the Building) on the part of the Seller, as landlord, under such Lease. If Seller is not able to obtain Estoppel Certificates consistent with the foregoing from the Required Tenants prior to the Closing Date, the Closing Date may, at Seller's or Purchaser's option, be adjourned for thirty (30) days in order to give Seller the opportunity to acquire Estoppel Certificates consistent with the foregoing from the Required Tenants. Seller does not warrant or represent that any particular Tenant will be a tenant of the Property on the Closing Date, and it shall not be a condition of Closing that all Tenants of the Property on the Effective Date shall continue to be tenants on the Closing Date; provided, however, that if Tenants occupying (in the aggregate) more than 15,000 square feet of office space in the Building as of the Effective Date vacate their demised premises prior to the Closing Date in violation of their Leases and are in default in the payment of Basic Rent under their Leases, Purchaser shall not be obligated to close. To the extent that a statement in an Estoppel Certificate delivered to Purchaser at Closing covers a subject matter that is the same as the subject matter of a representation or

warranty of Seller hereunder, such representation or warranty of Seller shall be deemed superceded by such Estoppel Certificate and shall have no further force or effect. A failure to obtain Estoppel Certificates consistent with the provisions of this Section from the Required Tenants shall not be deemed a default of Seller's obligations hereunder and will not give rise to the remedies of Purchaser contained in clauses (ii) or (iii) of Section 13.1. In the event that an Estoppel Certificate does not conform to the

requirements of this Section, Seller shall have a reasonable period to cure the defect or defects therein (not to exceed thirty (30) days), and the Closing Date shall be extended in order to allow Seller time to effectuate such cure.

9.6 Other Conditions to Closing. It shall be a further condition of Purchaser's obligation to close hereunder (which condition may be waived by Purchaser) as follows:

(a) Seller shall have performed all covenants and obligations undertaken by Seller herein in all material respects.

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

9.7 Approvals and Permits not a Condition to Purchaser's Performance. Purchaser's duty to perform is expressly not contingent upon Purchaser's ability to obtain (i) any governmental or quasi-governmental approval as to changes or modifications in use or zoning or modification to any existing land use restriction, (ii) service provider consents to assignments of any Service Contracts or (iii) financing of any portion of the Purchase Price from any source.

10. Brokerage.

Seller and Purchaser expressly acknowledge that Cassidy & Pinkard/Sonnenblick Goldman (the "Broker") is due a commission for this transaction upon the consummation of the sale of the Property in accordance with this Agreement, and the same shall be paid by Seller in accordance with the provisions of a separate agreement between Seller and the Broker. Purchaser represents that it has not engaged any brokers in this transaction. As to any broker other than the Broker, Seller and Purchaser agree to hold each other harmless and indemnify each other from and against any and all claims, demands, loss or damage (including reasonable attorneys' fees, court costs and amounts paid in settlement of any claims) arising out of a claim or demand for any brokerage commission, fee or other compensation due or alleged to be due as a result of the indemnifying party's actions in connection with the transaction contemplated by this Agreement. The provisions of this Section 10 shall survive the Closing Date or termination of this Agreement prior to the Closing Date for any reason whatsoever.

11. Risk of Casualty and Condemnation Pending Closing.

(a) If, prior to the Closing Date, all or part of the Property is damaged by fire or by any other cause whatsoever, Seller shall promptly give Purchaser written notice of such damage and shall thereafter (to the extent practical) give Purchaser written notice of its estimated cost of repairing such damage (such notice to be given as soon as practicable) and advising Purchaser that based upon such cost, Purchaser shall be obligated to make an election as provided in this Section 11. If the cost of repairing such damage is less than Three Hundred Thousand Dollars ($300,000) (as determined by Seller's independent insurer), then (i) Purchaser shall at Closing receive, to the extent such sums have not been expended on repair work, the amount of the deductible plus all insurance proceeds payable as a result of such loss; (ii) this Agreement shall continue in full force and effect with no reduction in the Purchase Price and (iii) Seller shall have no obligation to repair such damage. If the cost of repairing damage from such casualty is Three Hundred Thousand Dollars ($300,000) or more (as determined by Seller's independent insurer), then Purchaser shall have the right, for a period of ten (10) days from the date of notice of the amount of damage caused by the casualty, to terminate this Agreement by giving written notice of termination to Seller within such period. Upon such termination, the Deposit shall be returned to Purchaser and the parties hereto shall be released of any further liability hereunder except as otherwise provided herein. If Purchaser fails to notify Seller within such period of Purchaser's exercise of its right to terminate this Agreement, then Purchaser shall be deemed to have terminated this Agreement, in which event the foregoing provisions of this Section 11(a) regarding a termination by Purchaser shall apply. If the cost of repairing damage from such casualty is Three Hundred Thousand Dollars ($300,000) or more (as determined by Seller's independent insurer), and Purchaser notifies Seller (within a period of ten (10) days from the date of notice of the amount of damage caused by the casualty) that Purchaser elects to continue this Agreement, then the parties shall proceed to Closing and, to the extent such sums have not been expended on repair work performed upon Purchaser's consent, not to be unreasonably withheld, all insurance proceeds received by Seller as a result of such casualty loss plus the amount of the deductible shall be paid to Purchaser at Closing. If such proceeds have not yet been received by Seller, then Seller's rights to such proceeds shall be assigned to Purchaser at Closing upon payment of the full Purchase Price to Seller by Purchaser, less the amount of Seller's deductible, and Seller shall have no obligation to repair such damage.

(b) If, prior to the Closing Date, any condemnation or eminent domain proceedings shall be threatened in writing or commenced by any competent public authority against the Property, Seller shall promptly give Purchaser written notice thereof. Within ten (10) Business Days after receipt of notice of the written threat or commencement of any such proceedings from Seller and in the event that the taking of such property shall materially interfere with the operation of the Property, Purchaser shall have the right to terminate this Agreement by giving written notice to Seller to that effect within ten (10) Business Days from the date Purchaser receives notice of the proceedings or written threat. If this Agreement is terminated by Purchaser as aforesaid, then the Deposit shall be returned to Purchaser and the parties hereto shall have no further liability hereunder except as otherwise provided herein. In the event Purchaser fails to notify Seller within such period of Purchaser's exercise of its right to terminate this Agreement, then Purchaser shall be deemed to have terminated this Agreement, in which event the foregoing provisions of this Section 11(b) regarding a termination by Purchaser shall apply. Purchaser shall also have the right, in the circumstance described above in this Section 11(b), to accept the Property (by notice to Seller given within the ten (10)-Business Day period aforesaid) subject to the condemnation proceedings or written threat without abatement of the Purchase Price. In the event that Purchaser elects to accept the Property in accordance with the foregoing provisions of this Section 11(b), or the taking of a portion of the Property shall not materially interfere with the operation of the Property, Purchaser shall accept the Property subject to the proceedings or written threat of condemnation without abatement of the Purchase Price, whereupon any award (minus any reasonable legal fees incurred by Seller in connection therewith) shall be paid to Purchaser and Seller shall deliver to Purchaser at Closing all assignments and other documents reasonably requested by Purchaser to vest such award in Purchaser. For purposes of this Section 11(b), a taking shall be deemed to materially interfere with the operation of the Property if the Building or any portion thereof shall be taken, if the taking shall have any material effect on any ingress or egress, or if a portion of the parking for the Property shall be taken such that the remaining parking area does not comply with applicable building or zoning law.

12. Notices and Other Communications.

12.1 Manner of Giving Notice. Each notice, request, demand, consent, approval, objection or other communication

(hereafter in this Section 12 referred to collectively as "notices" and referred to singly as a "notice") which Seller, Purchaser or Escrow Agent is required or permitted to give pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if hand delivered with receipt therefor, or sent by Federal Express or other overnight courier service. Any such notice shall be deemed given when received or when delivery is refused. The records of the courier service shall be conclusive with respect to the date of receipt or refusal of delivery.

12.2 Addresses for Notices. All notices shall be addressed to the parties at the following addresses:

(1) if to Purchaser: 11 Commerce Drive, Cranford, New Jersey 07016, with separate notice to the attention of Roger W. Thomas, Esq. and David Parisier, with an additional separate notice to go to Pryor, Cashman, Sherman and Flynn, 410 Park Avenue, New York, NY 10022, Attention: Andrew S. Levine, Esq.

(2) if to Seller: c/o Quadrangle Development Corporation, 1001 G Street, N.W., Suite 700, Washington, D.C. 20001, Attention: Legal Department, with a copy to: The Taylor Simpson Group, One Rockefeller Plaza, Twenty-Third Floor, New York, New York 10020, Attention: Paul E. Taylor III and Jeffrey Feldman, Esq.

Either party may, by notice given pursuant to this Section 12, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices.

13. Default and Remedies.

13.1 Purchaser. If Seller fails to perform any of its obligations or agreements contained herein in any material respect and if Purchaser is not then in default of any of its obligations and agreements contained herein, then Purchaser may elect one of the following as Purchaser's sole and exclusive remedy: either (i) terminate this Agreement by giving notice of termination and the reasons therefor to Seller, in which event neither Seller nor Purchaser shall have any further obligations or liabilities one to the other except as otherwise provided herein and the Deposit shall be returned to Purchaser; or (ii) hereby waiving all other actions, rights or claims for damages, Purchaser may bring an equitable action for specific performance of the terms of this Agreement for conveyance of the Property to Purchaser; or (iii) in the event Seller wilfully and

intentionally conveys title to a third party in violation of this Agreement, in lieu of the remedy of specific performance, Purchaser, upon proper proof, may assert a claim or claims for compensatory damages in an amount not to exceed Four Hundred Sixty-Nine Thousand Dollars ($469,000) in the aggregate.

13.2 Seller. If Purchaser fails to close on the purchase of the Property when required to do so under the provisions hereof, and Seller is not then in default of any of its obligations or agreements contained herein in any material respect, then Seller's sole remedy hereunder shall be to terminate this Agreement and to receive the Deposit as liquidated damages, and thereafter Seller and Purchaser shall have no further obligations or liabilities one to the other except as otherwise provided herein. Seller's right to receive the Deposit as liquidated damages is agreed to due to the difficulty, inconvenience and uncertainty of ascertaining actual damages for such breach by Purchaser, and Purchaser agrees that the same is a reasonable and fair estimate of damages.

13.3 Legal Fees. In any action or proceeding brought to enforce a party's remedies under this Agreement, the prevailing party shall be entitled to reimbursement of its reasonable legal fees and expenses.

13.4 Documents. Within five (5) Business Days after any termination of this Agreement in accordance with the foregoing provisions of this Section 13, or pursuant to any other provision of this Agreement, Purchaser shall deliver to Seller, without charge, all documents or studies prepared by third party environmental, structural and mechanical engineers whose reports are not otherwise confidential or proprietary, and all documents provided to Purchaser by Seller or Seller's agents.

14. Environmental Condition.

In addition to, and not by way of limitation of, the sale of the Property on an AS IS CONDITION WITH ALL FAULTS basis under this Agreement, Purchaser agrees that Seller makes no representations or warranties whatsoever to Purchaser regarding the presence or absence of hazardous or toxic materials or chemicals in, at, or under the Property, except as otherwise provided in Section 15.9 hereof. During the Inspection Period, Purchaser has made such studies and investigations, conducted such tests and surveys and engaged such specialists as Purchaser deemed appropriate (and in the manner described in Section 9.1 hereof) to fairly evaluate the Property and its environmental risks. By its execution of this Agreement, Purchaser hereby

releases Seller from any and all liability to Purchaser and Purchaser's successors in interest attributable to the presence, discovery, or removal of any hazardous or toxic materials or chemicals in, at, or under the Property, subject to the provisions of Section 15.9 hereof. Notwithstanding anything herein to the contrary, the agreements of Purchaser set forth in this Section 14 shall survive the Closing and shall be enforceable at any time.

15. Seller's Representations and Warranties

Seller hereby represents and warrants to Purchaser the following:

15.1 United States Person. Seller is a "United States person" within the meaning of Sections 1445(f)(3) and 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

15.2 Management Agreement. On the Closing Date, there will be no agreement in effect for the management of the Property nor will there be any exclusive leasing agency agreement applicable to the Property.

15.3 Condemnation. To the best of Seller's knowledge, Seller has not received notice of any actual or threatened condemnation proceeding or special assessment with regard to the Property.

15.4 Litigation. To the best of Seller's knowledge, there are no actions, suits or other litigation (including governmental proceedings) pending or threatened in writing against Seller that would materially and adversely affect the Property, or its continued operation, or that would materially and adversely affect the ability of Seller to perform its obligations under this Agreement, except as set forth on Schedule F.

15.5 Seller's Authority.

As of the Closing Date:

(a) Seller has the full right, power and authority and has taken all requisite action to enter into this Agreement, to sell the Property and to carry out its obligations as set forth hereunder.

(b) No consent or approval of any person, entity or governmental agency or authority is required with

respect to the execution and delivery of this Agreement by Seller or the consummation by Seller of the transaction contemplated hereby or the performance by Seller of its obligations hereunder.

(c) There are no attachments, executions, assignments

for the benefit of creditors, receiverships, conservatorship or voluntary or involuntary proceedings in bankruptcy or pursuant to any debtor relief laws filed by Seller or against Seller.

(d) Seller is the sole owner of the Property.

15.6 Leases. To Seller's knowledge, Schedule B attached hereto sets forth a true, correct and complete list of all Leases as of the Effective Date. Copies of such Leases have been initialed by the parties and delivered to Purchaser. To Seller's knowledge, the Leases constitute all of the leases, tenancies or occupancies affecting the Building on the Effective Date to which Seller is a party, and, except as provided in the Leases or as may be contained in any Permitted Encumbrance, there are no agreements to which Seller is a party which confer on any Tenant or any other person or entity any rights of possession with respect to the Property. To Seller's knowledge, Seller has not received, within the two hundred seventy (270)-day period prior to the Effective Date, written notice from any Tenant asserting that Seller, as landlord, is in default under such Tenant's Lease, which default remains substantially uncured as of the Effective Date.

15.7 Service Contracts. To Seller's knowledge, there are no service contracts affecting the Property or the operation thereof, except the Service Contracts.

15.8 Notices of Violations. To Seller's knowledge, within the two hundred seventy (270)-day period prior to the Effective Date, Seller has not received a notice of any material violations, or of any notices, suits, investigations or judgments relating to any material violations, of any laws, ordinances or regulations affecting the Property. If Seller receives any such notice after the Effective Date, Seller will promptly deliver a copy of such notice to Purchaser.

15.9 No Remediation Program. To Seller's knowledge, no clean-up or remediation program that may have been required by any environmental law applicable to the Property is ongoing in respect of the Property.

All references in this Agreement to the "knowledge" of Seller shall refer only to actual knowledge of the Designated Employees (as hereinafter defined) and shall not be construed to refer to the knowledge of any other officer, agent or employee of Seller or any Affiliate thereof or to impose upon such Designated Employees any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains, including the contents of the files, documents and materials made available to or disclosed to Purchaser. Seller affirmatively states that neither it nor the Designated Employees has reviewed such files, documents, or materials and that Seller's representations and warranties hereunder are not based on the contents of any such files, documents, materials. For purposes of this Agreement, the term "Designated Employees" shall refer only to Christopher D. Gladstone.

16. Purchaser's Authority.

Purchaser hereby represents and warrants to Seller that the following statements are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

(a) Purchaser has the full right, power and authority and has taken all requisite action to enter into this Agreement, to purchase the Property and to carry out its obligations as set forth hereunder.

(b) Unless otherwise provided herein, no consent or approval of any person, entity or governmental agency or authority is required with respect to the execution and delivery of this Agreement by Purchaser or the consummation by Purchaser of the transaction contemplated hereby or the performance by Purchaser of its obligations hereunder.

(c) There are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorship or voluntary or involuntary proceedings in bankruptcy or pursuant to any debtor relief laws filed by Purchaser or against Purchaser.

17. Third Party Beneficiaries.

Nothing in this Agreement is intended or shall be construed to confer upon or to give to any person, firm or corporation other than the parties hereto any right, remedy, or claim under or by reason of this Agreement. All terms and conditions in this Agreement shall be for the sole and exclusive benefit of the parties hereto. This Section 17 shall survive the

Closing or termination of this Agreement prior to the Closing Date for any reason whatsoever.

18. Further Assurances.

Purchaser and Seller each agree to execute and deliver to the other such further documents or instruments as may be reasonable and necessary in furtherance of the performance of the terms, covenants and conditions of this Agreement; provided, however, that no such documents or instruments shall

contain any warranty or representation from, or recourse to, Seller. This Section 18 shall survive the Closing Date.

19. No Assignment.

Purchaser shall not assign its rights or delegate its duties under this Agreement, in whole or in part, without the prior consent of Seller, which Seller may withhold in its sole and absolute discretion. Consent by Seller to any assignment or delegation of Purchaser's rights or duties under this Agreement shall not relieve Purchaser of its obligations under this Agreement, regardless of whether such assignment includes an assumption of liability by Purchaser's assigns. Notwithstanding the foregoing, Purchaser shall have the right to assign this Agreement to Mack-Cali Realty, L.P. (which is the entity which controls Mack-Cali Realty Acquisition Corp.), or any other entity which is controlled by Mack-Cali Realty, L.P., directly or indirectly, provided that Purchaser provides Seller with evidence that the assignee is such a controlled entity.

20. Confidentiality

Prior to Closing and except as may reasonably be required in connection with the consummation of the transactions contemplated hereby, or as required by law or opinion of counsel, each party shall keep confidential the details of the transactions contemplated hereby and all documents and other information provided to the other party, and will not identify Purchaser or Seller of the Property without the prior consent of the other. Each party shall instruct all of its employees, officers, Affiliates, professionals and others engaged by it in connection with the transactions contemplated hereby to abide by the foregoing confidentiality provisions.

21. Assumption or Cancellation of Service Contracts.

Purchaser has notified Seller in writing as to which of the Service Contracts Purchaser desires to assume. Any Service

Contracts that are assignable and that Purchaser has elected to assume shall be included in the assignment and assumption described in Section 7.1(b) and any costs or fees charged by the service provider in connection with such assignment shall be paid by Purchaser at or prior to Closing. Any Service Contract that Purchaser does not elect to assume shall be terminated by Seller on or before the Closing Date if such termination may be accomplished without payment of any fee therefor. Seller shall have no obligation to terminate any Service Contract that is not terminable by its terms on or before the Closing Date without payment and Seller shall have no obligation to pay any fees in respect of contract termination. If Purchaser elects to terminate any Service Contract whose termination causes payment therefor, Seller shall obtain a credit at closing for the full amount of such payment. If any Service Contract is to be terminated by Seller under the foregoing provisions, Seller shall give the service provider a termination notice as soon possible after receiving notice from Purchaser that Purchaser does not elect to assume such Service Contract. If, because of the termination provisions in such Service Contract, it cannot be terminated prior to the Closing Date, Purchaser shall assume such Service Contract at Closing, but only in respect of any period that may remain on such Service Contract after the delivery of such termination notice by Seller.

22. Exclusivity.

So long as this Agreement has not been terminated, Seller agrees not to negotiate with, discuss or further pursue any other offers or proposals relating to the sale of the Property with any party other than Purchaser.

23. Miscellaneous.

23.1 Captions and Execution. The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof. This Agreement shall not be binding or effective until properly executed and delivered by Seller and Purchaser. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement, and it shall not be necessary that each party to this Agreement execute each counterpart.

23.2 Press Release. Seller and Purchaser each agrees that before the Closing Date it will not issue any press release, advertisement or other public communication with respect to this

Agreement or the transactions contemplated hereby without the prior consent of the other party hereto, except to the extent required by law. If Seller or Purchaser is required by law to issue such a press release or other public communication before the Closing Date, at least one Business Day before the issuance of the same such party shall deliver a copy of the proposed press release or other public communication to the other party hereto for its review and approval, which approval shall not be unreasonably withheld or delayed.

23.3 Recording. This Agreement shall not be recorded in any office legally established for the purpose of giving public notice of real estate records. If Purchaser records or causes this Agreement to be recorded, Purchaser

shall be in default hereunder, giving Seller the right to terminate this Agreement, to retain the Deposit and collect liquidated damages according to the terms of Section 13.2 hereof, or to exercise any other rights and remedies available by reason of Purchaser's default. Purchaser hereby appoints Seller as its true and lawful attorney in fact for the purpose of executing any form of release or termination required to remove this Agreement from public record.

23.4 Amendment and Merger. This Agreement may not be changed or terminated orally. This Agreement shall be deemed to merge with the conveyance of title and all covenants, agreements, indemnities, representations and warranties shall not survive the Closing except as may be otherwise specifically provided herein.

23.5 Binding. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, personal representatives, heirs and permitted assigns.

23.6 Governing Law and Limitation Date. This Agreement shall be governed by and construed in accordance with the laws of the District of Columbia. Purchaser and Seller agree that any claim or litigation arising out of this Agreement, or the transaction contemplated hereby, shall be made or brought no later than December 31, 1998 ("Limitation Date"), and that any litigation shall be brought in the courts of the District of Columbia or in the courts of the United States for the District of Columbia, Seller and Purchaser consenting to the venue of such courts. The warranties, representations and agreements of Seller and Purchaser set forth herein shall survive until the Limitation Date, and no action based thereon shall be commenced after the Limitation Date. Notwithstanding the foregoing, (i) Section 14 (Environmental Condition) shall survive both the Closing and the

Limitation Date and shall not merge into the special warranty deed delivered pursuant to Section 7.1(a), but shall be enforceable at any time by Seller, and (ii) the obligations of the parties under Section 5.7 hereof shall survive until April 30, 1999.

23.7 Entire Agreement. This Agreement contains the entire agreement between the parties and any and all prior understandings and agreements are merged herein and any agreement hereafter made shall be ineffective to change, modify, or discharge this Agreement in whole or in part unless such agreement hereafter made is in writing and signed by the parties hereto.

23.8 Time of Essence. Purchaser and Seller each agree that time is of the essence with respect to this Agreement.

23.9 No Waiver. Except as otherwise provided in this Agreement, failure by Purchaser or Seller to insist upon or enforce any rights herein shall not constitute a waiver thereof.

23.10 Partial Invalidity. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

23.11 Waiver of Jury Trial. Seller and Purchaser waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on any matter arising out of or in any way connected with this Agreement.

23.12 No Cross-Default. If Purchaser, or any Affiliate, is also the purchaser under a Purchase and Sale Agreement (this Agreement and such Purchase and Sale Agreement being collectively referred to as the "Agreements") with 14L Associates, then (i) any default by the seller under such other Agreement shall not be a default hereunder, (ii) any default by Seller hereunder shall not be a default under such other Agreement, (iii) any default by Purchaser and Purchaser's failure to close under either of the Agreements shall be deemed a default under both of the Agreements and Purchaser shall forfeit its Deposit and the deposits under both Agreements, at Seller's option, (iv) if there is any default and failure to close by Seller under either one of the Agreements, Purchaser shall still

have the right (but not the obligation) to close on the Agreement not involved in Seller's default and failure to close, and (v) if either one of the Agreements is terminated by virtue of a failure of a condition precedent or a casualty giving a right of termination under one of the Agreements, the obligations of Seller and Purchaser under the Agreement where the failed condition is not applicable or the casualty has not so occurred shall not be affected.

23.13 Soil Characteristics. The characteristics of the soil of the Property, as described by the Soil Conservation Service of the U.S. Department of Agriculture in the Soil Survey Book of the District of Columbia (Area 11), published in July, 1976, and as shown on the soil maps of the District of Columbia at the back of that publication is Urban Land. For further information, Purchaser may contact the Soil Testing Laboratory, the District of Columbia Department of Environmental Services, or the Soil Conservation Service of the

U.S. Department of Agriculture. The foregoing is set forth pursuant to the District of Columbia Code and is not intended as, and should not be construed as, limiting the conditions set forth herein with respect to Purchaser's investigations, tests and studies and the absence of representations and warranties by Seller with respect to the condition of the Property.

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

SELLER:

1709 L.P.

By: Q 1709 L.L.C., General Partner

By: Quadrangle Development Corporation,
Managing Member

By /s/ Christopher D. Gladstone

Christopher D. Gladstone,
President

PURCHASER:

MACK-CALI REALTY ACQUISITION CORP.

By /s/ [ILLEGIBLE]

Name:
Title:

SCHEDULE A

Legal Description

Lot Forty (40) in the subdivision made by Rekab, Inc. of Lots in Square One Hundred Seventy (170), as per plat recorded in Liber 157 at folio 29 in the Office of the Surveyor for the District of Columbia.

SCHEDULE B

Leases and Security Deposits

1. Board of Governors of the Federal Reserve System -- Amended and Restated Office Lease dated April 28, 1995; Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3 dated December 30, 1997; First Amendment to Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3 dated April 28, 1998.

2. Board of Governors of the Federal Reserve System -- Amended and Restated Office Lease No. 2 dated April 28, 1995; Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3 dated December 30, 1997; First Amendment to Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3, dated April 28, 1998.

3. Board of Governors of the Federal Reserve System -- Office Lease No. 3 dated March 29, 1995; Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3 dated December 30, 1997; First Amendment to Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3, dated April 28, 1998.

4. Board of Governors of the Federal Reserve System -- Storage Space dated June 14, 1994 for 1,406 square feet of storage space on the First Basement Level; First Amendment to Storage Space Lease dated May 13, 1998.

5. Board of Governors of the Federal Reserve System -- Storage Space Lease (undated) for 690 square feet of storage in Garage Level C; First Amendment to Storage Space Lease dated May 13, 1998.

6. Diplomat Parking Corporation -- Lease Agreement dated June 20, 1972; First Amendment dated May 28, 1991; Second Amendment dated April 30, 1996; another Second Amendment dated April 30, 1996; Consent to Assignment and Agreement dated October 1, 1997;

7. General Services Administration-- Lease dated December 2, 1988; Supplemental Lease Agreement No. 1 dated May 11, 1990; Supplemental Lease Agreement No. 2 dated May 11, 1990; Supplemental Lease Agreement No. 3 dated November 16, 1990; Supplemental Lease Agreement No. 4 dated November 16, 1990; Supplemental Lease Agreement No. 5 dated March 22, 1991; Supplemental Lease Agreement No. 6 dated January 10, 1992; Supplemental Lease Agreement No. 7 dated January 10, 1992; Supplemental Lease Agreement No. 8 dated April 7, 1992; Supplemental Lease Agreement No. 9, undated (signed by Tenant only); Supplemental Lease Agreement No. 10 dated June 23, 1993 (signed by Tenant

only); Supplemental Lease Agreement No. 11, undated; Supplemental Lease Agreement No. 12, undated; Supplemental Lease Agreement No. 13, undated; Supplemental Lease Agreement No. 14 dated May 31, 1996; Supplemental Lease

Agreement No. 15 dated June 20, 1996 (signed by Tenant only); Supplemental Lease Agreement No. 16 dated June 20, 1996 (signed by Tenant only); Supplemental Lease Agreement No. 17 dated June 20, 1996 (signed by Tenant only); and Supplemental Lease Agreement No. 18 dated June 3, 1997 (signed by Tenant only).

8. D.C. Fish Co., Inc. -- Lease dated June 26, 1979; Assignment dated October 8, 1980 assigning the lease to Tae Kyong Chung, Yong Whi Ching, Tae Rhin Chung and Chung Ok Chung; Agreement dated March 16, 1989; First Amendment to Lease dated November 20, 1992; Second Amendment to Lease dated December 20, 1993.

9. Group Health Association. Inc. -- Lease Agreement dated July 19, 1991; First Amendment to Lease dated March 16, 1993; Landlord's Sublease Consent for Results Educational Fund (not yet signed by Landlord or Tenant). Tenant now known as Humana Group Health Plan, Inc.

10. World Resources Institute -- Lease Agreement dated October 17, 1988; First Amendment to Lease dated February 23, 1993; Second Amendment to Lease dated April 28, 1993.

11. American Institute of Architects -- Lease Agreement dated March 1, 1989; Amendment to Lease dated November 27, 1989; Second Amendment to Lease dated July 23, 1993; Third Amendment to Lease dated September 2, 1993.

12. Ducks Unlimited -- License Agreement for a current subtenant of American Institute of Architects that has not yet been signed by Landlord or Tenant.

NOTE: The above list does not include Guarantees

Security Deposits as of May 15, 1998:

	Tenant	Principal Amount	Accrued Interest	Less Payments	Ending Balance
1.	DC Fish Co.	$ 4,800.00	$ 0.00	$ 0.00	$ 4,800.00

SCHEDULE C

Service Contracts

Contractor	Services Rendered	Date of Contract
American/Valcourt Building Service	Window cleaning	January 1, 1998
Aargon Corporation	Trash removal services	January 1, 1998
Classic Concierge	Concierge service	January 1, 1998
Creative Plantscape	Landscaping	January 1, 1998
Empire Recylcing	Recycling	January 1, 1998
Home Paramount	Pest control	January 1, 1998
Kastle Systems	Electronic Security	January 1, 1998
Landis & Gyr	Computer energy management	January 1, 1994
Montgomery Elevator	Elevator maintenance	May 1994
Oneil M. Banks	Air quality survey	January 1, 1998
Stuart Dean	Metal refinishing	January 1, 1998
Vance Uniformed Protective Services	Lobby host services	January 1, 1998
USSI	Janitorial services	January 1, 1998

SCHEDULE D

Permitted Encumbrances

1. Taxes subsequent to March 31, 1998, a lien, not yet due and payable.

2. Water rent and sewer service charges subsequent to closing date, a lien, not yet due and payable.

3. Agreement(s) with the District of Columbia relating to projection of sub-surface vaults into public space abutting the property as set forth in instrument recorded January 27, 1971 in Liber 13182 at folio 64.

4. Rights of parties in possession as commercial tenants only as set forth on Schedule B.

5. Minor encroachments of building along north property line as shown on Plat of Survey of Bernard F. Locraft dated February 24, 1992, last revised May 13, 1998.

SCHEDULE F

Pending Litigation

Susan Friedman v. 1709 L.P. et al. -- Civil Action No. 2758-98 in the Superior Court of the District of Columbia.

Schedule 5.2(b)

034201 Page - 1
1709 L.P. 1709 LP Date - 5/29/98
Detailed Accounts Receivable As of - 05/29/98

<TABLE>
<CAPTION>

Address Number	Name	Co	Ty	Document Reference Number	Inv Date	Balance Original	Balance Open	Discount	Remark
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
34948	GROUP HEALTH ASSOCIATION, INC.								
		089	RD	108514 003	12/01/97	398.02	398.02		CPI - Office
	34948 Humana, Inc.					398.02	398.02		
35490	U.S. SECRET SRVC GS-11B-80415								
		089	RN	106822 001	10/01/97	1,852.72	1,852.72		GSA 1997 R/E TAX
		089	RD	114354 001	05/01/98	74,639.19	74,639.19		Base Rent - Office
		089	RN	114540 001	04/24/98	320.70	320.70		3/98 PRORATED EXC
		089	RN	114540 002	04/24/98	662.74	662.74		4/98 ESC
		089	RN	114540 003	04/24/98	662.74	662.74		5/98
	35490 U.S. SECRET SRVC GS-11B-8					78,138.09	78,138.09		
34905	WORLD RESOURCES INSTITUTE								
		089	RN	114720 001	04/30/98	56,034.00	56,034.00		'97 FINAL OP EXP
	34905 WORLD RESOURCES INSTITUTE					56,034.00	56,034.00		
089	1709 L.P.					134,570.11	134,570.11		
	Grand Total -					134,570.11	134,570.11		

</TABLE>

SCHEDULE 5.6

New Leases, Amendments to Leases and Broker Commission Agreements

Federal Reserve Board:

a) Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3 dated December 30, 1997.

b) First Amendment to Option to Lease and Amendment to Original Lease, Office Lease No. 2 and Office Lease No. 3 dated April 28, 1998.

c) First Amendment to Storage Space Lease dated May 13, 1998. This is an amendment to the Storage Space Lease for 1,406 square feet.

d) First Amendment to Storage Space Lease dated May 13, 1998. This is an amendment to the Storage Space Lease for 690 square feet.

Ducks Unlimited -- License Agreement that extends the term of a subtenant for two months beyond the lease expiration date of the tenant, American Institute of Architects (July 1 through August 31, 1998). The License Agreement is under review by Licensee and has not yet been signed.

Humana Group Health Plan -- Landlord's Consent to Sublease, undated. This document is under review by tenant and has not yet been signed by Landlord or Tenant.

EXHIBIT A

DEED

AFTER RECORDING,
PLEASE RETURN TO:

Andrew S. Levine, Esq.
Pryor, Cashman, Sherman & Flynn
410 Park Avenue
New York, New York 10022

DEED

THIS DEED is made and entered into on this ____ day of June, 1998, by and between 1709 L.P., a District of Columbia limited partnership ("Grantor"), whose address is c/o Quadrangle Development Corporation, 1001 G Street, N.W., Washington, D.C. 20001, and MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Grantee"), whose address is 11 Commerce Drive, Cranford, New Jersey 07016.

W I T N E S S E T H:

For Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby GRANT, BARGAIN, SELL and CONVEY, with Special Warranty, unto Grantee, its successors and assigns, in fee simple, the parcel of land located in the District of Columbia, described on Exhibit A attached hereto.

TOGETHER with all buildings, fixtures and other improvements located in or on such parcel of land; and

TOGETHER with all easements, rights-of-way, appurtenances, licenses and privileges belonging or appurtenant to such land; and

TOGETHER with all mineral, gas, oil and water rights, sewer rights, other utility rights, and development rights now or hereafter allocated or allocable to such land; and

TOGETHER with all right, title and interest of Grantor in and to any land lying in the bed of any street, road, avenue or alley, open or closed, adjacent to such land, to the center line thereof.

TO HAVE AND TO HOLD all of the aforesaid property (the "Property") unto the use and benefit of Grantee, its successors and assigns, in fee simple forever.

This conveyance is expressly made subject to easements, covenants, conditions, agreements, and restrictions of record.

Grantor covenants that it has the right to convey the Property to Grantee and that Grantor will execute such further assurances of the Property as may be required.

IN WITNESS WHEREOF, Grantor has caused this Deed to be executed by its general partner, Q 1400 L.L.C., which has caused this Deed to be executed by its Managing Member, Quadrangle Development Corporation, which has caused this Deed to be executed by Christopher D. Gladstone, its President, and its corporate seal to be affixed hereto, and does hereby constitute and appoint Christopher D. Gladstone its true and lawful attorney-in-fact for it and in its name to acknowledge and deliver said Deed on behalf of Quadrangle Development Corporation, the managing member of Q 1400 L.L.C., the general partner of Grantor.

GRANTOR:

1709 L.P.

By: Q 1709 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

)
) ss:
)

I, _____, a Notary Public for the jurisdiction aforesaid, do certify that Christopher D. Gladstone, who is personally well known to me as (or proved by the oath of credible witnesses to be) the person named as attorney-in-fact in the foregoing and annexed Deed bearing date on the ___ day of June, 1998, personally appeared before me in said jurisdiction and as attorney-in-fact as aforesaid, and by virtue of the authority vested in him as aforesaid, acknowledged the same to be the true act and deed of Quadrangle Development Corporation, the managing member of Q 1709 L.L.C., in its capacity as the general partner of the Grantor therein.

Given under my hand and official seal on this ___ day of June, 1998.

Notary Public

My Commission Expires:

EXHIBIT B

ASSIGNMENT AND ASSUMPTION OF LEASES AND SERVICE CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND SERVICE CONTRACTS (this

"Assignment") is entered into on this ____ day of June, 1998, between 1709 L.P., a District of Columbia limited partnership ("Assignor"), whose address is c/o Quadrangle Development Corporation, 1001 G Street, N.W., Washington, D.C. 20001, and MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Assignee"), whose address is 11 Commerce Drive, Cranford, New Jersey 07016.

1. Reference to Purchase Agreement. Reference is made to a Purchase and Sale Agreement dated June ___, 1998 between Assignor, as seller, and Assignee, as purchaser, pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, the improved real property and other assets described therein (the "Purchase Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

2. Assignment. For good and valuable consideration received by Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby grants, transfers and assigns to Assignee all right, title and interest of Assignor (i) in and to each of the contracts listed on Exhibit A attached hereto (the "Accepted Contracts"), to the extent assignable, (ii) as landlord in and to each of the leases listed on Exhibit B attached hereto, including any amendments and guaranties thereof (the "Leases"), (iii) any and all licenses to occupy space at the Property and (iv) the security deposits held by landlord under the Leases. Assignor is not assigning any right to receive Delinquent Rent, and any Delinquent Rent as of the date hereof shall be collected and paid to Seller to the extent and in the manner provided by the Purchase Agreement.

3. Assumption. Assignee hereby assumes, and agrees to be bound by, all of the covenants, agreements and obligations of Assignor (i) under the Accepted Contracts, and (ii) as landlord under the Leases, that shall arise or be incurred, or that are required to be performed, on and after the date of this Assignment, and Assignee further assumes all liability of Assignor for the proper refund or return of the security deposits actually delivered or credited to Assignee on the date hereof and held under the Leases if, when and as required by the Leases or otherwise by law.

4. Indemnity. Assignee agrees to indemnify, defend and hold harmless Assignor from any loss, cost, claim, liability,

expense or demand of whatever nature under the Leases and Accepted Contracts arising or accruing as a result of any acts which occur on or after the date hereof. Assignor agrees to indemnify, defend and hold harmless Assignee from any loss, cost, claim, liability, expense or demand of whatever nature under the Leases and Accepted Contracts arising or accruing prior to the date hereof, but only in respect of any claim under the indemnity contained in this sentence made by Assignee prior to April 30, 1999.

5. Binding Effect. This Assignment shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns.

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

ASSIGNOR:

1709 L.P.

By: Q 1709 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

ASSIGNEE:

MACK-CALI REALTY ACQUISITION CORP.

By

Name:
Title:

EXHIBIT C

ASSIGNMENT OF INTANGIBLE PROPERTY AND WARRANTIES

THIS ASSIGNMENT OF INTANGIBLE PROPERTY AND WARRANTIES (this "Assignment") is entered into on this ____ day of June, 1998, by 1709 L.P., a District of Columbia limited partnership ("Assignor"), whose address is c/o Quadrangle Development Corporation, 1001 G Street, N.W., Washington, D.C. 20001, for the benefit of MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Assignee"), whose address is 11 Commerce Drive, Cranford, New Jersey 07016.

1. Reference to Purchase Agreement. Reference is made to a Purchase and

Sale Agreement dated June ___, 1998 between Assignor, as seller, and Assignee, as purchaser, pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, the improved real property and other assets described therein (the "Purchase Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

2. Assignment. For good and valuable consideration received by Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby grants, transfers and assigns, without any warranty, representation, or recourse of any kind, to Assignee all right, title and interest of Assignor in and to (i) the Intangible Property, and (ii) all warranties or guaranties presently in effect from contractors, suppliers or manufacturers of personal property installed in or used in connection with the Property or any work performed or improvements included as a part of the Property (the "Warranties"). This Assignment shall not be effective as to any Intangible Property or Warranty that, by its terms or as a matter of law, cannot be assigned.

3. Binding Effect. This Assignment shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns.

[The signature of Assignor is set forth on the next page.]

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

ASSIGNOR:

1709 L.P.

By: Q 1709 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

EXHIBIT D

Notice to Tenants

1709 L.P.
c/o do Quadrangle Development Corporation
1001 G Street, N.W.
Washington, DC 20001

May___, 1998

Tenant Name
Tenant Address

Re: Sale of 1709 New York Avenue, N.W., Washington, DC

Dear Tenant:

Please be advised that, as of the date hereof, 1709 L.P. has sold the referenced premises to M-C Capitol Associates L.L.C. In connection with such sale, 1709 L.P. has assigned all of its right, title and interest as landlord under your lease to M-C Capitol Associates L.L.C. Your security deposit, if any, has also been assigned to M-C Capitol Associates L.L.C.

You are instructed to pay all rents, additional rents and all other charges and payments due under your lease as follows:

M-C Capitol Associates L.L.C.
P.O. Box 23229
Newark, New Jersey 07189

You will receive from M-C Capitol Associates L.L.C. monthly invoices for all rents due under your lease. In order for M-C Capitol Associates L.L.C. to process your payments quickly and accurately, kindly return the payment stub attached to each invoice.

In addition, all correspondence relating to the monthly billings should be sent to Alicia Friedman, M-C Capitol Associates L.L.C., 11 Commerce Drive, Cranford, New Jersey 07016.

I am please to inform you that, for the immediate future, QDC Property Management, Inc. is remaining as property manager for the building. We have appreciated the chance to work with you and serve your space needs over the years.

Very truly yours,

1709 L.P.

By: Q 1709 L.L.C.,
general partner

By: Quadrangle Development Corporation,
managing member

By:

Christopher D. Gladstone
President

EXHIBIT E

AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a United States real property interest by 1709 L.P., a District of Columbia limited partnership ("the Partnership"), the undersigned hereby certifies the following on behalf of the Partnership:

1. The Partnership is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations); and

2. The Partnership's U.S. employer tax identification number is 52-1784850; and

3. The Partnership's office address is 1001 G Street, N.W., Suite 700, Washington, D.C. 20001.

The Partnership understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

The undersigned officer of the Partnership declares that he has examined this certification and to the best of his knowledge and belief it is true, correct and complete, and he further declares that he has authority to sign this document on behalf of the Partnership.

Dated: June ___, 1998.

1709 L.P.

By: Q 1709 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

TENANT ESTOPPEL CERTIFICATE

_____, 1998

Mack-Cali Realty Acquisition Corp.
c/o Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

1709 L.P. ("Landlord")
c/o Quadrangle Development Corporation
1001 G Street, N.W.
Suite 700W
Washington, DC 20001

Premises: 1709 New York Avenue, N.W., Washington, DC (the "Property")

Ladies and Gentlemen:

The undersigned, as Tenant under that certain lease dated _____ (the "Lease"), made with 1709 L.P. does hereby certify to Landlord, Mack-Cali Realty Acquisition Corp. and its assigns and successors (the "Purchaser") and to any lender or mortgagee of Purchaser with respect to Purchaser's acquisition of the property of which the Demised Premises (as hereinafter defined) form a part:

1. That the premises leased by Tenant (the "Demised Premises") pursuant to the Lease are described as ____ square feet on the _____floor at the Premises;

2. That the Lease has not been modified, changed, altered or amended in any respect, except as set forth below, and is the only Lease or agreement between the undersigned and the Lessor affecting the Demised Premises. If none,

state "none." A true and complete copy of the Lease, together with any and all modifications, amendments and/or assignments thereto, are annexed hereto as Exhibit A. There are no subleases for any of the Demised Premises, except _____;

3. That the full name and current mailing address for Tenant, and the address for all notices to Tenant, are set forth below:

4. That the Demised Premises have been completed in accordance with the terms of the Lease and that Tenant has accepted possession of the Demised Premises. All improvements,

alterations or additions to be constructed on the Demised Premises by Landlord pursuant to the Lease have been completed and accepted by Tenant. All contributions now or previously required from Landlord for improvements to the Demised Premises have been paid in full to Tenant;

5. That the original Lease term began on _____ and will expire on _____; that Tenant has paid rent through _____; that no rent has been paid by Tenant for more than one month in advance; that the rent payable under the Lease is the amount of fixed rent provided thereunder, which is annual fixed rent payable to Landlord of $_____; that as of the date hereof, additional rent of $_____ is payable to Landlord on account of utility costs, real estate taxes and operating expenses; that the base year for such additional rent is _____, which has a base amount of $_____ [or the expense stop for such additional rent is $_____/SF]; that there is no claim or basis for an adjustment thereto; and that the amount of additional rent has been paid through _____;

6. That Tenant has not given Landlord any notice of any claim arising under the Lease nor any notice of a default on the part of Landlord under the Lease which have not been cured. To Tenant's knowledge, there are no defaults by Landlord under the Lease as of the date hereof. As of the date hereof, the undersigned is entitled to no credit, no free rent and no offset, counterclaim or deduction in rent except _____;

7. That the Lease is now in full force and effect and has not been amended, modified or assigned except as may be indicated above; the Lease is the only agreement between Landlord and the undersigned regarding the Demised Premises; and, to Tenant's knowledge, Tenant is not in default under the Lease;

8. That Tenant has paid to Landlord a security deposit of $_____, and Tenant has no knowledge of any claim made by Landlord against the security deposit;

9. That Tenant has _____ option(s) to renew the Lease for a period of _____ years upon the terms set forth in the Lease, and that none of such options have been exercised except _____;

10. That, except as set forth in the Lease, Tenant has no (i) option to expand into additional space in the Property; (ii) right of first refusal of any space in the Property; or (iii) option to acquire all or any part of the Property in which the Demised Premises are located;

11. That no actions, whether voluntary or otherwise, are pending against the undersigned under the bankruptcy laws of the United States or any State thereof.

(tenant's signature on next page)

Dated: , 1998

TENANT:

[TENANT NAME],
a

By:

Name:
Title:
Address:

EXHIBIT A

(Copy of the Lease to be attached, including all amendments, modifications, assignments, etc.)

EXHIBIT G

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made and entered into on this _____ day of May, 1998 by and among (i) 1709 L.P., a District of Columbia limited partnership ("Seller"), (ii) M-C CAPITOL ASSOCIATES L.L.C., a Delaware limited liability company ("Purchaser") and (iii) LAWYERS TITLE INSURANCE CORPORATION ("Escrow Agent").

RECITALS:

A. Seller and a predecessor of Purchaser have entered into a Purchase and Sale Agreement dated June __, 1998 (the "Purchase Agreement") with respect to the sale by Seller to Purchaser of certain improved real property located at 1709 New York Avenue, N.W., Washington, D.C. (the "Property").

B. The Purchase Agreement contemplates that Seller and Purchaser shall execute this Escrow Agreement at the Closing on the sale of the Property to Purchaser under the provisions of the Purchase Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller, Purchaser and Escrow Agent hereby covenant and agree as follows:

1. Appointment of Escrow Agent. Seller and Purchaser hereby designate and appoint Escrow Agent as escrow agent, and Escrow Agent hereby accepts such designation and appointment.

2. On the date hereof, Seller has placed in escrow a portion of the proceeds from the sale of the Property in the amount of Sixty-Four Thousand Dollars ($64,000) (the "Escrow Amount") in cash with Escrow Agent, as escrowee, to secure Seller's obligations under Section 5.7(b) of the Purchase Agreement, relating to Seller's undertaking to repay to Tenants any overpayments of Additional Rent such Tenants may have made in calendar year 1998 that is attributable to periods prior to the Closing Date ("Overpayments"). Escrow Agent shall hold the Escrow Amount pursuant to the terms of this Escrow Agreement. The Escrow Amount shall be held and maintained by Escrow Agent in an interest-bearing account approved by Seller and Purchaser. Neither Seller nor Purchaser shall have the right to substitute another escrow agent for Escrow Agent or to cause the Escrow Amount to be held or controlled by any other person or party except by mutual agreement of Seller and Purchaser.

3. Earned Interest. All interest which accrues on the Escrow Amount shall be paid by Escrow Agent to Seller on the termination of this Escrow Agreement.

4. Disbursement of Escrow. At such time as a determination is made (pursuant to the provisions of Section 5.7 of the Purchase Agreement) that a Tenant has made an Overpayment, Seller shall so notify Escrow Agent (with a copy to Purchaser), stating in such notice the name and address of the Tenant and the amount to be reimbursed to such Tenant. Within five (5) days after receipt of such notice, Escrow Agent shall make the requested payment to the Tenant specified in Seller's notice out of the Escrow Amount.

5. Termination of Escrow. This Escrow Agreement and the escrow created hereby shall terminate on the earlier to occur of (i) disbursement of the entire Escrow Amount pursuant to the provisions hereof, or (ii) May 31, 1999. If the entire Escrow Amount has not been disbursed prior to May 31, 1999, then on and as of such date Escrow Agent shall disburse to Seller any remaining funds in the Escrow Amount, whereupon this escrow shall terminate.

6. Notices. Each notice, request, demand, consent, approval, objection or other communication (hereafter in this Section 6 referred to collectively as "notices" and referred to singly as a "notice") which Seller, Purchaser or Escrow Agent is required or permitted to give pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if hand delivered with receipt therefor, or sent by Federal Express or other overnight courier service. Any such notice shall be deemed given when received or when delivery is refused. The records of the courier service shall be conclusive with respect to the date of receipt or refusal of delivery. All notices shall be addressed to the parties at the following addresses:

(a) if to Purchaser: 11 Commerce Drive, Cranford, New Jersey 07016, with separate notice to the attention of Roger W. Thomas, Esq. and David Parisier, with an additional separate notice to go to Pryor, Cashman, Sherman and Flynn, 410 Park Avenue, New York, NY 10022, Attention: Andrew S. Levine, Esq.

(b) if to Seller: c/o Quadrangle Development Corporation, 1001 G Street, N.W., Suite 700, Washington, D.C. 20001, Attention: Legal Department, with a copy to: The Taylor Simpson Group, One Rockefeller Plaza, Twenty-Third Floor, New York, New York 10020, Attention: Paul E. Taylor III and Jeffrey Feldman, Esq.

(c) if to Escrow Agent: 708 Third Avenue, New York, New York 10017, Attention: Kathryn Andriko

Any party may, by notice given pursuant to this Section 6, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices.

7. Assignment. Neither Seller, Purchaser nor Escrow Agent shall have any right, power, or authority to transfer, sell, hypothecate, assign or otherwise convey any of its rights or obligations under this Escrow Agreement. However, Escrow Agent shall have the right to resign as escrow agent hereunder. If Escrow Agent does resign, Seller and Purchaser shall promptly appoint a substitute escrow agent approved by each of them, such approval not to be unreasonably withheld.

8. Indemnity. Seller and Purchaser hereby indemnify and hold Escrow Agent harmless from and against any loss, damage, cost or expense incurred by Escrow Agent in connection with or in any way related to Escrow Agent's performance of its obligations hereunder, unless such loss, damage, cost or expense results from Escrow Agent's negligence, fraud or dishonest conduct.

9. Liability of Escrow Agent. It is understood and agreed that in no event shall Escrow Agent be liable for any loss or damage resulting from:

(a) Any defaults, error, action or omission of any other party;

(b) Any loss or impairment of funds deposited in escrow in the course of collection or while on deposit with a commercial bank resulting from failure, insolvency or suspension of such institution;

(c) Escrow Agent's compliance with any and all legal process, writs, orders, judgments and decrees of any court where issued with or without jurisdiction, and whether or not subsequently vacated, modified, set aside or reversed;

(d) Any good faith act or forbearance by Escrow Agent as long as such act or forbearance is reasonable and consistent with Escrow Agent's ordinary course of business; or

(e) Escrow Agent's asserting or failing to assert any cause of action or defense in any judicial, administrative or other proceeding either in Escrow Agent's own interest or in the interest of any other party.

10. Remedies Cumulative. The Escrow Amount is intended as security for the payment by Seller to Tenants of any Overpayments by such Tenants. This Escrow Agreement is not a limit on Seller's liability to such Tenants for any such Overpayments, and Seller shall make such payments as may be due Tenants for any

Overpayments made by them in accordance with the provisions of such Tenants' Leases and the Purchase Agreement.

11. Entire Agreement. This Escrow Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof, and there are no agreements or understandings among them with respect to the subject matter hereof other than as set forth herein and in the Purchase Agreement.

12. Escrow Agent's Fee. Escrow Agent shall not charge any fee in connection with the services to be performed by it under this Escrow Agreement.

13. Miscellaneous. This Escrow Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This Escrow Agreement shall be governed by the laws of the District of Columbia.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement on the day and year first above-written.

SELLER:

1709 L.P.

By: Q 1709 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone, President

PURCHASER:

M-C CAPITOL ASSOCIATES L.L.C.

By: Mack-Cali Property Trust, its Member

By

Name:
Title:

ESCROW AGENT:

LAWYERS TITLE INSURANCE CORPORATION

By:

PURCHASE AND SALE AGREEMENT

by and between

14L ASSOCIATES

(as Seller)

and

MACK-CALI REALTY ACQUISITION CORP.

(as Purchaser)

Dated: June 1, 1998

TABLE OF CONTENTS

TABLE OF SCHEDULES AND EXHIBITS

Schedules

Exhibits

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered

into this ___ day of June, 1998 (the "Effective Date"), by and between 14L ASSOCIATES, a District of Columbia limited partnership ("Seller") and MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Purchaser").

RECITALS

A. Seller owns a certain parcel of land and the improvements thereon, located at 1400 L Street, N. W., Washington, D. C.

B. Seller has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Seller, all land, improvements, furniture, furnishings, fixtures, equipment and other tangible and intangible assets and properties owned by Seller and used by it in connection with the management, operation, maintenance and repair of such land and improvements.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions.

The terms defined in this Section 1 shall have the respective meanings stated in this Section 1 for all purposes of this Agreement. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Section 1 shall include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender; (ii) accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles; (iii) references herein to "Sections" and other subdivisions without reference to a document shall be to designated Sections and other subdivisions of this Agreement; (iv) a reference to an Exhibit or a Schedule without a further reference to the document to which the Exhibit or Schedule is attached shall be a reference to an Exhibit or Schedule to this Agreement; (v) the words "herein," "hereof," "hereunder" and other words of similar import shall refer to this Agreement as a whole and not to any particular provision; and (vi) the word "including" shall mean "including, but not limited to."

1.1 Additional Rent shall mean all reimbursements of Operating Expenses and administrative charges, common area

maintenance charges, reimbursements of real estate taxes, rent escalations based on increases in the consumer price index or any other measures of inflation, retroactive rent escalations, insurance cost reimbursements, parking charges, antenna rents, license fees and all other amounts and charges payable by Tenants to Seller, as landlord, under their Leases (other than Basic Rent), but shall not include security deposits under the Leases.

1.2 Affiliate shall mean, with respect to any entity, any natural person or firm, corporation, partnership, association, trust or other entity that controls, is controlled by, or is under common control with, the subject entity; a natural person or entity that controls an Affiliate under the foregoing shall also be deemed to be an Affiliate of such entity. For purposes hereof, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any such entity, or the power to veto major policy decisions of any such entity, whether through the ownership of voting securities, by contract or otherwise.

1.3 AS IS CONDITION WITH ALL FAULTS shall mean as is, with all faults, including defects seen and unseen and all conditions natural and artificial without right of set-off or reduction in the Purchase Price and without representation or warranty of any kind, express or implied, except for such representations or warranties as are expressly provided for herein.

1.4 Basic Rent shall mean all base rent or basic rent payable in fixed installments and fixed amounts for stated periods by Tenants under their Leases.

1.5 Building shall mean collectively all of the buildings and structures now or on the Closing Date erected or situated upon the Land, including all improvements and fixtures, appurtenant to or used in connection therewith, that are owned by Seller presently or on the Closing Date and any interest of Seller in and to alterations and installations in the buildings and structures that may now or hereafter, by lease or operation of law, become the property of Seller.

1.6 Business Day shall mean those days of the week that are not a Saturday, Sunday or a federal holiday.

1.7 Closing shall have the meaning set forth in Section 4.3.

1.8 Closing Date shall mean the Effective Date.

1.9 Closing Statement shall have the meaning set forth in Section 5.1.

1.10 Delinquent Rent shall mean rent that is due and payable by a Tenant on or before the Closing Date but that has not been paid by the Closing Date.

1.11 Deposit. No deposit is required of Purchaser hereunder. All references to a "Deposit" under this Agreement, and all provisions of this Agreement dealing with a "Deposit", shall be deemed to be inoperative and of no force or effect.

1.12 Effective Date shall be the date set forth in the preamble to this Agreement.

1.13 End of the Inspection Period shall mean the Effective Date.

1.14 Escrow Agent shall mean Commercial Settlements, Inc.

1.15 Final Closing Adjustment shall have the meaning set forth in Section 5.7.

1.16 Inspection Period shall have the meaning set forth in Section 9.1.

1.17 Intangible Property shall mean the contract rights, licenses, permits, certificates of occupancy, guaranties, warranties, approvals, rights to use trademarks, any name by which the Property is commonly known, trade names, telephone numbers in use at the Property by Seller or its managing agent, logos, designs, graphics or artwork, architectural drawings and as-built plans, and all similar items, each to the extent owned by Seller and to the extent they are in Seller's possession and used in connection with the operation of the Property, but shall not include bank accounts or cash held in the name of Seller or its managing agent.

1.18 Land shall mean that certain parcel of land situate and lying in the District of Columbia, as more particularly described in Schedule A.

1.19 Leases shall mean the leases of space in the Building as described in Schedule B and any other leases or occupancy agreements to which Seller is a party, with amendments

and guaranties thereof and other amendments permitted by this Agreement or otherwise agreed to by Purchaser.

1.20 Operating Expenses shall mean all costs, expenses, charges and fees relating to the ownership, management, operation, maintenance and repair of the Property, including electricity, gas, water and sewer charges, telephone and other public utilities, common area maintenance charges, vault charges, personal property taxes, and periodic charges payable under Service Contracts, but not including any costs, expenses, charges or fees that are the direct responsibility of a Tenant under a Lease.

1.21 Other Seller Interests shall mean all of the right, title and interest of Seller pertaining to the Land, including all hereditaments and appurtenances thereunto belonging or in any way appertaining, including the following:

(a) all of the right, title and interest of Seller in and to any easements, privileges, grants of right or other agreements affecting the Property or comprising the Permitted Encumbrances, including any structures or improvements erected pursuant to such easements, grants of right or other agreements whether or not situated upon the Land;

(b) all of the right, title and interest of Seller in and to any land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Property, to the center line thereof, and to any strips or gores adjoining the Property or any part thereof, and all right, title and interest of Seller in and to any award made or to be made in lieu thereof, and in and to any unpaid award for damages to the Property by reason of change of grade of any street;

(c) all of the right, title and interest of Seller in and to any mineral and water rights, if any; and

(d) tenant data, leasing material and forms, past and current rent rolls, tenant files, and other similar information and materials used by Seller in the use and operation of the Property, all to the extent in Seller's possession, with the exception of appraisals, forecasts and other owner-oriented or confidential information.

1.22 Permitted Encumbrances shall mean those items or matters affecting title to the Property which are set forth on Schedule D attached hereto, and those items or matters otherwise

deemed to be Permitted Encumbrances pursuant to the provisions of this Agreement.

1.23 Personal Property shall mean all personal property, fixtures, equipment and inventory owned by Seller and located at the Building.

1.24 Property shall mean collectively the Land, the Site Improvements, the Building, the Personal Property, the landlord's rights under the Leases, the Seller's rights under the Service Contracts, the Intangible Property and the Other Seller Interests.

1.25 Purchase Price shall mean the purchase price for the Property specified in Section 4.1.

1.26 Service Contracts shall mean all of the service, operation, maintenance, labor and similar agreements entered into by Seller in respect of the Property that are described in Schedule C; provided, however, that Service Contracts shall not include any management contracts or exclusive agency agreements for leasing of office and/or retail space in the Building.

1.27 Site Improvements shall mean the parking garage, driveway pavings, access cuts, lighting, bumpers, drainage systems and landscaping situated upon the Land.

1.28 Tenant shall mean the holder of any right to occupy, possess, or use all or any part of the Property pursuant to a Lease.

1.29 Title Commitment shall have the meaning set forth in Section 9.2.

1.30 Title Company shall mean Lawyers Title Insurance Corporation. At Purchaser's election, Purchaser may cause the Title Commitment to be issued by an abstract agency writing for Purchaser's title company. In addition, Purchaser shall have the right to cause the Title Commitment to be issued by one or more title companies.

2. Sale of the Property.

Upon and subject to the terms and conditions contained in this Agreement, Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller.

3. Matters to Which the Sale is Subject.

The sale of the Property shall be subject to each and all of the following:

(a) all laws, ordinances, statutes, orders, requirements and regulations to which the Property is subject, including zoning, building and environmental laws and requirements;

(b) any state of facts that a new or updated survey or physical inspection of the Property might disclose;

(c) the Permitted Encumbrances;

(d) all covenants, encumbrances or restrictions approved (or deemed approved) by Purchaser;

(e) all terms, provisions and conditions of the Leases; and

(f) the Service Contracts and any other agreements affecting the Property that Purchaser assumes pursuant to Section 21 hereof.

4. Purchase Price and Payment.

4.1 Amount. The purchase price for the Property shall be the sum of Forty Million Dollars ($40,000,000) (the "Purchase Price"), which shall be payable all in cash at the Closing. No part of the Purchase Price is allocable to the Personal Property.

4.2 Deposit. Purchaser shall place the Deposit in escrow with the Escrow Agent simultaneously with Purchaser's execution of this Agreement. The Deposit shall be subject to disposition as provided for elsewhere in this Agreement. If the Deposit is in cash or is converted into cash in accordance

with this Section, Escrow Agent shall promptly after receipt invest the Deposit in an interest-bearing account in a commercial bank acceptable to both Purchaser and Seller. If Purchaser elects to deliver a letter of credit ("LOC") as the Deposit, the LOC shall be (i) unconditional and irrevocable, (ii) issued to Escrow Agent as beneficiary by a commercial bank acceptable to Seller, (iii) for a term of not less than one year from the date of issuance, and (iv) otherwise acceptable to Seller in all respects. In the event that the Deposit is in the form of an LOC and there is any dispute between Seller and Purchaser regarding the disposition of

the Deposit, Seller shall have the unilateral right, at its sole discretion, to instruct Escrow Agent to cash the LOC and to hold the proceeds of the LOC as a cash deposit under the provisions of this Agreement. Purchaser agrees that if Seller so instructs Escrow Agent, Purchaser will not interpose any objection to such instruction and will permit Escrow Agent to cash the LOC pursuant to such instruction.

4.3 Payment. On the Closing Date, and subject to the terms and conditions of this Agreement, Purchaser shall pay the Purchase Price to, or for the account of, Seller in the manner provided for in this Section 4.3, subject to the adjustments and prorations set forth in Section 5. Not later than 11:00 a.m. Eastern Time on the Closing Date, Purchaser shall effect a wire transfer of federal funds to the Title Company's designated escrow account in an amount equal to the sum of (i) the Purchase Price and (ii) the net amount (if any) of the costs, expenses, prorations and adjustments payable by Purchaser under this Agree ment. The amount of the funds to be wired to the Title Company's account shall be reduced by the Deposit, if the Deposit is in cash. After the Title Company's receipt of the wire transfer of funds in the amount required by this Agreement, and immediately following Purchaser's confirmation that all conditions precedent to Purchaser's obligation to close hereunder have been satisfied, Purchaser or its counsel shall instruct the Title Company to (i) disburse to Seller an amount equal to the Purchase Price, reduced by the net amount of the costs, expenses, prorations and adjustments payable by Seller under this Agreement; (ii) deliver to Purchaser all other documents and instruments received by the Title Company that, in accordance with the terms of this Agreement, are to be delivered by Seller to Purchaser at the closing of the purchase and sale of the Property (the "Closing"); and (iii) deliver to Seller all other documents and instruments received by the Title Company that, in accordance with the terms of this Agreement, are to be delivered by Purchaser to Seller at the Closing. Simultaneously with giving the instruction set forth in the previous sentence, Purchaser shall instruct Escrow Agent to disburse the Deposit to Seller. If the Deposit is in the form of an LOC, Seller shall instruct Escrow Agent to deliver the LOC to Purchaser promptly after completion of the Closing, and Escrow Agent shall execute a release of Seller and Purchaser (in the customary form) relating to the performance by Escrow Agent of its obligations hereunder.

4.4 Disposition of Deposit. If this Agreement is terminated pursuant to Section 13 and thereafter either Seller or Purchaser makes a demand on the Escrow Agent for the return of the Deposit (if the demand is made by Purchaser) or for the

payment of the Deposit (if the demand is made by Seller), the Escrow Agent shall give notice of such demand to the other party. If the Escrow Agent does not receive an objection from the other party to the proposed payment or return of the Deposit within ten (10) days after the giving of such notice, the Escrow Agent shall pay the Deposit to the party making the demand. If the Escrow Agent receives an objection from the other party within the ten (10)-day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed by instructions from Seller and Purchaser or until otherwise directed by a court of competent jurisdiction. If a demand is made for either the return or payment of the Deposit and if the Deposit is in the form of a LOC, and the Escrow Agent continues to hold the Deposit, either of the Seller or the Purchaser may, by notice in writing to the Escrow Agent, require the Escrow Agent to cash the LOC and hold the proceeds in accordance with the terms of this Agreement. If the Deposit is in the form of an LOC, Escrow Agent shall effect any payment of the Deposit to Seller by cashing the LOC and paying the proceeds to Seller.

4.5 Interpleader. In the event of a dispute concerning the disposition of the Deposit, the Escrow Agent shall have the right at any time to deposit any cash funds held by it under this Agreement, or the LOC (in the event Seller has not instructed Escrow Agent to cash the LOC in accordance with the provisions of Sections 4.2 or 4.4 hereof), with the clerk of the court having jurisdiction. The Escrow Agent shall give notice of such deposit to Seller and Purchaser. Upon such deposit, the Escrow Agent shall be relieved and discharged of all further obligations and responsibilities hereunder.

4.6 Escrow Agent as Stakeholder. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience; that the Escrow Agent shall not be deemed to be the agent of either

of the parties; and that the Escrow Agent shall not be liable to either of the parties for any act or omission on its part unless taken or suffered in bad faith, in willful disregard of this Agreement or involving gross negligence. Seller and Purchaser shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims, and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or suffered by the Escrow Agent in bad faith, in willful disregard of this Agreement or involving gross negligence on the part of the Escrow Agent.

5. Closing Adjustments and Prorations.

5.1 General. All Additional Rent, Basic Rent, and other rentals, revenues and other income generated by the Property ("Rent") and all utilities, real estate taxes, maintenance charges and other Operating Expenses incurred in connection with the ownership, management and operation of the Property shall be paid or shall be prorated between Seller and Purchaser in accordance with the provisions of this Section 5. For purposes of the prorations and adjustments to be made pursuant to this Section 5, Purchaser shall be deemed to own the Property and therefore be entitled to any revenues and be responsible for any expenses for the entire day upon which the Closing occurs. Any apportionments and prorations that are not expressly provided for in this Section 5 shall be made in accordance with the customary practice in the metropolitan Washington D.C. area. Seller and Purchaser shall cause their accountants to prepare a schedule of prorations (the "Closing Statement") in draft form to be finalized on the Business Day immediately prior to the Closing Date. Any net adjustment in favor of Purchaser shall be credited against the Purchase Price at the Closing. Any net adjustment in favor of Seller shall be paid in cash at the Closing by Purchaser to Seller.

5.2 Rent and Security Deposits. Rent shall be prorated at the Closing in accordance with the following provisions:

(a) Basic and Additional Rent. Subject to Section 5.2(b), Seller shall be entitled to all Basic Rent and Additional Rent that accrues before the Closing Date and Purchaser shall be entitled to all Basic Rent and Additional Rent that accrues on and after the Closing Date. Basic Rent and Additional Rent that Seller has collected for the month in which Closing occurs shall be prorated between Seller and Purchaser as of the Closing Date based on the actual number of days in the month during which the Closing Date occurs. For purposes hereof, Additional Rent shall be prorated as of the Closing Date based on Seller's current estimates thereof which have been collected from Tenants and shall be readjusted in the Final Closing Adjustment.

(b) Delinquent Rent. Delinquent Rent, after reasonable, actual expenses of collection, shall be promptly paid by Purchaser to Seller as provided in the balance of this paragraph if, as and when actually collected by Purchaser after the Closing, it being understood and agreed that Purchaser shall be obligated only to use commercially reasonable efforts to collect Delinquent Rent on behalf of Seller, and shall not be

obligated to commence litigation or to terminate a Tenant's Lease in order to collect Delinquent Rent. Purchaser hereby agrees that Seller or its agents may attempt to collect Delinquent Rent at Seller's expense, including commencing litigation to collect such Delinquent Rent, but Seller agrees that after the Closing Date it shall not (i) initiate any action that would terminate a Tenant's Lease or affect such Tenant's right to occupy the premises or use the parking spaces leased under its Lease, or (ii) seek to apply such Tenant's security deposit against the Delinquent Rent of such Tenant. If a Tenant has 60 days or less of Delinquent Rent which is Basic Rent ("Delinquent Basic Rent"), Rent collected by Purchaser after the Closing Date in respect of such Tenant shall be applied first to Delinquent Basic Rent to the extent of thirty (30) days of Delinquent Basic Rent attributable to the thirty (30)-day period immediately preceding the Closing Date, then to Rent currently due (including unpaid Rent accruing after the Closing Date), and then to any other unpaid Delinquent Rent. If a Tenant has more than 60 days of Delinquent Basic Rent, Rent collected by Purchaser after the Closing Date in respect of such Tenant shall be applied first to Rent currently due (including unpaid Rent accruing after the Closing Date), and then to Delinquent Rent. All Rent received by Purchaser which is required to be applied as a credit to, or for the benefit of, Seller pursuant to this Agreement shall be promptly paid by Purchaser to Seller upon Purchaser's receipt of the same. Attached as Schedule 5.2(b) is a schedule of Delinquent Rent compiled as of May 29, 1998 (it being understood that Seller makes no representation or warranty concerning the accuracy of such delinquency report). Schedule 5.2(b) attached hereto shall be the basis of making the payments referred to in this Section, absent manifest error.

(c) Security Deposits. Purchaser shall receive, as a credit against the Purchase Price, an amount equal to all cash security deposits set

forth in the Leases, together with interest required to be paid thereon, to the extent not applied by Seller, as landlord, under such Leases on or prior to the Effective Date, and any prepaid Rent. The security deposits held by Seller as of the Effective Date are set forth on Schedule B attached hereto (it being understood and agreed that Seller makes no representation or warranty concerning such security deposits or the accuracy of Schedule B regarding such security deposits). At Closing, Schedule B shall be the basis of making the credit to Purchaser referred to in this Section, absent manifest error.

5.3 Taxes and Assessments.

(a) Proration of Taxes at Closing. All non-delinquent real estate taxes and special assessments, if any, assessed against the Property shall be prorated between Seller and Purchaser as of the Closing Date in the customary fashion, based upon the actual current tax bill. If the most recent tax bill received by Seller before the Closing Date is not the actual current tax bill, then Seller and Purchaser shall initially prorate the real estate taxes at the Closing by applying the tax rate indicated on the most recent tax bill received by Seller to the latest assessed valuation, and shall re-prorate the real estate taxes retroactively at the Final Closing Adjustment. All real estate taxes accruing before the Closing Date shall be the obligation of Seller and all real estate taxes accruing on and after the Closing Date shall be the obligation of Purchaser. Any delinquent real estate taxes assessed against the Property shall be paid (together with any interest and penalties) by Seller at the Closing. Any general or special assessments, if any, assessed against the Property for work which has been completed prior to the Closing shall be paid for in full by Seller at or prior to the Closing; provided, however that if any such assessment is payable in installments, Seller shall pay all of such installments due through the day prior to the Closing, and Purchaser shall be responsible for the balance of such installments. All other assessments shall be paid by Purchaser when due (and if due prior to Closing, shall be paid at or prior to Closing).

(b) Post-Closing Supplemental Taxes. If, after the Closing Date, any additional or supplemental real estate taxes are assessed against the Property by reason of back assessments, corrections of previous tax bills or other events (including, without limitation, imposition of any special assessments) occurring before the Closing Date, Seller and Purchaser shall re-prorate the real estate taxes within thirty (30) days after the final determination thereof, but in no event later than at the Final Closing Adjustment.

(c) Post-Closing Refunds of Taxes. Any refunds of real estate taxes made after the Closing shall first be applied to the reasonable unreimbursed costs incurred in obtaining the refund (including, but not limited to, any legal fees paid by Seller or Purchaser), then paid to any Tenants who are entitled to the same, and the balance, if any, shall be paid (within thirty (30) days after the final determination of such amount) to Seller (with respect to real estate taxes for the period prior to the Closing Date) and to Purchaser (with respect

to real estate taxes for the period commencing on and after the Closing Date). The parties understand and agree that there are pending claims and/or proceedings pursuant to which Seller is pursuing a reduction in the assessed valuation of the Property for real estate tax purposes or a claim for refund of real estate taxes. Seller agrees that, without obtaining the prior consent of Purchaser (not to be unreasonably withheld), Seller will not make any commitments to the taxing authority regarding real estate taxes for periods after the Closing Date in connection with the resolution of such pending claims and/or proceedings.

5.4 Operating Expenses. Seller shall be responsible for all Operating Expenses attributable to the period before the Closing Date and Purchaser shall be responsible for all Operating Expenses attributable to the period on and after the Closing Date. All Operating Expenses shall be prorated between Seller and Purchaser in the customary fashion as of the Closing Date, based on the actual number of days in the month during which the Closing Date occurs for monthly expenses, and based on a 365-day year for annual expenses. To the extent commercially reasonable and practicable, Seller shall obtain final billings for meter readings made as of the Business Day preceding the Closing Date, and Seller shall pay such final billings when Seller receives the same. If Seller is able to obtain final meter readings and billings, there shall be no adjustment at Closing for the costs, expenses, charges or fees shown thereon. If billings or meter readings as of the Business Day preceding the Closing Date are not available for any utility service, the charges therefor shall be adjusted at the Closing on the basis of the per diem charges for the most recent prior period for which bills were issued, and shall be further adjusted within thirty (30) days after receipt of the necessary bills or meter readings, but in no event later than at the Final Closing Adjustment on the basis of the actual

bills for the current period.

5.5 Utility Deposits. Seller shall be entitled to retain any or all utility deposits and all interest accrued thereon. If any utility deposit is not refundable to Seller without replacement by Purchaser, Purchaser shall deliver the requisite replacement utility deposit to the utility company on or before the Closing Date.

5.6 Tenant-related expenses.

(a) Leasing Commissions. Purchaser shall be responsible for the payment of all leasing commissions due in respect of (i) new Leases of space in the Building or amendments to existing Leases approved by Purchaser, which new leases and

amendments are listed on Schedule 5.6 attached hereto, and (ii) renewals of Leases or expansions of the space leased by Tenants under Leases, which renewals and expansions are to be effective after the date hereof, so long as and to the extent that any leasing commissions covered by this clause (ii) are not in excess of market rate commissions. All other leasing commissions shall be paid by Seller. It is understood and agreed that Seller makes no representation or warranty concerning the amount of leasing commissions payable by Purchaser under this Section 5.6(a). The agreements pursuant to which leasing commissions are owing on the new Leases and/or amendments to Leases referenced in clause (i) above are listed on Schedule 5.6.

(b) Other Lease Costs. Purchaser shall be responsible for the payment and performance of any tenant improvements to be paid for and/or performed by landlord under Leases from and after the date hereof (including but not limited to tenant improvements to be made under new Leases of space in the Building or amendments to existing Leases approved by Purchaser that are listed on Schedule 5.6 attached hereto). Purchaser shall also accept (and shall not seek compensation from Seller by reason of) any rental abatements provided for in Leases or in the new Leases or amendments to Leases listed on Schedule 5.6. It is understood and agreed that Seller makes no representation or warranty concerning the amount of tenant improvements to be paid for by Purchaser under this Section 5.6(b). Seller shall be responsible for the payment of all tenant improvements not to be paid for by Purchaser under the provisions of this Section 5.6(b).

5.7 Final Closing Adjustment. No later than April 30, 1999, Seller and Purchaser shall make a final adjustment to the prorations made pursuant to this Section 5 (the "Final Closing Adjustment"). The Final Closing Adjustment shall be made in the following manner:

(a) General. Subject to Section 5.7(b) and (c) hereof, all adjustments or prorations that could not be determined at the Closing because of the lack of actual statements, bills or invoices for the current period, or any other reason shall be made within thirty (30) days after the receipt of the applicable statement, bill or invoice, but in no event later than as a part of the Final Closing Adjustment. Any net adjustment in favor of Purchaser shall be paid in cash by Seller to Purchaser no later than thirty (30) days after said adjustment is made, but in no event later than thirty (30) days after the Final Closing Adjustment. Any net adjustment in favor of Seller shall be paid in cash by Purchaser to Seller no later

than thirty (30) days after said adjustment is made, but in no event later than thirty (30) days after the Final Closing Adjustment. The parties shall correct any manifest error in the prorations and adjustments made at Closing promptly after such error is discovered (but in no event later than April 30, 1999).

(b) Additional Rent Adjustment. Seller and Purchaser shall prorate the actual amount of Additional Rent paid by each Tenant for the 1998 calendar year as follows (it being understood and agreed that all Tenants are on a calendar year basis of accounting with respect to Additional Rent payments):

(1) Seller shall be entitled to the portion of the actual amount of Additional Rent for calendar year 1998 paid by the Tenant equal to the product obtained by multiplying such amount by a fraction, the numerator of which is the number of days in 1998 preceding the Closing Date and the denominator of which is 365; and

(2) Purchaser shall be entitled to the balance of the Additional Rent paid by the Tenant.

If a Tenant has made payments of Additional Rent on an estimated basis during 1998, such estimated payments shall be taken into account in prorating Additional Rent under this Section 5.7(b). Seller shall pay any Tenant, as required under its Lease, from any Additional Rent adjustment made in Seller's

favor under this Section, any overpayment of Additional Rent such Tenant may have made for periods prior to the Closing Date. In order to assure Purchaser that there will be sufficient cash to repay Tenants any overpayments of Additional Rent such Tenants may have made for the period during 1998 prior to the Closing Date, Seller will establish an escrow at Closing in accordance with the provisions of the Escrow Agreement attached hereto as Exhibit G. Purchaser shall pay any Tenant, as required under its Lease, from any Additional Rent adjustment made in Purchaser's favor under this Section, any overpayment of Additional Rent such Tenant may make for periods on or after the Closing Date.

(c) No Further Adjustments. Except for: (i) additional or supplemental real estate taxes, real estate tax credits or rebates, or other adjustments to real estate taxes due to back assessments, corrections to previous tax bills or real estate tax appeals or contests or (ii) manifest errors, the Final Closing Adjustment shall be conclusive and binding upon Seller and Purchaser, and Seller and Purchaser hereby waive any right to contest after the Final Closing Adjustment any prorations, apportionments or adjustments to be made pursuant to this Section

5. In no event shall Purchaser have the right to recover any adjustments not brought to Seller's attention in writing prior to April 30, 1999.

6. Closing Date and Costs.

6.1 Closing Date. The Closing shall take place at the offices of Arent Fox Kintner Plotkin & Kahn, 1050 Connecticut Avenue, Washington D.C. 20036, at 10:00 a.m., Eastern Daylight Time, on the Closing Date.

6.2 Closing Costs and Transfer Taxes. All District of Columbia transfer and recordation taxes, and other recording charges, payable in connection with the recording of the special warranty deed (whether imposed in the form of transfer taxes, documentary stamps or otherwise), and any charges of the Escrow Agent for holding the Deposit, shall be divided equally between Seller and Purchaser. Purchaser shall pay for all expenses of examination of title, the cost of an owner's title insurance policy, survey, and all other Closing expenses. Each party shall pay its own legal fees and other expenses incurred by it prior to Closing. Seller shall pay all costs incurred in connection with the repayment or satisfaction of any liens on the Property except for any liens caused by the acts of Purchaser or any of its agents or representatives. The provisions of this Section 6.2 shall survive the Closing Date.

7. Closing Documents.

7.1 Seller's Deliveries. Seller shall execute and/or deliver to Purchaser on the Closing Date the following:

(a) a special warranty deed in the form attached hereto as Exhibit A;

(b) an assignment and assumption of leases and service contracts in the form attached hereto as Exhibit B;

(c) an assignment of all Intangible Property and warranties related to the Property in the form attached hereto as Exhibit C;

(d) letters in the form attached hereto as Exhibit D to each Tenant under the Leases;

(e) an affidavit in the form attached hereto as Exhibit E;

(f) an owner's affidavit signed by Seller, addressed to the Title Company designated by Purchaser, with respect to the absence of claims caused by Seller that would give rise to mechanics' liens, the absence of parties in possession of the Property other than Tenants under the Leases (and other than subtenants of Tenants) and the absence of unrecorded easements granted by Seller, in the form reasonably required by the Title Company to eliminate the exceptions for those matters from Purchaser's title insurance policy;

(g) the Closing Statement referred to in Section 5.1 signed by Seller;

(h) all keys to the Property, if any, that are in Seller's possession;

(i) Intentionally Omitted;

(j) Tenant estoppel certificates in accordance with the provisions of Section 9.5;

(k) such additional documents as Seller and Purchaser shall mutually agree are necessary to consummate the sale of the Property to Purchaser;

(l) to the extent in Seller's possession, all original Leases, together with any guarantees thereof and any other amendments permitted to be executed pursuant to this Agreement or otherwise used in connection the use and operation of the Property;

(m) such evidence of authority of the parties executing any closing documents on behalf of Seller, as reasonably requested by the Title Company;

(n) to the extent in Seller's possession, all plans and specifications with respect to the initial construction of the Property and any subsequent changes or authorization thereto, all manuals, guarantees, security codes and other information with respect to operating any of the equipment at the Property or which was provided at the time such equipment was purchased or installed, and all maintenance records, in all cases to the extent in Seller's possession;

(o) a computer diskette containing this Purchase Agreement as finally agreed to and executed by the parties; and

(p) a certificate stating that the representations and warranties made by Seller in Section 15 hereof are true, correct and complete in all material respects as of the Closing, subject to changes therein caused by changed circumstances since the Effective Date.

In addition to the foregoing, Seller shall make available to Purchaser at Seller's offices any books and records relating to the Property in Seller's possession should Purchaser require such access in connection with any review or audit of the income and expenses of the Property for any period of Seller's ownership thereof; provided, however, that any such review and/or audit shall be made at Purchaser's sole expense, with the least disruption possible to Seller's business, and upon not less than seven (7) days' written notice; and provided, further, that Seller shall not be required to make available to Purchaser any such books or records which are more than three (3) years old. The provisions of this paragraph shall survive Closing for a period of three (3) years.

7.2 Purchaser's Deliveries. Purchaser shall execute and deliver to Seller on the Closing Date the following:

(a) an assignment and assumption of leases and service contracts in the form attached hereto as Exhibit B;

(b) the Closing Statement referred to in Section 5.1 signed by Purchaser; and

(c) all documents reasonably required by Seller's attorneys or the Title Company to determine that Purchaser is authorized to buy the Property and to execute all documents in connection therewith.

7.3 Delivery in Escrow. The delivery to the Title Company of the Purchase Price, the executed special warranty deed described in Section 7.1(a) and all other documents and instruments required to be delivered by either party to the other by the terms of this Agreement, and the performance by all parties to this Agreement of all material obligations to be so performed, shall be deemed to be a good and sufficient tender of performance of the terms hereof. Seller shall be deemed to have delivered voluminous or cumbersome materials (such as the items described in Sections 7.1(l) and 7.1(n)) by making them available at the office of the managing agent for the Property.

8. Obligations Pending Closing.

8.1 Continued Care and Maintenance. During the period between the Effective Date and the Closing Date, Seller agrees to operate and maintain the Property in the ordinary course of business and use reasonable efforts to reasonably preserve for Purchaser the relationships between Seller and the Tenants, suppliers, managers, employees and others having ongoing relationships with the Property. Further, during the period between the Effective Date and the Closing Date, Seller agrees: (i) not to change, amend or modify the Leases, or any of the instruments affecting, or with respect to, the title to the Property except as required by law or the document involved (provided, however, that the Seller may, at its option, eliminate any financing and/or other encumbrances which are not Permitted Encumbrances); (ii) not to change, amend or modify, except in a de minimis respect, any of the Service Contracts or other rights, obligations or agreements related to use, ownership or operation of the Property

without Purchaser's prior approval, where such changes, amendments or modifications would (x) materially increase Seller's obligations, liability or expenses thereunder, (y) modify in any respect Purchaser's obligations, liability or expenses as set forth in such Service Contracts or other rights, obligations or agreements as they exist as of the date hereof (except in emergency situations) or (z) result in such Service Contracts or other rights, obligations or agreements not being cancelable upon thirty (30) days' notice or only being cancelable upon payment of a fee or penalty, or both; (iii) not to make alterations or changes to the Property other than de minimis alterations or changes or ordinary and necessary maintenance and repairs, without Purchaser's prior approval (provided, however, that Seller may make any alterations or changes to the Property that are required by any Lease or applicable law without Purchaser's prior approval), Seller agreeing that it shall give Purchaser notice of any alterations or changes made to the Property on or about the date it performs same, whether or not Purchaser's prior approval is necessary; (iv) to maintain in effect all policies of casualty and liability insurance or similar policies of insurance, with no less than the limits of coverage now carried with respect to the Property; and (v) to cure all material violations of law affecting the Property for which a written notice of violation was issued by the local governmental authorities prior to the Effective Date (provided, however, that the cost to cure such violations shall not exceed $25,000 in the aggregate, or if such violations are not cured prior to the Closing Date, at Closing Purchaser shall be entitled to a credit not to exceed $25,000 and shall not be entitled to refuse to close on account of the existence of any such

violations). Where an approval of Purchaser is required under the foregoing provisions, Purchaser agrees not to unreasonably withhold or delay any such approval, and such approval shall be deemed given if Purchaser has not objected in writing within five (5) days after notice of the matter on which Purchaser's approval is sought, which notice is to include notification from Seller that Purchaser's failure to so approve as provided in this Section 8.1 shall be deemed an approval. Nothing contained herein shall prevent Seller from acting to prevent loss of life, personal injury or property damage in emergency situations, or prevent Seller from performing any act with respect to the Property that may be required by any Lease, applicable law, rule or governmental regulations.

8.2 Other Covenants. In addition to the matters set forth in Section 8.1, during the period between the Effective Date and the Closing Date, Seller agrees: (a) that, at any time prior to Closing, it shall terminate, at its own cost and expense, any and all management agreements and any exclusive leasing agency agreements for the Property, subject, however in the case of leasing agreements, to the provisions of Section 5.6 hereof); (b) that it shall not terminate any Lease, apply any security deposits posted thereunder, or accept the surrender of any Lease, or grant any concession, rebate, allowance or free rent thereunder (except pursuant to the provisions of a Lease in existence on the Effective Date or approved or deemed approved by Purchaser); (c) not to mortgage or transfer the Property, or any interest therein; (d) to permit Purchaser and its representatives to continue to inspect the Property as more particularly provided in Section 9.1 below notwithstanding the termination of the Inspection Period; and (e) to deliver to Purchaser any notice of violation of law Seller may receive from any governmental agency having jurisdiction over the Property. Seller will give Purchaser notice (promptly after Seller becomes aware of the same) of any liens placed on the Property by a Tenant or a creditor of a Tenant, but Seller shall not be obligated to remove or caused to be removed any such liens.

9. Conditions to Closing.

9.1 Inspection Period.

(a) Seller shall provide or make available to Purchaser all information related to the Property in Seller's possession, except for confidential and proprietary information concerning the partnership that owns the Property, the financing of the Property, and confidential and proprietary information belonging to any third party (including the property manager).

In addition to the foregoing, Seller shall provide a copy of or make available all Leases and Lease amendments and Service Contracts in its possession, leasing commission agreements, test borings, environmental reports, surveys, title materials and engineering and architectural data and the like relating to the Property that are in Seller's possession. Purchaser agrees that Seller and Seller's agents make no warranty or representation, either express or implied, concerning the matters disclosed in such information, including the completeness or accuracy thereof.

(b) During the period prior to the Effective Date (such period being hereinafter called the "Inspection Period"), Purchaser has made, or caused to be made, at Purchaser's own risk and expense, such investigation of the

Property as it elected, including physical inspections of the Property, review of the Leases, Service Contracts, laws and ordinances, and approval of survey and condition of title. Purchaser agrees that it has investigated the Property and that any further investigation of the Property by Purchaser will not disrupt normal operations of the Property or any Tenant's quiet enjoyment of its demised premises. Purchaser shall not undertake any structural, physical, mechanical, environmental or other testing which will cause damage to the Property, or undertake any other invasive testing of the Property. Subject to the foregoing, Purchaser has conducted studies on the Property to determine the environmental condition of the Property. By Purchaser's execution of this Agreement, Purchaser shall be deemed to have accepted the Property at Closing in an AS IS CONDITION WITH ALL FAULTS, subject to the provisions of Section 11 hereof. Seller makes no representations or warranties as to the physical condition of the Property, and specifically Seller does not warrant against latent defects or defects of any kind or nature.

(c) Purchaser hereby indemnifies and holds Seller harmless from any loss, damage, cost or expense incurred by Seller and arising (directly or indirectly) out of the activities at the Property by Purchaser or its designated representatives, including any loss, damage, cost or expense arising out of damage to the Property or personal injury. Notwithstanding the foregoing, Purchaser shall not indemnify Seller nor hold Seller harmless on account of any existing environmental matters discovered as a result of Purchaser's due diligence. This indemnity shall survive Closing and any termination of this Agreement prior to Closing. Purchaser agrees that all information received from Seller is Seller's confidential work product unless otherwise indicated in writing, unless the Closing occurs, or unless such information is already public, and

Purchaser agrees that it will maintain the confidentiality of all information received as set forth in Section 20 hereof.

9.2 Title or Survey Exceptions. Purchaser, at its own cost and expense, has ordered, received and reviewed, and delivered to Seller, a title commitment covering the Property (the "Title Commitment"), and an updated survey on the Property prior to the Effective Date. Simultaneously with Purchaser's execution hereof, Purchaser shall notify Seller of such objections as Purchaser may have to anything contained on the survey or in the Title Commitment. Such objections shall not include any exceptions to title set forth in Schedule B - Section 2 to the Title Commitment which are set forth on Schedule D annexed hereto. Any title or survey matter so objected to by Purchaser are herein referred to as "Objections." If there are Objections by Purchaser, Seller shall have the option, at its sole discretion, to satisfy them prior to the Closing Date and, if Seller so elects and so notifies Purchaser, to adjourn the Closing Date for up to 60 days to attempt to do so. If Seller elects to satisfy the Objections, it shall be a condition precedent to Closing that such Objections are satisfied, which condition precedent Purchaser shall have the right to waive. If Seller elects not to satisfy the Objections, or if Seller is not successful in satisfying such Objections, as the case may be, then Seller shall deliver as soon as practicable written notice of such circumstance to Purchaser and Purchaser shall, within five (5) Business Days after receipt thereof, either (i) waive the Objections and accept such title as Seller is able to convey and by such waiver of the Objections Purchaser shall be deemed to have waived any and all claims and/or causes of action against Seller for damages or any other remedies relating to the Objections or any other matter relating to title to the Property, or (ii) terminate this Agreement, in which event the Deposit shall be returned to Purchaser and the parties hereto shall be released of further liability hereunder except as otherwise provided herein. Any Objections waived by Purchaser under the foregoing provisions shall be deemed to be Permitted Encumbrances. Notwithstanding any provision of this Section 9.2 to the contrary, Seller shall be required to remove prior to the Closing Date any Objection that is a monetary lien placed on the Property by Seller or any judgment lien against Seller (either by payment, by causing the Title Company to insure over such matter or by posting a bond in an amount to cover the estimated cost of removing the same).

9.3 Encumbrances Subsequent to Inspection Period. In the event that, during the period between the End of the Inspection Period and the Closing Date, title to the Property

should become affected by any encumbrance, lien, outstanding interest or question of title that is not a Permitted Encumbrance, that is not disclosed by the Title Commitment or survey described in Section 9.2 and that is not created or caused to be created by Purchaser or by any Tenant (a "New Objection"), then, provided that the New Objection is capable of being satisfied by the payment of a sum certain (i.e., determinable with certainty by Seller), Seller may (but shall not be obligated to) elect (by notice to Purchaser) to remove such New Objection either by payment on or prior to Closing, by causing the Title Company to insure over such encumbrance or by posting a bond in an amount to cover the

estimated cost of removing the same, and Seller shall be entitled, for such purpose, to postpone the Closing Date for a reasonable period of time. In the event that Seller elects not to remove such New Objection, Seller shall so notify Purchaser as soon as practicable, whereupon Purchaser shall elect, by giving Seller notice thereof within five (5) days of receiving Seller's notice, either (i) waive the New Objection and accept such title as Seller can convey notwithstanding the existence of any such New Objection, or (ii) terminate this Agreement. In the event that Seller elects to remove such New Objection but is unable to do so within sixty (60) days after the End of the Inspection Period, then either party hereto may elect to terminate this Agreement by giving the other party written notice thereof; provided, however, that if Seller elects to terminate this Agreement under this sentence, Purchaser shall have the right to nullify such election by notifying Seller (within five (5) Business Days after receipt of such termination notice from Seller) that Purchaser will accept any such New Objection and close hereunder. If this Agreement is terminated pursuant to the provisions of this Section 9.3, then the Deposit shall be returned to Purchaser and the parties hereto shall be released of any further liability hereunder except as otherwise provided herein. Any title matter waived by Purchaser under this Section 9.3 shall be deemed a Permitted Encumbrance. Notwithstanding any provision of this Section 9.3 to the contrary, Seller shall be required to remove prior to the Closing Date any New Objection that is a monetary lien placed on the Property by Seller or any judgment lien against Seller (either by payment, by causing the Title Company to insure over such New Objection or by posting a bond in an amount to cover the estimated cost of removing the same).

9.4 Representations and Warranties True. It shall be a condition of Purchaser's obligation to close hereunder that Seller's representations and warranties set forth in Section 15 shall be true and correct in all material respects on the Closing Date. In the event that Purchaser believes that Seller's

representations and warranties set forth in Section 15 are not true and correct in all material respects on or prior to the Closing Date, Purchaser may deliver notice thereof to Seller, which notice shall (i) specify which representation and warranty is believed not to be true and (ii) provide evidence of the untruth of the representation and warranty and of its materiality. Seller shall have five (5) days from its receipt of Purchaser's notice described in the preceding sentence to notify Purchaser that Seller (a) will attempt to cure such failed representation or warranty within a period not to exceed sixty (60) days, in which event the Closing Date shall be extended by sixty (60) days or such lesser period of time as may be elected by Seller, or (b) does not elect to cure such alleged failed representation or warranty. In the event that Seller either (x) elects to cure pursuant to the provisions of clause (a) of the preceding sentence but has not effected such cure on or before the extended Closing Date or (y) does not elect to cure pursuant to the provisions of clause (b) of the preceding sentence, then Purchaser may terminate this Agreement by giving notice thereof to Seller within five (5) Business Days after Purchaser receives notice of either (x) or (y) above, in which event the Deposit shall be returned to Purchaser and the parties hereto shall be relieved of any further liability hereunder except as otherwise provided herein. Notwithstanding any provision to the contrary herein, if Purchaser proceeds to Closing and David Parisier, as Purchaser's representative, has actual knowledge of any uncured breach of a representation and warranty made by Seller in Section 15, Purchaser shall be deemed to have waived any remedy for Seller's breach of such representation or warranty.

9.5 Estoppel Certificates. Seller shall use reasonable efforts to obtain from each Tenant an estoppel certificate, dated no earlier than April 10, 1998, substantially in the form of Exhibit F hereto, it being agreed that Purchaser will accept as conforming to Exhibit F an estoppel certificate in the form (or containing the statements) contemplated under each Tenant's Lease or as may required by law or regulation (as, for example, in the case of a governmental tenant) ("Estoppel Certificate"). It shall be a condition of Purchaser's obligation to close hereunder that Seller deliver at Closing Estoppel Certificates signed by Tenants occupying at least seventy-five percent (75%) of the leased office space in the Building (the "Required Tenants"). If a Tenant occupies less than 5,000 square feet of office space in the Property and such Tenant delivers an Estoppel Certificate not conforming to the requirements of this Section because of statements in the Estoppel Certificate relating to the operation or physical condition of the Building, then such Tenant shall nevertheless be included in the

calculation of the foregoing 75% threshold of leased office space in the Building. Furthermore, an Estoppel Certificate shall be deemed to conform to the requirements of this Section if the facts set forth therein are substantially consistent with the terms of such Tenant's Lease and there is no statement asserting a material default (not relating to the operation or physical condition of the Building) on the part of the Seller, as landlord, under such Lease. If Seller is not able to obtain Estoppel Certificates consistent with the

foregoing from the Required Tenants prior to the Closing Date, the Closing Date may, at Seller's or Purchaser's option, be adjourned for thirty (30) days in order to give Seller the opportunity to acquire Estoppel Certificates consistent with the foregoing from the Required Tenants. Seller does not warrant or represent that any particular Tenant will be a tenant of the Property on the Closing Date, and it shall not be a condition of Closing that all Tenants of the Property on the Effective Date shall continue to be tenants on the Closing Date; provided, however, that if Tenants occupying (in the aggregate) more than 15,000 square feet of office space in the Building as of the Effective Date vacate their demised premises prior to the Closing Date in violation of their Leases and are in default in the payment of Basic Rent under their Leases, Purchaser shall not be obligated to close. To the extent that a statement in an Estoppel Certificate delivered to Purchaser at Closing covers a subject matter that is the same as the subject matter of a representation or warranty of Seller hereunder, such representation or warranty of Seller shall be deemed superceded by such Estoppel Certificate and shall have no further force or effect. A failure to obtain Estoppel Certificates consistent with the provisions of this Section from the Required Tenants shall not be deemed a default of Seller's obligations hereunder and will not give rise to the remedies of Purchaser contained in clauses (ii) or (iii) of Section 13.1. In the event that an Estoppel Certificate does not conform to the requirements of this Section, Seller shall have a reasonable period to cure the defect or defects therein (not to exceed thirty (30) days), and the Closing Date shall be extended in order to allow Seller time to effectuate such cure.

9.6 Other Conditions to Closing. It shall be a further condition of Purchaser's obligation to close hereunder (which condition may be waived by Purchaser) as follows:

(a) Seller shall have performed all covenants and obligations undertaken by Seller herein in all material respects.

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

9.7 Approvals and Permits not a Condition to Purchaser's Performance. Purchaser's duty to perform is expressly not contingent upon Purchaser's ability to obtain (i) any governmental or quasi-governmental approval as to changes or modifications in use or zoning or modification to any existing land use restriction, (ii) service provider consents to assignments of any Service Contracts or (iii) financing of any portion of the Purchase Price from any source.

10. Brokerage.

Seller and Purchaser expressly acknowledge that Cassidy & Pinkard/Sonnenblick Goldman (the "Broker") is due a commission for this transaction upon the consummation of the sale of the Property in accordance with this Agreement, and the same shall be paid by Seller in accordance with the provisions of a separate agreement between Seller and the Broker. Purchaser represents that it has not engaged any brokers in this transaction. As to any broker other than the Broker, Seller and Purchaser agree to hold each other harmless and indemnify each other from and against any and all claims, demands, loss or damage (including reasonable attorneys' fees, court costs and amounts paid in settlement of any claims) arising out of a claim or demand for any brokerage commission, fee or other compensation due or alleged to be due as a result of the indemnifying party's actions in connection with the transaction contemplated by this Agreement. The provisions of this Section 10 shall survive the Closing Date or termination of this Agreement prior to the Closing Date for any reason whatsoever.

11. Risk of Casualty and Condemnation Pending Closing.

(a) If, prior to the Closing Date, all or part of the Property is damaged by fire or by any other cause whatsoever, Seller shall promptly give Purchaser written notice of such damage and shall thereafter (to the extent practical) give Purchaser written notice of its estimated cost of repairing such damage (such notice to be given as soon as practicable) and advising Purchaser that based upon such cost, Purchaser shall be obligated to make an election as provided in this Section 11. If the cost of repairing such damage is less than Three Hundred Thousand Dollars ($300,000) (as determined by Seller's independent insurer), then (i) Purchaser shall at Closing receive, to the extent such sums have not been expended on repair work, the amount of the deductible plus all insurance proceeds payable as a result of such loss; (ii) this Agreement shall continue in full force and effect with no reduction in the

Purchase Price and (iii) Seller shall have no obligation to repair such damage. If the cost of repairing damage from such casualty is Three Hundred Thousand Dollars ($300,000) or more (as determined by Seller's independent insurer), then

Purchaser shall have the right, for a period of ten (10) days from the date of notice of the amount of damage caused by the casualty, to terminate this Agreement by giving written notice of termination to Seller within such period. Upon such termination, the Deposit shall be returned to Purchaser and the parties hereto shall be released of any further liability hereunder except as otherwise provided herein. If Purchaser fails to notify Seller within such period of Purchaser's exercise of its right to terminate this Agreement, then Purchaser shall be deemed to have terminated this Agreement, in which event the foregoing provisions of this Section 11(a) regarding a termination by Purchaser shall apply. If the cost of repairing damage from such casualty is Three Hundred Thousand Dollars ($300,000) or more (as determined by Seller's independent insurer), and Purchaser notifies Seller (within a period of ten (10) days from the date of notice of the amount of damage caused by the casualty) that Purchaser elects to continue this Agreement, then the parties shall proceed to Closing and, to the extent such sums have not been expended on repair work performed upon Purchaser's consent, not to be unreasonably withheld, all insurance proceeds received by Seller as a result of such casualty loss plus the amount of the deductible shall be paid to Purchaser at Closing. If such proceeds have not yet been received by Seller, then Seller's rights to such proceeds shall be assigned to Purchaser at Closing upon payment of the full Purchase Price to Seller by Purchaser, less the amount of Seller's deductible, and Seller shall have no obligation to repair such damage.

(b) If, prior to the Closing Date, any condemnation or eminent domain proceedings shall be threatened in writing or commenced by any competent public authority against the Property, Seller shall promptly give Purchaser written notice thereof. Within ten (10) Business Days after receipt of notice of the written threat or commencement of any such proceedings from Seller and in the event that the taking of such property shall materially interfere with the operation of the Property, Purchaser shall have the right to terminate this Agreement by giving written notice to Seller to that effect within ten (10) Business Days from the date Purchaser receives notice of the proceedings or written threat. If this Agreement is terminated by Purchaser as aforesaid, then the Deposit shall be returned to Purchaser and the parties hereto shall have no further liability hereunder except as otherwise provided herein. In the event Purchaser fails to notify Seller within such period of

Purchaser's exercise of its right to terminate this Agreement, then Purchaser shall be deemed to have terminated this Agreement, in which event the foregoing provisions of this Section 11(b) regarding a termination by Purchaser shall apply. Purchaser shall also have the right, in the circumstance described above in this Section 11(b), to accept the Property (by notice to Seller given within the ten (10)-Business Day period aforesaid) subject to the condemnation proceedings or written threat without abatement of the Purchase Price. In the event that Purchaser elects to accept the Property in accordance with the foregoing provisions of this Section 11(b), or the taking of a portion of the Property shall not materially interfere with the operation of the Property, Purchaser shall accept the Property subject to the proceedings or written threat of condemnation without abatement of the Purchase Price, whereupon any award (minus any reasonable legal fees incurred by Seller in connection therewith) shall be paid to Purchaser and Seller shall deliver to Purchaser at Closing all assignments and other documents reasonably requested by Purchaser to vest such award in Purchaser. For purposes of this Section 11(b), a taking shall be deemed to materially interfere with the operation of the Property if the Building or any portion thereof shall be taken, if the taking shall have any material effect on any ingress or egress, or if a portion of the parking for the Property shall be taken such that the remaining parking area does not comply with applicable building or zoning law.

12. Notices and Other Communications.

12.1 Manner of Giving Notice. Each notice, request, demand, consent, approval, objection or other communication (hereafter in this Section 12 referred to collectively as "notices" and referred to singly as a "notice") which Seller, Purchaser or Escrow Agent is required or permitted to give pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if hand delivered with receipt therefor, or sent by Federal Express or other overnight courier service. Any such notice shall be deemed given when received or when delivery is refused. The records of the courier service shall be conclusive with respect to the date of receipt or refusal of delivery.

12.2 Addresses for Notices. All notices shall be addressed to the parties at the following addresses:

(1) if to Purchaser: 11 Commerce Drive, Cranford, New Jersey 07016, with separate notice to the attention of Roger W. Thomas, Esq. and David Parisier, with an additional separate

notice to go to Pryor, Cashman, Sherman and Flynn, 410 Park Avenue, New York, NY

10022, Attention: Andrew S. Levine, Esq.

(2) if to Seller: c/o Quadrangle Development Corporation, 1001 G Street, N.W., Suite 700, Washington, D.C. 20001, Attention: Legal Department, with a copy to: The Taylor Simpson Group, One Rockefeller Plaza, Twenty-Third Floor, New York, New York 10020, Attention: Paul E. Taylor III and Jeffrey Feldman, Esq.

Either party may, by notice given pursuant to this Section 12, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices.

13. Default and Remedies.

13.1 Purchaser. If Seller fails to perform any of its obligations or agreements contained herein in any material respect and if Purchaser is not then in default of any of its obligations and agreements contained herein, then Purchaser may elect one of the following as Purchaser's sole and exclusive remedy: either (i) terminate this Agreement by giving notice of termination and the reasons therefor to Seller, in which event neither Seller nor Purchaser shall have any further obligations or liabilities one to the other except as otherwise provided herein and the Deposit shall be returned to Purchaser; or (ii) hereby waiving all other actions, rights or claims for damages, Purchaser may bring an equitable action for specific performance of the terms of this Agreement for conveyance of the Property to Purchaser; or (iii) in the event Seller wilfully and intentionally conveys title to a third party in violation of this Agreement, in lieu of the remedy of specific performance, Purchaser, upon proper proof, may assert a claim or claims for compensatory damages in an amount not to exceed Three Hundred Eighty-five Thousand Dollars ($385,000) in the aggregate.

13.2 Seller. If Purchaser fails to close on the purchase of the Property when required to do so under the provisions hereof, and Seller is not then in default of any of its obligations or agreements contained herein in any material respect, then Seller's sole remedy hereunder shall be to terminate this Agreement and to receive the Deposit as liquidated damages, and thereafter Seller and Purchaser shall have no further obligations or liabilities one to the other except as otherwise provided herein. Seller's right to receive the Deposit as liquidated damages is agreed to due to the difficulty, inconvenience and uncertainty of ascertaining actual damages for

such breach by Purchaser, and Purchaser agrees that the same is a reasonable and fair estimate of damages.

13.3 Legal Fees. In any action or proceeding brought to enforce a party's remedies under this Agreement, the prevailing party shall be entitled to reimbursement of its reasonable legal fees and expenses.

13.4 Documents. Within five (5) Business Days after any termination of this Agreement in accordance with the foregoing provisions of this Section 13, or pursuant to any other provision of this Agreement, Purchaser shall deliver to Seller, without charge, all documents or studies prepared by third party environmental, structural and mechanical engineers whose reports are not otherwise confidential or proprietary, and all documents provided to Purchaser by Seller or Seller's agents.

14. Environmental Condition.

In addition to, and not by way of limitation of, the sale of the Property on an AS IS CONDITION WITH ALL FAULTS basis under this Agreement, Purchaser agrees that Seller makes no representations or warranties whatsoever to Purchaser regarding the presence or absence of hazardous or toxic materials or chemicals in, at, or under the Property, except as otherwise provided in Section 15.9 hereof. During the Inspection Period, Purchaser has made such studies and investigations, conducted such tests and surveys and engaged such specialists as Purchaser deemed appropriate (and in the manner described in Section 9.1 hereof) to fairly evaluate the Property and its environmental risks. By its execution of this Agreement, Purchaser hereby releases Seller from any and all liability to Purchaser and Purchaser's successors in interest attributable to the presence, discovery, or removal of any hazardous or toxic materials or chemicals in, at, or under the Property, subject to the provisions of Section 15.9 hereof. Notwithstanding anything herein to the contrary, the agreements of Purchaser set forth in this Section 14 shall survive the Closing and shall be enforceable at any time.

15. Seller's Representations and Warranties

Seller hereby represents and warrants to Purchaser the following:

15.1 United States Person. Seller is a "United States person" within the meaning of Sections 1445(f)(3) and 7701(a)(30) of the Internal Revenue Code

of 1986, as amended.

15.2 Management Agreement. On the Closing Date, there will be no agreement in effect for the management of the Property nor will there be any exclusive leasing agency agreement applicable to the Property.

15.3 Condemnation. To the best of Seller's knowledge, Seller has not received notice of any actual or threatened condemnation proceeding or special assessment with regard to the Property.

15.4 Litigation. To the best of Seller's knowledge, there are no actions, suits or other litigation (including governmental proceedings) pending or threatened in writing against Seller that would materially and adversely affect the Property, or its continued operation, or that would materially and adversely affect the ability of Seller to perform its obligations under this Agreement, except as set forth on Schedule F.

15.5 Seller's Authority.

As of the Closing Date:

(a) Seller has the full right, power and authority and has taken all requisite action to enter into this Agreement, to sell the Property and to carry out its obligations as set forth hereunder.

(b) No consent or approval of any person, entity or governmental agency or authority is required with respect to the execution and delivery of this Agreement by Seller or the consummation by Seller of the transaction contemplated hereby or the performance by Seller of its obligations hereunder.

(c) There are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorship or voluntary or involuntary proceedings in bankruptcy or pursuant to any debtor relief laws filed by Seller or against Seller.

(d) Seller is the sole owner of the Property.

15.6 Leases. To Seller's knowledge, Schedule B attached hereto sets forth a true, correct and complete list of all Leases as of the Effective Date. Copies of such Leases have been initialed by the parties and delivered to Purchaser. To

Seller's knowledge, the Leases constitute all of the leases, tenancies or occupancies affecting the Building on the Effective Date to which Seller is a party, and, except as provided in the Leases or as may be contained in any Permitted Encumbrance, there are no agreements to which Seller is a party which confer on any Tenant or any other person or entity any rights of possession with respect to the Property. To Seller's knowledge, Seller has not received, within the two hundred seventy (270)-day period prior to the Effective Date, written notice from any Tenant asserting that Seller, as landlord, is in default under such Tenant's Lease, which default remains substantially uncured as of the Effective Date.

15.7 Service Contracts. To Seller's knowledge, there are no service contracts affecting the Property or the operation thereof, except the Service Contracts.

15.8 Notices of Violations. To Seller's knowledge, within the two hundred seventy (270)-day period prior to the Effective Date, Seller has not received a notice of any material violations, or of any notices, suits, investigations or judgments relating to any material violations, of any laws, ordinances or regulations affecting the Property. If Seller receives any such notice after the Effective Date, Seller will promptly deliver a copy of such notice to Purchaser.

15.9 No Remediation Program. To Seller's knowledge, no clean-up or remediation program that may have been required by any environmental law applicable to the Property is ongoing in respect of the Property.

All references in this Agreement to the "knowledge" of Seller shall refer only to actual knowledge of the Designated Employees (as hereinafter defined) and shall not be construed to refer to the knowledge of any other officer, agent or employee of Seller or any Affiliate thereof or to impose upon such Designated Employees any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains, including the contents of the files, documents and materials made available to or disclosed to Purchaser. Seller affirmatively states that neither it nor the Designated Employees has reviewed such files, documents, or materials and that Seller's representations and warranties

hereunder are not based on the contents of any such files, documents, materials. For purposes of this Agreement, the term "Designated Employees" shall refer only to Christopher D. Gladstone.

16. Purchaser's Authority.

Purchaser hereby represents and warrants to Seller that the following statements are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

(a) Purchaser has the full right, power and authority and has taken all requisite action to enter into this Agreement, to purchase the Property and to carry out its obligations as set forth hereunder.

(b) Unless otherwise provided herein, no consent or approval of any person, entity or governmental agency or authority is required with respect to the execution and delivery of this Agreement by Purchaser or the consummation by Purchaser of the transaction contemplated hereby or the performance by Purchaser of its obligations hereunder.

(c) There are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorship or voluntary or involuntary proceedings in bankruptcy or pursuant to any debtor relief laws filed by Purchaser or against Purchaser.

17. Third Party Beneficiaries.

Nothing in this Agreement is intended or shall be construed to confer upon or to give to any person, firm or corporation other than the parties hereto any right, remedy, or claim under or by reason of this Agreement. All terms and conditions in this Agreement shall be for the sole and exclusive benefit of the parties hereto. This Section 17 shall survive the Closing or termination of this Agreement prior to the Closing Date for any reason whatsoever.

18. Further Assurances.

Purchaser and Seller each agree to execute and deliver to the other such further documents or instruments as may be reasonable and necessary in furtherance of the performance of the terms, covenants and conditions of this Agreement; provided, however, that no such documents or instruments shall contain any warranty or representation from, or recourse to, Seller. This Section 18 shall survive the Closing Date.

19. No Assignment.

Purchaser shall not assign its rights or delegate its duties under this Agreement, in whole or in part, without the prior consent of Seller, which Seller may withhold in its sole and absolute discretion. Consent by Seller to any assignment or delegation of Purchaser's rights or duties under this Agreement shall not relieve Purchaser of its obligations under this Agreement, regardless of whether such assignment includes an assumption of liability by Purchaser's assigns. Notwithstanding the foregoing, Purchaser shall have the right to assign this Agreement to Mack-Cali Realty, L.P. (which is the entity which controls Mack-Cali Realty Acquisition Corp.), or any other entity which is controlled by Mack-Cali Realty, L.P., directly or indirectly, provided that Purchaser provides Seller with evidence that the assignee is such a controlled entity.

20. Confidentiality

Prior to Closing and except as may reasonably be required in connection with the consummation of the transactions contemplated hereby, or as required by law or opinion of counsel, each party shall keep confidential the details of the transactions contemplated hereby and all documents and other information provided to the other party, and will not identify Purchaser or Seller of the Property without the prior consent of the other. Each party shall instruct all of its employees, officers, Affiliates, professionals and others engaged by it in connection with the transactions contemplated hereby to abide by the foregoing confidentiality provisions.

21. Assumption or Cancellation of Service Contracts.

Purchaser has notified Seller in writing as to which of the Service Contracts Purchaser desires to assume. Any Service Contracts that are assignable and that Purchaser has elected to assume shall be included in the assignment and assumption described in Section 7.1(b) and any costs or fees charged by the service provider in connection with such assignment shall be paid by Purchaser at or prior to Closing. Any Service Contract that Purchaser does not elect to

assume shall be terminated by Seller on or before the Closing Date if such termination may be accomplished without payment of any fee therefor. Seller shall have no obligation to terminate any Service Contract that is not terminable by its terms on or before the Closing Date without payment and Seller shall have no obligation to pay any fees in respect of contract termination. If Purchaser elects to terminate any Service Contract whose termination causes payment

therefor, Seller shall obtain a credit at closing for the full amount of such payment. If any Service Contract is to be terminated by Seller under the foregoing provisions, Seller shall give the service provider a termination notice as soon possible after receiving notice from Purchaser that Purchaser does not elect to assume such Service Contract. If, because of the termination provisions in such Service Contract, it cannot be terminated prior to the Closing Date, Purchaser shall assume such Service Contract at Closing, but only in respect of any period that may remain on such Service Contract after the delivery of such termination notice by Seller.

22. Exclusivity.

So long as this Agreement has not been terminated, Seller agrees not to negotiate with, discuss or further pursue any other offers or proposals relating to the sale of the Property with any party other than Purchaser.

23. Miscellaneous.

23.1 Captions and Execution. The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof. This Agreement shall not be binding or effective until properly executed and delivered by Seller and Purchaser. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement, and it shall not be necessary that each party to this Agreement execute each counterpart.

23.2 Press Release. Seller and Purchaser each agrees that before the Closing Date it will not issue any press release, advertisement or other public communication with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other party hereto, except to the extent required by law. If Seller or Purchaser is required by law to issue such a press release or other public communication before the Closing Date, at least one Business Day before the issuance of the same such party shall deliver a copy of the proposed press release or other public communication to the other party hereto for its review and approval, which approval shall not be unreasonably withheld or delayed.

23.3 Recording. This Agreement shall not be recorded in any office legally established for the purpose of giving public notice of real estate records. If Purchaser records or

causes this Agreement to be recorded, Purchaser shall be in default hereunder, giving Seller the right to terminate this Agreement, to retain the Deposit and collect liquidated damages according to the terms of Section 13.2 hereof, or to exercise any other rights and remedies available by reason of Purchaser's default. Purchaser hereby appoints Seller as its true and lawful attorney in fact for the purpose of executing any form of release or termination required to remove this Agreement from public record.

23.4 Amendment and Merger. This Agreement may not be changed or terminated orally. This Agreement shall be deemed to merge with the conveyance of title and all covenants, agreements, indemnities, representations and warranties shall not survive the Closing except as may be otherwise specifically provided herein.

23.5 Binding. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, personal representatives, heirs and permitted assigns.

23.6 Governing Law and Limitation Date. This Agreement shall be governed by and construed in accordance with the laws of the District of Columbia. Purchaser and Seller agree that any claim or litigation arising out of this Agreement, or the transaction contemplated hereby, shall be made or brought no later than December 31, 1998 ("Limitation Date"), and that any litigation shall be brought in the courts of the District of Columbia or in the courts of the United States for the District of Columbia, Seller and Purchaser consenting to the venue of such courts. The warranties, representations and agreements of Seller and Purchaser set forth herein shall survive until the Limitation Date, and no action based thereon shall be commenced after the Limitation Date. Notwithstanding the foregoing, (i) Section 14 (Environmental Condition) shall

survive both the Closing and the Limitation Date and shall not merge into the special warranty deed delivered pursuant to Section 7.1(a), but shall be enforceable at any time by Seller, and (ii) the obligations of the parties under Section 5.7 hereof shall survive until April 30, 1999.

23.7 Entire Agreement. This Agreement contains the entire agreement between the parties and any and all prior understandings and agreements are merged herein and any agreement hereafter made shall be ineffective to change, modify, or discharge this Agreement in whole or in part unless such agreement hereafter made is in writing and signed by the parties hereto.

23.8 Time of Essence. Purchaser and Seller each agree that time is of the essence with respect to this Agreement.

23.9 No Waiver. Except as otherwise provided in this Agreement, failure by Purchaser or Seller to insist upon or enforce any rights herein shall not constitute a waiver thereof.

23.10 Partial Invalidity. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

23.11 Waiver of Jury Trial. Seller and Purchaser waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on any matter arising out of or in any way connected with this Agreement.

23.12 No Cross-Default. If Purchaser, or any Affiliate, is also the purchaser under a Purchase and Sale Agreement (this Agreement and such Purchase and Sale Agreement being collectively referred to as the "Agreements") with 1709 L.P., then (i) any default by the seller under such other Agreement shall not be a default hereunder, (ii) any default by Seller hereunder shall not be a default under such other Agreement, (iii) any default by Purchaser and Purchaser's failure to close under either of the Agreements shall be deemed a default under both of the Agreements and Purchaser shall forfeit its Deposit and the deposits under both Agreements, at Seller's option, (iv) if there is any default and failure to close by Seller under either one of the Agreements, Purchaser shall still have the right (but not the obligation) to close on the Agreement not involved in Seller's default and failure to close, and (v) if either one of the Agreements is terminated by virtue of a failure of a condition precedent or a casualty giving a right of termination under one of the Agreements, the obligations of Seller and Purchaser under the Agreement where the failed condition is not applicable or the casualty has not so occurred shall not be affected.

23.13 Soil Characteristics. The characteristics of the soil of the Property, as described by the Soil Conservation Service of the U.S. Department of Agriculture in the Soil Survey Book of the District of Columbia (Area 11), published in July, 1976, and as shown on the soil maps of the District of Columbia

at the back of that publication is Urban Land. For further information, Purchaser may contact the Soil Testing Laboratory, the District of Columbia Department of Environmental Services, or the Soil Conservation Service of the U.S. Department of Agriculture. The foregoing is set forth pursuant to the District of Columbia Code and is not intended as, and should not be construed as, limiting the conditions set forth herein with respect to Purchaser's investigations, tests and studies and the absence of representations and warranties by Seller with respect to the condition of the Property.

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

SELLER:

14L ASSOCIATES

By: Q 1400 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By /s/ Christopher D. Gladstone,

Christopher D. Gladstone,

President

PURCHASER:

MACK-CALI REALTY ACQUISITION CORP.

By /s/ [ILLEGIBLE]

Name:
Title:

SCHEDULE A

Legal Description

Lot numbered Fifty-two (52) in Square numbered Two Hundred Seventeen (217), as per Plat recorded in the Office of the Surveyor for the District of Columbia in Liber 176 at folio 157.

SCHEDULE B

Leases and Security Deposits

1. Gourmet Deli and Salad. Inc. -- Retail Lease dated November 27, 1990; First Amendment dated February 25, 1991; Second Amendment dated as of February 17, 1998. This lease includes 537 square feet of storage space.

2. Bishop, Cook Purcell & Reynolds -- Office Lease dated August 14, 1987; First Amendment dated January 27, 1988; Second Amendment dated February 2, 1988; Third Amendment dated March 14, 1989; Fourth Amendment dated September 3, 1997. Tenant is now known as Winston & Strawn.

3. Winston & Strawn -- Storage Space Lease dated April 1, 1996 (3,042 square feet); Storage Space Lease dated April 1, 1996 (56 square feet); Storage Space Lease dated March 2, 1988 (655 square feet); and Storage Space Lease dated May 15, 1997 (787 square feet).

4. General Services Administration -- Office Lease dated May 11, 1994: Supplemental Lease Agreement No.1 dated April 12, 1995; Supplemental Lease Agreement No. 2 dated May 6, 1996; Supplemental Lease Agreement No. 3 dated April 3, 1997 (signed by Tenant only).

5. William Duvall -- Retail Lease dated April 15, 1994; First Amendment dated November 22, 1994.

6. District of Columbia Retirement Board -- Office Lease dated June 29, 1990.

7. Shane Floral, Inc. -- Retail Lease dated July 10, 1989; Addendum dated July 10, 1989; First Amendment dated December 12, 1989; Second Amendment dated April 17, 1996; Third Amendment to Lease dated April 12, 1996; and Consent to Assignment and Agreement dated February 27, 1998 assigning the lease from Florescence.

8. Dow Jones & Company, Inc. -- Office Lease dated July 23, 1994; First Amendment dated August 31, 1994; Second Amendment dated December 29, 1994; and Assignment of Lease dated May 17, 1994 assigning the lease to Dow Jones Telerate, Inc.; Third Amendment to Lease dated July 31, 1996; and a Rooftop License Agreement dated August 28, 1995.

9. ERISA Industry Committee -- Office Lease dated September 28, 1990; First Amendment dated June 11, 1995.

10. ERISA Industry Committee -- Storage Space Lease dated April 23, 1997.

11. Ripley Communications, Inc. -- Office Lease dated October 28, 1992; First Amendment dated November 5, 1996; Second Amendment dated November 5, 1996.

12. Sin Ae Kim, Daniel Chae K. Park and Yong 0. Park -- Retail Lease dated May 25, 1990; Consent to Assignment and Agreement assigning lease from Extremeties dated December 30, 1993.

13 United Parcel Service -- Commercial Lease dated October 1, 1987; First Amendment dated February 23, 1988; Second Amendment dated February 28, 1992; Third Amendment dated March 2, 1998.

14. U.S. Postal Service -- Lease dated August 1, 1989.

15. U.S. ASEAN Council for Business and Technology, Inc. -- Office Lease dated May 19, 1992; First Amendment dated August 24, 1992; Second Amendment to Lease, undated, that has not yet been signed by Landlord or Tenant.

16. Exercise Facility -- Lease dated November 25, 1988. (TO BE TERMINATED)

17. OuikPark -- Lease dated January 1, 1989

NOTE: The above list does not include Guarantees

Security Deposits as of May 28, 1998:

	Tenant	Principal Amount	Accrued Interest	Less Amounts Applied	Ending Balance
1.	Extremities	$9,578.10	$0.00	$0.00	$9,578.10
2.	ERISA Industry	$8,453.96	$0.00	$0.00	$8,453.96
3.	Gourmet Deli	$7,017.50	$0.00	$0.00	$7,017.50
4.	US ASEAN Council	$8,707.50	$0.00	$0.00	$8,707.50
5.	Shane Floral, Inc.	$3,000.00	$0.00	$0.00	$3,000.00
6.	Ripley Communications	$1,210.00	$0.00	$0.00	$1,210.00
7.	William V. Duvall	$6,060.00	$0.00	$5,035.72	$1,024.28

SCHEDULE C

Service Contracts

Contractor	Services Rendered	Date of Contract
ARC	Water treatment	January 1, 1998
Browning-Ferris Industries	Trash Removal	January 1, 1998
Cliffhanger	Retail canopy cleaning	January 30, 1998
Empire Recycling	Recycling	January 1, 1998
Fitness Industries	Exercise equipment maintenance	January 1, 1998
Home Paramount	Pest control	January 1, 1998
Kastle Systems	Electronic security	January 1, 1998
Lerch, Bates	Elevator inspections	January 1, 1998
Oneil M. Banks	Air quality surveys	January 1, 1998
Positive Services Partners	Night cleaning	January 1, 1998
Rentokil, Inc.	Indoor landscaping	January 1, 1998
Schindler Elevator Co.	Elevator maintenance	April 1, 1998
Service Machine Shop	Vane axial fan maintenance	January 1, 1998
Valcourt Building Services	Window cleaning	January 1, 1998
Vance Uniformed Protection Services	Lobby Host	October 1, 1998

SCHEDULE D

Permitted Encumbrances

1. Taxes subsequent to March 31, 1998, not yet due and payable.

2. Water rent and sewer service charges subsequent to the closing date, a lien, not yet due and payable.

3. Agreement(s) with the District of Columbia relating to projection of sub-surface vaults into public space abutting the property as set forth in instrument recorded September 11, 1985, as Instrument No. 33520.

4. Specifications of the National Capital Planning Commission Downtown Urban Renewal Plan/Area recorded April 29, 1969 as Instrument No. 8043 in Liber 12987 at folio 621, among the Land Records of the District of Columbia, as amended.

5. Rights of parties in possession as commercial tenants only as set forth on Schedule B.

6. Projections as shown on Plat of Survey of Bernard F. Locraft dated December 4, 1987, last revised May 13, 1998:

   a. Awnings into L Street N.W. and 14th Street, N.W.

b. Minor building projections into L Street, N.W.

SCHEDULE F

Pending Litigation

No pending litigation.

SCHEDULE 5.2(b)

034201 14L Associates Page - 1
14L Associates Detailed Accounts Receivable Date - 5/29/98
As of - 05/29/98

<TABLE>
<CAPTION>

...Address....		.....Document Reference....				.....Balance.....		Discount	Remark
Number	Name	Co	Ty	Number	Inv Date	Original	Open		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
22808	DC Retirement Board								
		073	RD	114387 001	05/01/98	19,995.35	19,995.35		Base Rent - Office
		073	RD	114387 002	05/01/98	890.00	890.00		Est. Ep - Office
	22808 District of Columbia					20,885.35	20,885.35		
54148	Enterprise Leasing								
		073	RI	114602 000	05/01/98	34.36	34.36		3/98 WATER USE-14L GARAGE
	54148 Enterprise Leasing					34.36	34.36		
23018	ERISA								
		073	RD	114388 003	05/01/98	4.70	4.70		Base Rent - Storage Space
	23018 The ERISA Industry Commit					4.70	4.70		
14138	GEN. SVCS ADMIN.-EEOC								
		073	RD	114383 001	05/01/98	24,061.42	24,061.42		Base Rent Office
		073	RD	114383 002	05/01/98	663.11	663.11		Est EP - Office
	14138 General Services Administ					24,724.53	24,724.53		
25048	GOURMET DELI & SALAD, INC								
		073	RD	114391 001	05/01/98	989.00	252.02		Est EP - Retail
	25048 GOURMET DELI & SALAD, INC.					989.00	252.02		
37719	Ripley Communications, Inc.								
		073	RD	107221 001	11/01/97	440.84	12.50		Base Rent - Storage Space
		073	RD	111392 001	03/01/98	440.84	.84		Base Rent - Storage Space
	37719 Mr. Chris Styga					881.68	13.34		
14066	Shane Floral, Inc.								
		073	RD	114382 001	05/01/98	1,485.46	1,485.46		Base Rent - Retail
		073	RD	114382 002	05/01/98	35.00	35.00		Est Ep - Retail
	14066 Shane Floral, Inc.					1,520.46	1,520.46		
14774	UNITED PARCEL SERVICE								
		073	RD	111383 002	03/01/98	1,812.00	25.45		Base Rent - Retail
		073	RD	112586 001	04/01/98	18.00	18.00		Est Ep - Retail
		073	RD	112586 002	04/01/98	1,812.33	7.78		Base Rent - Retail
		073	RD	114384 001	05/01/98	18.00	18.00		Est Ep - Retail
	14744 UNITED PARCEL SERVICE					3,660.33	69.23		

<TABLE>
14841	UNITED STATES POSTAL SERVICE									
		073	RD	114385	001	05/01/98	11,638.67	11,638.67		Base Rent - Retail
		073	RD	114385	002	05/01/98	1,354.00	1,354.00		Est Ep - Retail
	14841 United States Postal Serv						12,992.67	12,992.67		
</TABLE>

<TABLE>
<CAPTION>

...Address....		.....Document Reference....				.....Balance.....		Discount	Remark
Number	Name	Co	Ty	Number	Inv Date	Original	Open		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
24862	Winstron & Strawn								
		073	RN	114852	001 05/06/98	212.50	212.50		EXTRA HVAC 4/27
		073	RN	114853	001 05/06/98	100.00	100.00		EXTRA HVAC 4/27
		073	RN	114853	002 05/06/98	100.00	100.00		EXTRA HVAC 4/28
		073	RN	114853	003 05/06/98	100.00	100.00		EXTRA HVAC 4/29
		073	RN	114888	001 05/06/98	100.00	100.00		EXTRA HVAC 4/25
		073	RN	114888	002 05/06/98	250.00	250.00		EXTRA HVAC 4/26
	24862 Winston & Strawn					862.50	862.50		
073	14L Associates					66,555.58	61,359.16		
	Grand Total -					66,555.58	61,359.16		
</TABLE>

SCHEDULE 5.6

New Leases, Amendments to Leases and Broker Commission Agreements

U.S. Asean Council for Business and Technology, Inc. -- A Second Amendment to Lease has been sent to the Tenant for review and signature, but tenant has not yet signed the amendment.

Gourmet Deli and Salad, Inc. -- Second Amendment to Lease dated as of February 17, 1998.

Broker Commission Agreement between 14L Associates and The Rome Group for U.S. ASEAN Council for Business and Technology, Inc. dated May 8, 1998.

EXHIBIT A

DEED

AFTER RECORDING,
PLEASE RETURN TO:

Andrew S. Levine, Esq.
Pryor, Cashman, Sherman & Flynn
410 Park Avenue
New York, New York 10022

DEED

THIS DEED is made and entered into on this ____ day of June, 1998, by and between 14L ASSOCIATES, a District of Columbia limited partnership ("Grantor"), whose address is c/o Quadrangle Development Corporation, 1001 G Street, N.W., Washington, D.C. 20001, and MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Grantee"), whose address is 11 Commerce Drive, Cranford, New Jersey 07016.

W I T N E S S E T H:

For Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby GRANT, BARGAIN, SELL and CONVEY, with Special Warranty, unto Grantee, its successors and assigns, in fee simple, the parcel of land located in the District of Columbia, described on Exhibit A attached hereto.

TOGETHER with all buildings, fixtures and other improvements located in or on such parcel of land; and

TOGETHER with all easements, rights-of-way, appurtenances, licenses and privileges belonging or appurtenant to such land; and

TOGETHER with all mineral, gas, oil and water rights, sewer rights, other utility rights, and development rights now or hereafter allocated or allocable to such land; and

TOGETHER with all right, title and interest of Grantor in and to any land lying in the bed of any street, road, avenue or alley, open or closed, adjacent to such land, to the center line thereof.

TO HAVE AND TO HOLD all of the aforesaid property (the "Property") unto the use and benefit of Grantee, its successors and assigns, in fee simple forever.

This conveyance is expressly made subject to easements, covenants, conditions, agreements, and restrictions of record.

Grantor covenants that it has the right to convey the Property to Grantee and that Grantor will execute such further assurances of the Property as may be required.

IN WITNESS WHEREOF, Grantor has caused this Deed to be executed by its general partner, Q 1400 L.L.C., which has caused this Deed to be executed by its Managing Member, Quadrangle Development Corporation, which has caused this Deed to be executed by Christopher D. Gladstone, its President, and its corporate seal to be affixed hereto, and does hereby constitute and appoint Christopher D. Gladstone its true and lawful attorney-in-fact for it and in its name to acknowledge and deliver said Deed on behalf of Quadrangle Development Corporation, the managing member of Q 1400 L.L.C., the general partner of Grantor.

GRANTOR:

14L ASSOCIATES

By: Q 1400 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

)
) ss:
)

I, _____, a Notary Public for the jurisdiction aforesaid, do certify that Christopher D. Gladstone, who is personally well known to me as (or proved by the oath of credible witnesses to be) the person named as attorney-in-fact in the foregoing and annexed Deed bearing date on the ___ day of June, 1998, personally appeared before me in said jurisdiction and as attorney-in-fact as aforesaid, and by virtue of the authority vested in him as aforesaid, acknowledged the same to be the true act and deed of Quadrangle Development Corporation, the managing member of Q 1400 L.L.C., in its capacity as the general partner of the Grantor therein.

Given under my hand and official seal on this ___ day of June, 1998.

_____
Notary Public

My Commission Expires:_____

EXHIBIT B

ASSIGNMENT AND ASSUMPTION OF LEASES AND SERVICE CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND SERVICE CONTRACTS (this "Assignment") is entered into on this ____ day of June, 1998, between 14L ASSOCIATES, a District of Columbia limited partnership ("Assignor"), whose

address is c/o Quadrangle Development Corporation, 1001 G Street, N.W., Washington, D.C. 20001, and MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Assignee"), whose address is 11 Commerce Drive, Cranford, New Jersey 07016.

1. Reference to Purchase Agreement. Reference is made to a Purchase and Sale Agreement dated June ___, 1998 between Assignor, as seller, and Assignee, as purchaser, pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, the improved real property and other assets described therein (the "Purchase Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

2. Assignment. For good and valuable consideration received by Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby grants, transfers and assigns to Assignee all right, title and interest of Assignor (i) in and to each of the contracts listed on Exhibit A attached hereto (the "Accepted Contracts"), to the extent assignable, (ii) as landlord in and to each of the leases listed on Exhibit B attached hereto, including any amendments and guaranties thereof (the "Leases"), (iii) any and all licenses to occupy space at the Property and (iv) the security deposits held by landlord under the Leases. Assignor is not assigning any right to receive Delinquent Rent, and any Delinquent Rent as of the date hereof shall be collected and paid to Seller to the extent and in the manner provided by the Purchase Agreement.

3. Assumption. Assignee hereby assumes, and agrees to be bound by, all of the covenants, agreements and obligations of Assignor (i) under the Accepted Contracts, and (ii) as landlord under the Leases, that shall arise or be incurred, or that are required to be performed, on and after the date of this Assignment, and Assignee further assumes all liability of Assignor for the proper refund or return of the security deposits actually delivered or credited to Assignee on the date hereof and held under the Leases if, when and as required by the Leases or otherwise by law.

4. Indemnity. Assignee agrees to indemnify, defend and hold harmless Assignor from any loss, cost, claim, liability,

expense or demand of whatever nature under the Leases and Accepted Contracts arising or accruing as a result of any acts which occur on or after the date hereof. Assignor agrees to indemnify, defend and hold harmless Assignee from any loss, cost, claim, liability, expense or demand of whatever nature under the Leases and Accepted Contracts arising or accruing prior to the date hereof, but only in respect of any claim under the indemnity contained in this sentence made by Assignee prior to April 30, 1999.

5. Binding Effect. This Assignment shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns.

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

ASSIGNOR:

14L ASSOCIATES

By: Q 1400 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

ASSIGNEE:

MACK-CALI REALTY ACQUISITION CORP.

By

Name:
Title:

EXHIBIT C

ASSIGNMENT OF INTANGIBLE PROPERTY AND WARRANTIES

THIS ASSIGNMENT OF INTANGIBLE PROPERTY AND WARRANTIES (this "Assignment")

is entered into on this ____ day of June, 1998, by 14L ASSOCIATES, a District of Columbia limited partnership ("Assignor"), whose address is c/o Quadrangle Development Corporation, 1001 G Street, N.W., Washington, D.C. 20001, for the benefit of MACK-CALI REALTY ACQUISITION CORP., a Delaware corporation ("Assignee"), whose address is 11 Commerce Drive, Cranford, New Jersey 07016.

1. Reference to Purchase Agreement. Reference is made to a Purchase and Sale Agreement dated June ___, 1998 between Assignor, as seller, and Assignee, as purchaser, pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, the improved real property and other assets described therein (the "Purchase Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

2. Assignment. For good and valuable consideration received by Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby grants, transfers and assigns, without any warranty, representation, or recourse of any kind, to Assignee all right, title and interest of Assignor in and to (i) the Intangible Property, and (ii) all warranties or guaranties presently in effect from contractors, suppliers or manufacturers of personal property installed in or used in connection with the Property or any work performed or improvements included as a part of the Property (the "Warranties"). This Assignment shall not be effective as to any Intangible Property or Warranty that, by its terms or as a matter of law, cannot be assigned.

3. Binding Effect. This Assignment shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns.

[The signature of Assignor is set forth on the next page.]

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

ASSIGNOR:

14L ASSOCIATES

By: Q 1400 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

EXHIBIT D

NOTICE TO TENANTS

_____, 1998

[Name and Notice Address of Tenant]

RE: Notice of Change of Ownership of
[address]

Dear [Name of Tenant Contact]:

You are hereby notified as follows:

(1) That as of the date hereof, 14L Associates has transferred, sold, assigned, and conveyed all of its interest in and to 1400 L Street, N. W. (the "Property") to Mack-Cali Realty Acquisition Corp. (the "New Owner").

(2) Future rental payments with respect to your lease premises at the Property should be made to the New Owner in accordance with your lease terms at the following address:

Your security deposit in the amount of $_____ has been transferred to the New Owner and as such the New Owner shall be responsible for holding the same in accordance with the terms of your lease.

We have appreciated the opportunity to work with you and serve your space needs over the years.

Very truly yours,

14L Associates

By: Q 1400 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

EXHIBIT D

Notice to Tenants

14L Associates
c/o Quadrangle Development Corporation
1001 G Street, N.W.
Washington, DC 20001

May ___, 1998

Tenant Name
Tenant Address

Re: Sale of 1400 L Street, N.W., Washington, DC

Dear Tenant:

Please be advised that, as of the date hereof, 14L Associates has sold the referenced premises to M-C Capitol Associates L.L.C. In connection with such sale, 14L Associates has assigned all of its right, title and interest as landlord under your lease to M-C Capitol Associates L.L.C. Your security deposit, if any, has also been assigned to M-C Capitol Associates L.L.C.

You are instructed to pay all rents, additional rents and all other charges and payments due under your lease as follows:

M-C Capitol Associates L.L.C.
P.O. Box 23229
Newark, New Jersey 07189

You will receive from M-C Capitol Associates L.L.C. monthly invoices for all rents due under your lease. In order for M-C Capitol Associates L.L.C. to process your payments quickly and accurately, kindly return the payment stub attached to each invoice.

In addition, all correspondence relating to the monthly billings should be sent to Alicia Friedman, M-C Capitol Associates L.L.C., 11 Commerce Drive, Cranford, New Jersey 07016.

I am please to inform you that, for the immediate future, QDC Property Management, Inc. is remaining as property manager for the building. We have appreciated the chance to work with you and serve your space needs over the years.

Very truly yours,

14L ASSOCIATES

By: Q 1400 L.L.C.,
general partner

By: Quadrangle Development
Corporation, managing member

By:

Christopher D. Gladstone
President

EXHIBIT E

AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a

United States real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a United States real property interest by 14L Associates, a District of Columbia limited partnership ("the Partnership"), the undersigned hereby certifies the following on behalf of the Partnership:

1. The Partnership is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations); and

2. The Partnership's U.S. employer tax identification number is 52-1398693; and

3. The Partnership's office address is 1001 G Street, N.W., Suite 700, Washington, D.C. 20001.

The Partnership understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

The undersigned officer of the Partnership declares that he has examined this certification and to the best of his knowledge and belief it is true, correct and complete, and he further declares that he has authority to sign this document on behalf of the Partnership.

Dated: June ___, 1998.

14L Associates

By: Q 1400 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

TENANT ESTOPPEL CERTIFICATE

_____, 1998

Mack-Cali Realty Acquisition Corp.
c/o Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

14 L Associates ("Landlord")
c/o Quadrangle Development Corporation
1001 G Street, N.W.
Suite 700W
Washington, DC 20001

Premises: 1400 L Street, N.W., Washington, DC (the "Property")

Ladies and Gentlemen:

The undersigned, as Tenant under that certain lease dated_____ (the "Lease"), made with 14L ASSOCIATES does hereby certify to Landlord, Mack-Cali Realty Acquisition Corp. and its assigns and successors (the "Purchaser") and to any lender or mortgagee of Purchaser with respect to Purchaser's acquisition of the property of which the Demised Premises (as hereinafter defined) form a part:

1. That the premises leased by Tenant (the "Demised Premises") pursuant to the Lease are described as _____ square feet on the _____ floor at the Premises;

2. That the Lease has not been modified, changed, altered or amended in any respect, except as set forth below, and is the only Lease or agreement between the undersigned and the Lessor affecting the Demised Premises. If none, state "none." A true and complete copy of the Lease, together with any and all modifications, amendments and/or assignments thereto, are annexed hereto as Exhibit A. There are no subleases for any of the Demised Premises, except _____;

3. That the full name and current mailing address for Tenant, and the address for all notices to Tenant, are set forth below:

4. That the Demised Premises have been completed in accordance with the

terms of the Lease and that Tenant has accepted possession of the Demised Premises. All improvements,

alterations or additions to be constructed on the Demised Premises by Landlord pursuant to the Lease have been completed and accepted by Tenant. All contributions now or previously required from Landlord for improvements to the Demised Premises have been paid in full to Tenant;

5. That the original Lease term began on _____ and will expire on _____; that Tenant has paid rent through _____; that no rent has been paid by Tenant for more than one month in advance; that the rent payable under the Lease is the amount of fixed rent provided thereunder, which is annual fixed rent payable to Landlord of $_____; that as of the date hereof, additional rent of $_____ is payable to Landlord on account of utility costs, real estate taxes and operating expenses; that the base year for such additional rent is _____, which has a base amount of $_____ [or the expense stop for such additional rent is $_____/SF]; that there is no claim or basis for an adjustment thereto; and that the amount of additional rent has been paid through _____;

6. That Tenant has not given Landlord any notice of any claim arising under the Lease nor any notice of a default on the part of Landlord under the Lease which have not been cured. To Tenant's knowledge, there are no defaults by Landlord under the Lease as of the date hereof. As of the date hereof, the undersigned is entitled to no credit, no free rent and no offset, counterclaim or deduction in rent, except _____;

7. That the Lease is now in full force and effect and has not been amended, modified or assigned except as may be indicated above; the Lease is the only agreement between Landlord and the undersigned regarding the Demised Premises; and, to Tenant's knowledge, Tenant is not in default under the Lease;

8. That Tenant has paid to Landlord a security deposit of $ _____, and Tenant has no knowledge of any claim made by Landlord against the security deposit;

9. That Tenant has _____ option(s) to renew the Lease for a period of _____ years upon the terms set forth in the Lease, and that none of such options have been exercised except _____;

10. That, except as set forth in the Lease, Tenant has no (i) option to expand into additional space in the Property; (ii) right of first refusal of any space in the Property; or (iii) option to acquire all or any part of the Property in which the Demised Premises are located;

11. That no actions, whether voluntary or otherwise, are pending against the undersigned under the bankruptcy laws of the United States or any State thereof.

(tenant's signature on next page)

Dated: _____, 1998

TENANT:

[TENANT NAME]
a

By: _____
Name:
Title:
Address:

EXHIBIT A

(Copy of the Lease to be attached, including all amendments, modifications, assignments, etc.)

EXHIBIT G

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made and entered into on this ___ day of May,

1998 by and among (i) 14L ASSOCIATES, a District of Columbia limited partnership ("Seller"), (ii) M-C CAPITOL ASSOCIATES L.L.C., a Delaware limited liability company ("Purchaser") and (iii) LAWYERS TITLE INSURANCE CORPORATION ("Escrow Agent").

RECITALS:

A. Seller and a predecessor of Purchaser have entered into a Purchase and Sale Agreement dated June __, 1998 (the "Purchase Agreement") with respect to the sale by Seller to Purchaser of certain improved real property located at 1400 L Street, N. W., Washington, D. C. (the "Property").

B. The Purchase Agreement contemplates that Seller and Purchaser shall execute this Escrow Agreement at the Closing on the sale of the Property to Purchaser under the provisions of the Purchase Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller, Purchaser and Escrow Agent hereby covenant and agree as follows:

1. Appointment of Escrow Agent. Seller and Purchaser hereby designate and appoint Escrow Agent as escrow agent, and Escrow Agent hereby accepts such designation and appointment.

2. Escrow. On the date hereof, Seller has placed in escrow a portion of the proceeds from the sale of the Property in the amount of Fifty-Three Thousand Dollars ($53,000) (the "Escrow Amount") in cash with Escrow Agent, as escrowee, to secure Seller's obligations under Section 5.7(b) of the Purchase Agreement, relating to Seller's undertaking to repay to Tenants any overpayments of Additional Rent such Tenants may have made in calendar year 1998 that is attributable to periods prior to the Closing Date ("Overpayments"). Escrow Agent shall hold the Escrow Amount pursuant to the terms of this Escrow Agreement. The Escrow Amount shall be held and maintained by Escrow Agent in an interest-bearing account approved by Seller and Purchaser. Neither Seller nor Purchaser shall have the right to substitute another escrow agent for Escrow Agent or to cause the Escrow Amount to be held or controlled by any other person or party except by mutual agreement of Seller and Purchaser.

3. Earned Interest. All interest which accrues on the Escrow Amount shall be paid by Escrow Agent to Seller on the termination of this Escrow Agreement.

4. Disbursement of Escrow. At such time as a determination is made (pursuant to the provisions of Section 5.7 of the Purchase Agreement) that a Tenant has made an Overpayment, Seller shall so notify Escrow Agent (with a copy to Purchaser), stating in such notice the name and address of the Tenant and the amount to be reimbursed to such Tenant. Within five (5) days after receipt of such notice, Escrow Agent shall make the requested payment to the Tenant specified in Seller's notice out of the Escrow Amount.

5. Termination of Escrow. This Escrow Agreement and the escrow created hereby shall terminate on the earlier to occur of (i) disbursement of the entire Escrow Amount pursuant to the provisions hereof, or (ii) May 31, 1999. If the entire Escrow Amount has not been disbursed prior to May 31, 1999, then on and as of such date Escrow Agent shall disburse to Seller any remaining funds in the Escrow Amount, whereupon this escrow shall terminate.

6. Notices. Each notice, request, demand, consent, approval, objection or other communication (hereafter in this Section 6 referred to collectively as "notices" and referred to singly as a "notice") which Seller, Purchaser or Escrow Agent is required or permitted to give pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if hand delivered with receipt therefor, or sent by Federal Express or other overnight courier service. Any such notice shall be deemed given when received or when delivery is refused. The records of the courier service shall be conclusive with respect to the date of receipt or refusal of delivery. All notices shall be addressed to the parties at the following addresses:

(a) if to Purchaser: 11 Commerce Drive, Cranford, New Jersey 07016, with separate notice to the attention of Roger W. Thomas, Esq. and David Parisier, with an additional separate notice to go to Pryor, Cashman, Sherman and Flynn, 410 Park Avenue, New York, NY 10022, Attention: Andrew S. Levine, Esq.

(b) if to Seller: c/o Quadrangle Development Corporation, 1001 G Street, N.W., Suite 700, Washington, D.C. 20001, Attention: Legal Department, with a copy to: The Taylor Simpson Group, One Rockefeller Plaza, Twenty-Third Floor, New York, New York 10020, Attention: Paul E. Taylor III and Jeffrey Feldman, Esq.

(c) if to Escrow Agent: 708 Third Avenue, New York, New York 10017, Attention: Kathryn Andriko

Any party may, by notice given pursuant to this Section 6, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices.

7. Assignment. Neither Seller, Purchaser nor Escrow Agent shall have any right, power, or authority to transfer, sell, hypothecate, assign or otherwise convey any of its rights or obligations under this Escrow Agreement. However, Escrow Agent shall have the right to resign as escrow agent hereunder. If Escrow Agent does resign, Seller and Purchaser shall promptly appoint a substitute escrow agent approved by each of them, such approval not to be unreasonably withheld.

8. Indemnity. Seller and Purchaser hereby indemnify and hold Escrow Agent harmless from and against any loss, damage, cost or expense incurred by Escrow Agent in connection with or in any way related to Escrow Agent's performance of its obligations hereunder, unless such loss, damage, cost or expense results from Escrow Agent's negligence, fraud or dishonest conduct.

9. Liability of Escrow Agent. It is understood and agreed that in no event shall Escrow Agent be liable for any loss or damage resulting from:

(a) Any defaults, error, action or omission of any other party;

(b) Any loss or impairment of funds deposited in escrow in the course of collection or while on deposit with a commercial bank resulting from failure, insolvency or suspension of such institution;

(c) Escrow Agent's compliance with any and all legal process, writs, orders, judgments and decrees of any court where issued with or without jurisdiction, and whether or not subsequently vacated, modified, set aside or reversed;

(d) Any good faith act or forbearance by Escrow Agent as long as such act or forbearance is reasonable and consistent with Escrow Agent's ordinary course of business; or

(e) Escrow Agent's asserting or failing to assert any cause of action or defense in any judicial, administrative or other proceeding either in Escrow Agent's own interest or in the interest of any other party.

10. Remedies Cumulative. The Escrow Amount is intended as security for the payment by Seller to Tenants of any Overpayments by such Tenants. This Escrow Agreement is not a limit on Seller's liability to such Tenants for any such Overpayments, and Seller shall make such payments as may be due Tenants for any

Overpayments made by them in accordance with the provisions of such Tenants' Leases and the Purchase Agreement.

11. Entire Agreement. This Escrow Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof, and there are no agreements or understandings among them with respect to the subject matter hereof other than as set forth herein and in the Purchase Agreement.

12. Escrow Agent's Fee. Escrow Agent shall not charge any fee in connection with the services to be performed by it under this Escrow Agreement.

13. Miscellaneous. This Escrow Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This Escrow Agreement shall be governed by the laws of the District of Columbia.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement on the day and year first above-written.

SELLER.

14L ASSOCIATES

By: Q 1400 L.L.C., General Partner

By: Quadrangle Development Corporation, Managing Member

By

Christopher D. Gladstone,
President

PURCHASER:

M-C CAPITOL ASSOCIATES L.L.C.

By: Mack-Cali Property Trust, its Member

By

Name:
Title:

ESCROW AGENT:

LAWYERS TITLE INSURANCE CORPORATION

By:

CONTRIBUTION AND EXCHANGE AGREEMENT

between and among

G&G MARTCO,

LAWRENCE W. FELDMAN,

THE LAWRENCE W. AND MARIE N. FELDMAN TRUST,

ALVIN DWORMAN,

PLENITUDE PARTNERS, L.P.

and

MACK-CALI REALTY, L.P.

Date: April 30, 1998

TABLE OF CONTENTS

INDEX OF DEFINED TERMS

SCHEDULES

EXHIBITS

CONTRIBUTION AND EXCHANGE AGREEMENT

THIS CONTRIBUTION AND EXCHANGE AGREEMENT (this "Agreement") made April 30, 1998 by and between G&G MARTCO ("G&G"), a general partnership organized under the laws of the State of California, having an address at 201 Third Street, San Francisco, California, LAWRENCE W. FELDMAN, an individual having an address at 2027 Paradise Drive, Tiburon, California ("LWF"), THE LAWRENCE W. AND MARIE N. FELDMAN TRUST, a California trust having an address at 2027 Paradise Drive, Tiburon, California ("Contributor"), ALVIN DWORMAN, an individual having an address at 645 Fifth Avenue, Eighth Floor, New York, New York, 10022 ("Dworman"), and PLENITUDE PARTNERS, L.P., a Delaware limited partnership having an address at 645 Fifth Avenue, Eighth Floor, New York, New York, 10022 ("Plenitude", and hereinafter G&G, Contributor, Dworman and Plenitude shall collectively be referred to as the "Owners") and MACK-CALI REALTY, L.P., a Delaware limited partnership having an address at 11 Commerce Drive, Cranford, New Jersey 07016 (the "Company").

RECITALS

A. G&G is the owner in fee simple of that certain property located in the City and County of San Francisco and State of California, commonly known as Convention Plaza. Contributor and Dworman, along with those certain entities, such as Plenitude, and other trusts and individuals listed on Schedule 2.1(b) annexed hereto (collectively, the "Beneficiaries"), each own a fifty (50%) percent interest in the profits and capital of G&G. Together, Contributor, Dworman, Plenitude and the Beneficiaries own all of G&G.

B. Contributor and the Beneficiaries hereby desire to contribute a forty-nine and 9/10 (49.9%) percent interest in the profits and capital of G&G ("Contributor's Interest"), and the Company desires to accept the contribution of Contributor's Interest, on and subject to, the terms, covenants and conditions set forth herein.

C. Subsequent to Contributor's contribution of Contributor's Interest, the Company, Contributor, Dworman and Plenitude desire to continue to operate the property referenced above, and in connection therewith, to amend and restate the partnership agreement for G&G on and subject to the terms, covenants and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and for Ten Dollars ($10.00) and other good and valuable consideration,

the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, do hereby agree as follows:

1. CONTRIBUTION AND EXCHANGE.

1.1 Upon, and subject to, the terms, covenants and conditions of this Agreement, on the Closing Date (as hereinafter defined), Contributor shall contribute and convey to the Company Contributor's Interest in G&G, which is the owner and possesses all right, title and interest in, to and under the following:

(a) that certain plot, piece or parcel of land situate, lying and being in the City and County of San Francisco and State of California, and being more particularly described on Schedule 1.1(a) (the "Land"), the building or buildings constructed on the Land (the "Building") and all of the other improvements located on the Land (together with the Building, the "Improvements");

(b) all rights, privileges, grants and easements appurtenant to the Land and Improvements including, without limitation, all of G&G's right, title and interest in and to all land lying in the bed of any public street, road or alley, all mineral and water rights and all easements, licenses, covenants and rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and Improvements (the Land and Improvements, and all such rights, privileges, easements, grants and appurtenances, are sometimes referred to herein as the "Real Property");

(c) all personal property, fixtures, equipment, inventory and computer programming and software owned or licensed by G&G and located on the Real Property or used in connection with or in relation to the sale, management, leasing, promotion, ownership, operation, development, maintenance, use or occupancy of the Real Property including, without limitation, the items, if any, described on Schedule 1.1(c) (collectively the "Personal Property");

(d) all leases and other agreements with respect to the use and occupancy of the Real Property, together with all amendments and modifications thereto and any guaranties provided thereunder (each a "Lease", and collectively the "Leases"), and all rents, additional rents, reimbursements, profits, income, receipts and the amount deposited under any Lease in the nature of security (plus any accrued interest) (the "Security Deposit") for the performance by any entity or person(s) using or occupying space at the Property (each a "Tenant", and collectively the "Tenants") pursuant to a Lease;

(e) all trademarks and tradenames used or useful in connection with the Real Property, including without limitation the names Convention Plaza and G&G Martco and any other name by which the Real Property is commonly known, and all goodwill, if any, related to said names, all for which G&G shall have the sole and exclusive rights (collectively, the "Tradenames");

(f) all permits, licenses, guaranties, approvals, certificates and warranties relating to the Real Property and the Personal Property (collectively, the "Permits and Licenses"), those contracts and agreements for the servicing, maintenance and operation of

the Real Property, to the extent the Company has elected to continue same as provided herein (the "Service Contracts") as set forth on the annexed Schedule 1.1(f), and the telephone numbers in use at any of the Real Property (together with the Permits and Licenses and the Service Contracts, collectively the "Intangible Property");

(g) all promotional materials, brochures, prints and/or pictures of the Land and Improvements (collectively, "Promotional Materials"), books, records, tenant data, leasing material and forms, past and current rent rolls, files, statements, tax returns, market studies, keys, plans, specifications, reports, tests and other materials of any kind owned by or in the possession of G&G which are or may be used by G&G in the use and operation of the Real Property or Personal Property (together with the Promotional Materials, collectively the "Books and Records"); and

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

1.2. The Real Property, the Personal Property, the Leases, the Security Deposits, the Tradenames, the Intangible Property, the Books and Records and the other property interests being conveyed hereunder are hereinafter collectively referred to as the "Property".

1.3. For all periods prior to the Closing, G&G and all references to it herein shall be deemed to be the partnership composed of Contributor, Dworman, the Beneficiaries and Plenitude. From and after the Closing, G&G shall

be deemed to be the partnership inclusive of the Company, composed as more particularly set forth in the Amended Partnership Agreement (as hereinafter defined). All references herein to the "Reconstituted Partnership" shall be to G&G as it shall be composed from and after the Closing, which is herein considered to be a separate and distinct entity from G&G prior to the Closing.

2. CONSIDERATION.

2.1 (a) Contributor shall contribute Contributor's Interest to the Company or its designee at Closing (as hereinafter defined). The consideration ("Consideration") for the contribution of Contributor's Interest shall be equal to forty-nine and 9/10 (49.9%) percent, multiplied by the difference between $58,000,000.00 and the outstanding principal balance of mortgage debt existing on the Property as of the Closing Date (as hereinafter defined)(the "Mortgage Debt"). The mortgage debt existing on the Property as of the date hereof shall hereinafter be referred to as the "Existing Mortgage Debt". The Owners and the Company hereby agree that the value of the Property is $58,000,000.00 (the "Property Value").

(b) The Consideration shall be paid at Closing by the issuance of operating partnership units of the Company ("Units"). The Units shall be subject to the terms and conditions of the OP Agreement (as hereinafter defined). The Units shall be issued at Closing by the Company to Contributor and the individuals listed on Schedule 2.1(b) (the "Unit Holders") in such amounts as Contributor shall direct the Company in writing no less than five (5) days prior to Closing. The aggregate number of such Units (the "Contributor Units") to be

issued to the Unit Holders shall be calculated by dividing (i) the Consideration, by (ii) the Current Market Value Per Unit (as hereinafter defined).

2.2 [INTENTIONALLY DELETED PRIOR TO EXECUTION]

2.3 At Closing, the Company shall issue to Contributor and/or the Unit Holders certificates ("Certificates") representing the Contributor Units, which Certificates shall contain the legend set forth in Section 5.6. All rights and benefits incidental to the ownership of the Contributor Units as set forth in the OP Agreement (as hereinafter defined) including, but not limited to, the right to receive distributions, voting rights and the right to exchange the Contributor Units for shares of Common Stock (as hereinafter defined), shall, subject to the provisions of Sections 5.3 and 19, accrue for the benefit of the Contributor and/or the Unit Holders commencing on the Closing Date.

2.4 With respect to the first Partnership Record Date (as defined in the OP Agreement) on or after the Closing, the Unit Holders shall receive distributions payable with respect to the Contributor Units on a pro rata basis based upon the number of days during the calendar quarter preceding such Partnership Record Date that the Unit Holders held the Contributor Units.

2.5 For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Closing Price" means, on any date, with respect to a share of common stock of Mack-Cali Realty Corporation ("MCRC"), the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for one share of Common Stock in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange (the "Exchange").

(b) "Common Stock" means the shares of common stock of MCRC.

(c) "Current Market Value Per Unit" means the average of the Closing Price for a share of Common Stock for twenty (20) consecutive Trading Days ending on, and including, April 27, 1998, which the parties hereby agree is $38.2094.

(d) "Trading Day" shall mean a day on which the principal national securities exchange on which the Common Stock is listed or admitted to trading is open for the transaction of business.

3. INSPECTION RIGHTS.

3.1. Through the period ending on the date hereof (the "Inspection Period"), the Company, at its own cost and expense, may perform, or cause to be performed, tests, investigations and studies of or related to the Property including, but not limited to, soil tests and

borings, ground water tests and investigations, percolation tests, surveys, architectural, engineering, subdivision, environmental, access, financial, market analysis, development and economic feasibility studies and other tests, investigations or studies as the Company, in its sole discretion, determines is necessary or desirable in connection with the Property and may inspect the physical (including environmental) and financial condition of the Property, including but not limited to the Leases, Service Contracts, engineering and environmental reports, development approval agreements, permits and approvals, which inspection shall be satisfactory to the Company in its sole discretion. The Company shall conduct any tests and studies in a manner which does not unreasonably impede the day-to-day operations of the Property, and shall repair and restore any portion of the surface of the Premises disturbed by the Company, its agents or contractors during the conduct of any tests and studies to the same condition as existed prior to such disturbance. Such right of inspection and the exercise of such right shall not constitute a waiver by the Company of the breach of any representation, warranty, covenant or agreement of the Owners which might, or should, have been disclosed by such inspection. The Owners acknowledge that no consents are required for the Company to conduct its investigations of the Property as provided herein.

3.2. During the Inspection Period, the Company, its agents and contractors, shall have unlimited access to the Property and other information pertaining thereto in the possession or within the control of the Owners for the purpose of performing such studies, tests, borings, investigations and inspections for the purposes described in this Section 3. The Owners shall cooperate with the Company in facilitating its due diligence inquiry and will deliver to the Company, promptly after request, true and complete copies of all test borings, Environmental Documents (as defined in Section 5.4(f)), surveys, title materials and engineering and architectural data and the like relating to the Property that are in the Owners' possession or under their control. In the event any additional materials or information come within the Owners' possession or control after the date of this Agreement, the Owners shall promptly submit true and complete copies of the same to the Company. The Owners shall notify the Company of any dangerous conditions on the Property, including, without limitation, conditions which due to the nature of the borings, studies, investigations, inspections or testing to be performed by or on behalf of the Company may pose a dangerous condition to the Company or the Company's agents and contractors.

3.3. In the event the inspection is not satisfactory, for any reason, the Company may terminate this Agreement prior to the expiration of the Inspection Period. If, prior to the expiration of the Inspection Period, the Company shall have failed to notify Dworman and Contributor of its election to terminate this Agreement, then the Company shall be deemed to have not terminated this Agreement.

3.4. The Company's right of inspection and the exercise of such right shall not constitute a waiver by the Company of the breach of any representation, warranty covenant or agreement of the Owners which might, or should, have been disclosed by such inspection.

3.5. Notwithstanding the expiration of the Inspection Period, the Company shall continue to have the rights provided it in this Section 3, other than the right to terminate this Agreement.

3.6. In the event that the Closing does not occur, the Company will provide Contributor and Dworman with copies of those reports and studies in the Company's possession which pertain to the Property and are neither proprietary nor privileged.

4. TITLE; MATTERS TO WHICH THIS SALE IS SUBJECT.

4.1 At Closing, the Property is to be subject only to the following (collectively, the "Permitted Encumbrances"):

(a) the liens of real estate taxes, personal property taxes, water charges, and sewer charges provided same are not due and payable, but subject to adjustment as provided herein;

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

(c) those restrictions, covenants, agreements, easements, matters and things affecting title to the Real Property as of the date hereof and more particularly described in Schedule 4.1(c) annexed hereto and by this reference made a part hereof;

(d) any and all laws, statutes, ordinances, codes, rules, regulations, requirements, or executive mandates affecting the Property, including, without limitation, those related to zoning and land use, as of the date hereof;

(e) the state of facts shown on the survey, if any, described

on Schedule 4.1(e), and any other state of facts which an accurate survey of the Real Property would actually show, provided same do not impair the use of the Real Property as it is currently being used and do not render title uninsurable at standard rates;

(f) the Service Contracts; and

(g) leases, leasing commissions and construction obligations approved in writing by the Company.

4.2. (a) The Company shall cause any title company licensed to do business in the State in which the Real Property is located (the "Title Company") to prepare a title insurance search and commitment for an owner's title insurance policy for the Real Property (the "Title Commitment") and shall cause a copy of same to be delivered to counsel for Contributor and Dworman. If any defects, objections or exceptions in the title to the Real Property appear in the Title Commitment (other than the Permitted Encumbrances) which the Company is not required to accept under the terms of this Agreement, the Owners agree to use good faith efforts to cure, prior to Closing and at their expense, (i) judgments of which

Contributor, as of the date hereof, has knowledge or which arise out of Contributor's actions, up to $150,000.00, (ii) mortgages or other liens of which Contributor, as of the date hereof, has knowledge or which Contributor has executed or consented to which can be satisfied by payment of a liquidated amount and (iii) any other defects, objections or exceptions which can be removed by payments not to exceed $50,000.00. The Owners, in their discretion, may adjourn the Closing for up to sixty (60) days in order to eliminate unacceptable defects, objections or exceptions. If after complying with the foregoing requirements, the Owners are unable or unwilling to eliminate all unacceptable defects, objections or exceptions in accordance with the terms of this Agreement on or before such adjourned date for the Closing, the Company may elect either (w) to terminate this Agreement by notice given to the Owners, in which event the provisions of Section 4.7 shall apply, or (x) to accept title subject to such unacceptable defects, objections or exceptions and receive no credit against or reduction of the Consideration. The Owners agree and covenant that they shall not voluntarily place any encumbrances or exceptions to title to the Real Property from and after the date of the first issuance of the Title Commitment for the Real Property.

4.3. (a) It shall be a condition to Closing that the Title Company insure title to the Real Property in the amount of the Property Value (at a standard rate for such insurance) in the name of G&G, and/or the name of the Reconstituted Partnership if the name of the Reconstituted Partnership shall be different, by a standard 1992 ALTA Owners Policy, with ALTA endorsements Form 3.1, Form 8.1, Form 9 and any other endorsements as required by the Company, free and clear of all liens, encumbrances and other matters, other than the Permitted Encumbrances (the "Title Policy"). In addition, the Title Company, at Contributor's and Dworman's expense, shall issue to the Company and the Reconstituted Partnership both a non-imputation endorsement and a Fairway endorsement in the forms annexed hereto as Schedules 4.3(a)(i) and (ii) respectively. The Title Company shall provide affirmative insurance that any (i) Permitted Encumbrances have not been violated, and that any future violation thereof will not result in a forfeiture or reversion of title; (ii) the contemplated use of the Property will not violate the Permitted Encumbrances; (iii) the existing use of the Property complies with all applicable zoning ordinances and regulations as may affect the Property; and (iv) the exception for taxes shall apply only to the current taxes not yet due and payable.

(b) The Owners shall provide such affidavits, including title affidavits and survey affidavits of no change, and undertakings as the Title Company insuring title to the Property may require. In addition, if the Title Commitments disclose judgments, bankruptcies or other returns against other persons having names the same as or similar to that of the Owners, the Owners, on request, shall deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against the Owners, or any of their affiliates. Upon request by the Company, the Owners shall deliver any affidavits and documentary evidence as are reasonably required by the Title Company to eliminate the standard or general exceptions on the ALTA form Owner's Policy.

(c) The words "insurable title" and "insurable" as used in this Agreement are hereby defined to mean title which is insurable at standard rates (without special premium) by the Title Company without exception other than the Permitted Encumbrances.

4.4 Prior to Closing, the Owners shall cause one or more surveyors reasonably acceptable to the Company (a) to certify and warrant to the Company, and/or its designee(s), G&G and the Title Company the square footage and acreage

of the Land (to the nearest one-one hundredth (1/100)), (b) to certify that the survey is a complete and accurate representation of the Real Property, (c) to certify that there are no gores, gaps or strips, and such other facts that are customarily required by the Title Company, (d) to provide to the Company and the Title Company a metes and bounds description of the Land and any off-site private easements benefiting the Real Property, and (e) otherwise prepare the survey in accordance with the customary requirements of a lending institution financing such a transaction. The Owners shall cause the surveyor to update the survey as of the Closing Date and have the general survey exception removed from the Title Policy (and replaced by a specific exception based on the survey) and the survey affirmatively insured to both the Company and G&G.

4.5 Any unpaid taxes, water charges, sewer rents and assessments, together with the interest and penalties thereon to a date not less than seven (7) business day following the Closing Date (in each case subject to any applicable apportionment), and any mortgages or other liens created by the Owners, which the Owners are obligated to pay and discharge pursuant to the terms of this Agreement, together with the cost of recording or filing of any instruments necessary to discharge such liens and such judgments, shall be paid at the Closing by the Owners. The Owners shall deliver to the Company, on the Closing Date, instruments in recordable form sufficient to discharge any such mortgages or other liens which the Owners are obligated to pay and discharge pursuant to the terms of this Agreement, or, if acceptable to the Title Company, the Owners shall deliver payoff letters from the lien holders.

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

4.7 If the Owners are unable to present title in accordance with the terms of this Agreement, the Company shall have the right to terminate this Agreement. In such event, neither party shall have any further rights or obligations hereunder other than those obligations set forth in this Section 4.7 and Section 16.1, which are expressly stated herein to survive any such termination, and Contributor shall refund to the Company all charges made for (i) canceling the title commitment ordered with respect to the Real Property, (ii) any appropriate additional municipal searches made in accordance with this Agreement, and (iii) survey and survey inspection charges, which refund obligation shall survive said termination.

5. REPRESENTATIONS AND WARRANTIES OF THE OWNERS

5.1 In order to induce the Company to perform as required hereunder, Contributor hereby warrants and represents the following:

(a) G&G is a duly organized and validly existing general partnership organized under the laws of the State of California, is duly authorized to transact business in the State in which the Property is located, has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations hereunder. All necessary actions of the partners of G&G to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(b) This Agreement, when duly executed and delivered, will be the legal, valid and binding obligation of G&G and Contributor, separately and collectively, and will be enforceable in accordance with the terms of this Agreement. The performance by G&G and Contributor of their duties and obligations under this Agreement and the documents and instruments to be executed and delivered by them hereunder will not conflict with, or result in a breach of, or default under, any provision of any of the organizational documents of G&G or any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to which G&G and Contributor are a party or by which any of their respective assets are or may be bound.

(c) Annexed hereto as Schedule 5.1(c)(i) is a true, complete and correct copy of G&G's partnership agreement, as amended to date, and same shall be unchanged and in effect on the Closing Date. Annexed hereto as Schedule 5.1(c)(ii) is a filed copy of the certificate of partnership of G&G.

(d) Annexed hereto as Schedule 5.1(d) is a true, complete and correct schedule of all of the Leases. The Leases are valid and bona fide obligations of the landlord and are in full force and effect. Except with relation to the Existing Mortgage Debt, the Leases have not been sold, transferred, pledged, hypothecated or assigned. To Contributor's knowledge, no

default and/or condition exists which, solely with the passage of time or the giving of notice or both, will become a material default by G&G under the Leases. To Contributor's knowledge, there are no agreements which confer upon any Tenant or any other person or entity any rights with respect to the use and occupancy of the Property other than the Leases. All Tenants have commenced occupancy. Except for a general right contained in the Leases to offset rent in the event of a breach or default, no Tenant is presently entitled to any offset to its rent, nor is any Tenant currently asserting a concession, rebate, allowance or free rent for any period.

(e) The rent roll annexed hereto as Schedule 5.1(e) (the "Rent Roll") is a true, complete and correct listing of the information contained therein in all material respects. The Rent Roll shall contain the following information: (i) the name of each Tenant; (ii) the fixed rent actually being collected; (iii) the commencement and expiration date or status of each Lease (including all rights or options to renew); (iv) the Security Deposit, if any; (v) whether there is

any guaranty of a Tenant's obligations from a third party, and if so the nature of said guaranty; (vi) arrangements under which any Tenant is occupying space on the date hereof or will, in the future, occupy such space; (vii) any written notices given by any Tenant of an intention to vacate space in the future; (viii) the base year(s) and base year amounts for all items of rent or additional rent billed to each Tenant on that basis; and (ix) any arrearages of any Tenant.

(f) To Contributor's knowledge, G&G has performed all of the material obligations and observed all of the material covenants required of the landlord under the terms of the Leases. Except for work, alterations, improvements or installations required to be performed under leases entered into after the date hereof and approved in writing by the Company, all work, alterations, improvements or installations required to be performed under the Leases have been or prior to Closing will be performed in all material respects. To G&G's knowledge, all work performed by G&G, or through its employees, agents or contractors, at the Real Property to the date hereof and to the Closing Date has been performed in accordance with the rules, laws and regulations of all applicable authorities and any certificate of occupancy or completion, or amendments thereto, to be issued on account of such work, have been so issued.

(g) To Contributor's knowledge, there are no service contracts, equipment leases, employment agreements or other agreements to which G&G is a party and affecting the Property or the operation thereof, except the Service Contracts. True, accurate and complete copies of the Service Contracts have been delivered by G&G to the Company. All of the Service Contracts are and will on the Closing Date be unmodified and in full force and effect, and to the knowledge of G&G, are without any default or claim of default by any of the parties thereto. All sums due and payable as of the date hereof by G&G under the Service Contracts have been paid. All of the Service Contracts may be terminated on not more than thirty (30) days notice without the payment of any fee or penalty.

(h) To Contributor's knowledge, the Permits and Licenses include all certificates, licenses, permits and authorizations, including without limitation any Permits and Licenses relating to any environmental matters, necessary to operate and occupy the Building or customarily obtained in operating and occupying buildings similar to the Building, all of which Permits and Licenses are listed on Schedule 5.1(h), along with the expiration date of same. G&G and Contributor have not received any notice that any of the Permits and Licenses are subject to, or in jeopardy of, revocation or non-renewal. To Contributor's knowledge, G&G is current in the payment of any fees required to be paid for the Permits and Licenses and all Permits and Licenses are in full force and effect.

(i) To Contributor's knowledge, there are no actions, suits, labor disputes, litigation or proceedings currently pending or, to the knowledge of G&G, threatened against or related to G&G or to all or any part of the Property, the environmental condition thereof, or the operation thereof.

(j) Annexed hereto as Schedule 5.1(j) is a schedule of all leasing commission obligations affecting the Property. The respective obligations of G&G and the Reconstituted Partnership with respect to said commissions are set forth in Section 8.

(k) Contributor has received no written notice and has no knowledge of (i) any pending or contemplated annexation or condemnation proceedings, or private purchase in lieu thereof, affecting or which may affect the Property, or any part thereof, (ii) any proposed or pending proceeding to change or redefine the zoning classification of all or any part of the Property, (iii) any proposed or pending special assessments affecting the Property or any

portion thereof, (iv) any penalties or interest due with respect to real estate taxes assessed against the Property and (v) any proposed change(s) in any road or grades with respect to the roads providing a means of ingress and egress to the Property. G&G and Contributor agree to furnish the Company with a copy of any such notice received within two (2) days after receipt.

(l) G&G and Contributor have provided or made available to the Company all reports, including without limitation, the Environmental Documents, in the possession or under the control of G&G or Contributor related to the physical condition of the Property and all Books and Records necessary for the Company to conduct its due diligence of the Property.

(m) To Contributor's knowledge, no violations exist, nor does Contributor have any knowledge of any written notices, suits, investigations or judgments relating to any violations of any laws, ordinances or regulations affecting the Property, (including, without limitation, Environmental Laws (as hereinafter defined)), or any violations or conditions that may give rise thereto, and has no reason to believe that any agency, board, bureau, commission, department, office or body of any municipal, county, state or federal governmental unit, or any subdivision thereof, having, asserting or acquiring jurisdiction over all or any part of the Property or the management, operation, use or improvement thereof (collectively, the "Governmental Authorities") contemplates the issuance thereof, and there are no outstanding orders, judgments, injunctions, decrees, directives or writs of any Governmental Authorities against G&G, Contributor or the Property; provided, however, the Company acknowledges that certain alterations or improvements to the Property may be necessary in order to comply with the Americans with Disabilities Act and life safety laws required by Governmental Authorities as a condition of the issuance of any new building permits for tenant improvements or other construction at the Property.

(n) There are no employees of G&G working at, in connection with or on behalf of G&G, nor are there any union or collective bargaining agreements affecting the Property, except those listed on Schedule 5.1(n)-1 (the "Union Agreement"), which expire no later than August 31, 1998. No un-funded vested liabilities exist under the pension plan created pursuant to the Union Agreement, as indicated by that certain letter from Stationary Engineers Local 39, dated April 21, 1998, annexed hereto as Schedule 5.1(n)-2.

(o) To Contributor's knowledge, there are no outstanding requirements or recommendations communicated to G&G in writing by (i) the insurance company(s) currently insuring the Property; (ii) any board of fire underwriters or other body exercising similar functions, or (iii) the holder of any mortgage encumbering any of the Property, which require or recommend any repairs or work to be done on the Property.

(p) Neither G&G nor Contributor have made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by G&G's or Contributor's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of G&G's or Contributor's assets, suffered the attachment or other judicial seizure of all, or substantially all, of the Owners' assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

(q) Subject to the security interest created by the mortgagee under the Existing Mortgage Debt and the security interest to be placed on the Property at Closing as a result of the Replacement Loan (as hereinafter defined), the Personal Property is now owned and will on the Closing Date be owned by G&G free and clear of any conditional bills of sale, chattel mortgages, security agreements or financing statements or other security interests of any kind.

(r) No portion of the Property is located in a flood plain.

(s) (i) G&G, Contributor, the Unit Holders and their affiliated entities have timely paid all Taxes (as hereinafter defined) due and payable by each of them on or prior to the Closing Date and have timely filed all Tax Returns (as hereinafter defined) required to be filed by each of them on or prior to the Closing Date. Each such Tax Return is complete and accurate in all material respects.

(ii) True and complete copies of all Tax Returns filed by G&G for taxable periods beginning on or after January 1, 1994, and all written communications with any Tax Authorities relating thereto will be, upon request, delivered to the Company during the Inspection Period. G&G has also provided, or will also provide, to the Company during the Inspection Period copies of: (i) any letter ruling, determination letter or similar document issued to G&G by any Tax Authority (as hereinafter defined), and (ii) any closing or other agreement entered into by G&G with any Tax Authority. To Contributor's knowledge, there are no ongoing Audits (as hereinafter defined) or Audits pending or threatened against the Property, G&G or the Contributor. To

Contributor's knowledge, no claim has ever been made by a Tax Authority in a jurisdiction where G&G or Contributor do not file Tax Returns that they are or may be subject to taxation by that jurisdiction. To Contributor's knowledge, no assessment of Taxes, other than current Taxes for which adjustment is being made hereunder, is proposed against G&G, Contributor or any of the Property. To Contributor's knowledge, there are no agreements or waivers extending the statutory period of limitations with respect to any Tax Return of G&G, or for the assessment or collection of any Taxes attributable to G&G or the Property. To Contributor's knowledge, G&G is not, nor has it ever been a party to, or has, or has ever had liability under, any indemnification, allocation or sharing agreement with respect to Taxes. "Taxes" or "Tax" means all federal, state, county, local, foreign and other taxes of any kind whatsoever (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital levy, production, transfer, license, stamp, environmental, withholding, employment, unemployment compensation, payroll related and property taxes, import duties and other governmental charges or assessments),

whether or not measured in whole or in part by net income, and including deficiencies, interest, additions to tax (or interest and penalties with respect thereto), and including expenses associated with contesting any proposed adjustment related to any of the foregoing. "Tax Returns" or "Tax Return" means all original and amended Federal, state, local and foreign returns, declarations, statements, reports, schedules, forms, information returns and other filings relating to Taxes. "Audits" or "Audit" means any audit, assessment, other examination or claim by any Tax Authority, judicial, administrative or other proceeding or litigation (including any appeal of any such judicial, administrative or other proceeding or litigation) relating to Taxes and/or Tax Returns. "Tax Authorities" or "Tax Authority" means the Internal Revenue Service and any other federal, state, local or foreign taxing authority.

(t) Annexed hereto as Schedule 5.1(t) is a schedule setting forth, for federal and state income tax purposes and with respect to each item of the Property, the following information: (i) such item's adjusted basis as of the first day of G&G's taxable year which includes the Closing Date; (ii) the date that such item was placed in service; (iii) the depreciation method with respect to such item; and (iv) such item's remaining useful life. The information set forth on Schedule 5.1(t) is true, complete and correct in all material respects.

(u) To Contributor's knowledge, (i) no representation or warranty made by G&G or Contributor contained in this Agreement, and (ii) no statement contained in any Environmental Documents, Tax Returns, Rent Roll, Permits and Licenses, Promotional Materials, Service Contracts, Schedule or Exhibit furnished by or on behalf of G&G or Contributor to the Company or any of its designees or affiliates pursuant to this Agreement (taking into account any knowledge, materialty or similar qualifiers contained in this Agreement), when taken as a whole, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading or necessary in order to fully and fairly provide the information required to be provided therein.

(v) Contributor and the Unit Holders have good and marketable title to one-hundred (100%) percent of Contributor's Interest, free of all liens and encumbrances whatsoever. Contributor has all requisite consent of the Unit Holders to convey Contributor's Interest.

(w) Except as set forth on Schedule 5.1(w) (the "Property Financials") or as provided in Section 11, there are no liabilities of G&G that are accrued, and are attributable to periods, prior to the Closing Date, whether known or unknown, fixed or unfixed, choate or inchoate, liquidated or unliquidated, secured or unsecured, accrued, absolute, contingent or otherwise, whether or not of a kind required by GAAP to be set forth on the Property Financials or the notes thereto, including, without limitation, indebtedness for borrowed money (individually a "Liability", and collectively, "Liabilities"). Notwithstanding the terms and conditions of Section 5.5, in the event that a Liability is not set forth on the Property Financials (an "Undisclosed Liability") but (i) such Undisclosed Liability is the subject of other provisions of this Agreement or (ii) is of a nature that, if known, would have had to have been disclosed under other provisions of this Agreement ((i) and (ii) being collectively referred to as

the "Excluded Liabilities"), such other provisions shall govern and control and the provisions of this Section 5.1(w) shall not apply to such Excluded Liabilities. Subject to the Basket (as hereinafter defined), Contributor shall be liable to the Company for its entire loss or damage arising out of an Undisclosed Liability, other than Excluded Liabilities, up to a maximum of the

lesser of (x) $8,000,000, or (y) one-half (1/2) of any loss or damage suffered by the Reconstituted Partnership as a result thereof.

(x) After the Closing Contributor shall not be entitled, except as otherwise herein provided, to receive from either G&G or the Reconstituted Partnership any distribution or payment of indebtedness or for any other reason whatsoever.

5.2. [INTENTIONALLY DELETED PRIOR TO EXECUTION]

5.3 In order to induce the Company to issue the Contributor Units, Contributor and the Unit Holders hereby acknowledge their understanding that the issuance of the Contributor Units is intended to be exempt from registration under the Securities Act of 1933, as amended, and the rules and regulations in effect thereunder (the "Act"). In furtherance thereof, Contributor and the Unit Holders represent and warrant to the Company to as follows:

(a) Contributor and the Unit Holders are acquiring the Contributor Units solely for their own account for the purpose of investment and not as a nominee or agent for any other person and not with a view to, or for offer or sale in connection with, any distribution of any thereof other than to the Unit Holders. Contributor agrees and acknowledges that it is not permitted to offer, transfer, sell, assign, pledge, hypothecate or otherwise dispose of ("Transfer") any of the Contributor Units except as provided in this Agreement and the Amended and Restated Agreement of Limited Partnership of the Company, dated as of December 11, 1997 (the "OP Agreement").

(b) Contributor and the Unit Holders are knowledgeable, sophisticated and experienced in business and financial matters. Contributor and the Unit Holders fully understand the limitations on transfer described in this Agreement and the OP Agreement. Contributor and the Unit Holders are able to bear the economic risk of holding the Contributor Units for an indefinite period and are able to afford the complete loss of their investment in the Contributor Units. Contributor and the Unit Holders have received and reviewed the OP Agreement and copies of the most recent 10K, (collectively, the "SEC Documents") and have been given the opportunity to obtain any and all additional information and/or documents and to ask questions and receive answers about such documents, as well as MCRC and the Company and the business and prospects of MCRC and the Company which Contributor and the Unit Holders deem necessary to evaluate the merits and risks related to its investment in the Contributor Units. Contributor and the Unit Holders understand and have taken cognizance of all risk factors related to the purchase of the Contributor Units.

(c) Contributor and the Unit Holders acknowledge that they have been advised that (i) the Contributor Units must be held indefinitely, and Contributor and the Unit Holders will continue to bear the economic risk of the investment in the Contributor Units,

unless they are redeemed pursuant to the OP Agreement or are subsequently registered under the Act or an exemption from such registration is available, (ii) it is not anticipated that there will be any public market for the Units at anytime, (iii) Rule 144 promulgated under the Act may not be available with respect to the sale of any securities of the Company (and that upon redemption of the Contributor Units in the Company for shares of Common Stock a new holding period under Rule 144 may commence), and the Company has made no covenant, and makes no covenant, to make Rule 144 available with respect to the sale of any securities of the Company (although MCRC and the Company have agreed to register the Common Stock pursuant to the Registration Rights Agreement, as hereinafter defined), (iv) a restrictive legend as set forth in Section 5.6 below shall be placed on the Certificates representing the Contributor Units, and (v) a notation shall be made in the appropriate records of the Company indicating that the Contributor Units are subject to restrictions on transfer.

(d) Contributor and the Unit Holders also acknowledge that (i) the redemption of Contributor Units for shares of Common Stock is subject to certain restrictions contained in the OP Agreement; and (ii) the shares of said Common Stock which may be received upon such a redemption may, under certain circumstances, be restricted securities and be subject to limitations as to transfer, and therefore subject to the risks referred to in subsection (c) above. Notwithstanding anything herein or in the OP Agreement to the contrary, Contributor hereby acknowledges and agrees that it and the Unit Holders may not exercise the Redemption Rights (as defined in the OP Agreement) until after the date which is one year from the Closing Date.

(e) Contributor and each of the Unit Holders is either an "accredited investor" (as such term is defined in Rule 501 (a) of Regulation D under the Act) or Contributor and each of the Unit Holders either alone or with its representative(s) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment.

5.4 In addition to the provisions of Section 5.1, 5.2 and 5.3,

Contributor hereby warrants and represents the following with respect to environmental matters:

(a) To Contributor's knowledge, except as disclosed on Schedule 5.4(a):

(i) there are no Contaminants (as defined in Section 5.4(f)) on, under, at, emanating from or affecting the Real Property, except those in compliance with all applicable Environmental Laws (as defined in Section 5.4(f));

(ii) neither G&G, Contributor, nor any current occupant or any prior owner or occupant, of the Property has received any Notice (as defined in Section 5.4(f)) or advice from any Governmental Authority (as defined in Section 5.4(f)) or any other third party with respect to Contaminants on, under, at, emanating from or affecting the Property, and no Contaminants have been Discharged (as defined in Section 5.4(f)) which would allow a Governmental Authority to demand that a cleanup be undertaken;

(iii) no portion of the Property has ever been used by G&G or any former owner or current or former occupant, to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other third party with respect thereto;

(iv) G&G has not transported any Contaminants, nor has any current or former occupant or former owner transported any Contaminants, from the Property to another location which was not done in compliance with all applicable Environmental Laws;

(v) no ss.104(e) informational request has been received by the Owners issued pursuant to CERCLA (as defined in Section 5.4(f));

(vi) there is no asbestos or asbestos containing material in any friable state or otherwise in violation of Environmental Laws on the Property;

(vii) there are no above ground storage tanks or Underground Storage Tanks (as defined in Section 5.4(f)) at the Property, regardless of whether such tanks are regulated or not;

(viii) all pre-existing above ground storage tanks and Underground Storage Tanks at the Property have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(ix) the Property has not been used as a transfer station, incinerator, resource recovery facility, landfill or other similar facility, for receiving or treating, storing or disposing of Contaminants, garbage and refuse, and other discarded materials resulting from, without limitation, industrial, commercial, agricultural, domestic or community activities, including, without limitation, sanitary, hazardous, medical, special or other waste.

(x) there is no violation of any statute, ordinance, rule, regulation, order, code, directive or requirement, including, without limitation, Environmental Laws with respect to any environmental certificates, and Licenses and Permits, nor any pending application for any Licenses and Permits;

(xi) the Property is not subject to any wetlands regulations, administered by the United States of America, Army Corps of Engineers, the Environmental Protection Agency, or any other Governmental Authority;

(xii) there are no federal or state liens as referred to under CERCLA, or Cal. Water Code ss.13305, Cal Health & Safety Code ss.25365.6, or any other applicable Environmental Laws that have attached to the Property;

(xiii) Contributor has not, and has not permitted any occupant to engage in any activity on the Property in violation of Environmental Laws; and

(xiv) the Property is in material compliance with Environmental Laws.

(b) [INTENTIONALLY DELETED PRIOR TO EXECUTION]

(c) G&G shall notify the Company in advance of all meetings scheduled between G&G or G&G's representatives, and any Governmental Authority

regarding the Property and environmental matters, and the Company, and the Company's representatives, shall have the right, without obligation, to attend and participate in all such meetings.

(d) Contemporaneously with the execution of this Agreement, and subsequently promptly upon receipt by G&G's representatives, G&G shall deliver to the Company: (i) all Environmental Documents concerning the Property generated by or on behalf of predecessors in title or former occupants of the Property to the extent in G&G's possession or control, if any; (ii) all Environmental Documents concerning the Property generated by or on behalf of G&G, whether currently or hereafter existing, if any; (iii) all Environmental Documents concerning the Property generated by or on behalf of current or future occupants of the Property to the extent in G&G's possession or control, whether currently or hereafter existing, if any; and (iv) a description of all known operations, past and present, undertaken at the Property while owned by G&G, which G&G represents and warrants consisted of construction activities and office and retail operations, and (v) any existing maps, diagrams and other documentation known to G&G to be in G&G's possession or control designating the location of past and present operations at the Property and past and present storage of Contaminants above or below ground, on, under, at, emanating from or affecting the Property or its environs.

(e) [INTENTIONALLY DELETED PRIOR TO EXECUTION].

(f) The following terms shall have the following meanings when used in this Agreement:

(i) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous substance, hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the "Tanks Laws" as defined below; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. ss.1251 et seq.; together with any amendments thereto, regulations promulgated thereunder and all substitutions thereof, as well as words of similar purport or meaning referred to in any other applicable federal, state, county or municipal environmental statute, ordinance, code, rule or regulation, including, without limitation, radon, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives. Where a statute, ordinance, code, rule or regulation defines any of these terms more broadly than another, the broader definition shall apply.

(ii) "Discharge" shall mean the releasing, spilling, leaking, leaching, disposing, pumping, pouring, emitting, emptying, treating or dumping of Contaminants at, into, onto or migrating from or onto the Real Property, regardless of whether the result of an intentional or unintentional action or omission.

(iii) "Environmental Documents" shall mean all environmental documentation in the possession or under the control of Contributor concerning the Real Property, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

(iv) "Environmental Laws" shall mean each and every applicable federal, state, county or municipal statute, ordinance, rule, regulation, order, code, directive or requirement, together with all successor statutes, ordinances, rules, regulations, orders, codes, directives or requirements, of any Governmental Authority in any way related to Contaminants.

(v) "Notice" shall mean, in addition to its ordinary meaning, any written communication of any nature, whether in the form of correspondence, memoranda, order, directive or otherwise.

(vi) "Tank Laws" shall mean Cal. Health & Safety Code ss.25280 et seq., the federal underground storage tank law (Subtitle I) of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq., and any other applicable state, county or municipal statute, ordinance, code, rule or regulation applicable to underground or above ground tanks, together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

(vii) "Underground Storage Tank" shall mean each and every "underground storage tank", whether or not subject to the Tank Laws, as well as the "monitoring system", the "leak detection system", the "discharge

detection system" and the "tank system" associated with the "underground storage tank", as those terms are defined by the Tank Laws.

5.5. All representations and warranties made by Contributor in this Agreement shall survive the Closing Date for a period of one (1) year, except that the representations and warranties set forth in Section 5.1(a), (b), (s), (t) and (w) and Section 5.4 shall survive the Closing Date for the applicable period of statute of limitations, and shall not be merged in the delivery of the Certificates to Contributor and the Unit Holders. Contributor agrees to indemnify and defend the Company, and to hold the Company harmless, from and against any and all claims, liabilities, losses, deficiencies and damages as well as reasonable expenses (including attorney's, consulting and engineering fees), and interest and penalties related thereto

(collectively, a "loss"), incurred by the Company to the extent of such loss, by reason of or resulting directly or indirectly, wholly or partly, from any breach of the representations and warranties of Contributor and G&G contained in this Agreement to the extent same was not actually known at Closing by Timothy Jones or John Kropke, up to a maximum liability of $8,000,000.00 except that such maximum liability is subject to the provisions of Section 5.8. The Company shall not have a right to bring a claim against Contributor by virtue of any of the representations and warranties being false or misleading unless (i) such claim is brought on or prior to the date through which such representation or warranty survives, (ii) and until notice of the false or misleading representation or warranty has been given to the party against whom such claim is to be made and said party has had a reasonable opportunity to cure same, and (iii) the aggregate damages to the Company resulting from such false, misleading or untrue representations and warranties are reasonably expected to exceed $50,000.00 (the "Basket"), but thereafter the Company may bring a claim against G&G and/or Contributor, or all or some of them, for any amount in excess of the Basket up to $8,000,000.00. The Company's sole recourse in the event of a breach of this Agreement, as against Contributor, shall be against the Units, and in such event Contributor hereby authorizes the Company to attach and/or take recourse against the Units, and any distributions appurtenant thereto. This paragraph shall survive the termination of this Agreement or Closing.

5.6. Contributor hereby acknowledges that each Certificate representing the Contributor Units shall bear the following legend:

> REFERENCE IS MADE TO THE SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT DATED AS OF DECEMBER 11, 1997 OF MACK-CALI REALTY, L.P. (THE "SECOND AMENDED AND RESTATED PARTNERHSIP AGREEMENT") FOR THE RIGHTS OF THE COMMON UNITS REPRESENTED BY THIS CERTIFICATE.
>
> THE COMMON UNITS REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISONS OF THE SECOND AMENDED AND RESTATED PARTNERSHIP AGREEMENT (A COPY OF WHICH IS ON FILE WITH MACK-CALI REALTY, L.P.). EXCEPT AS OTHERWISE PROVIDED IN SUCH AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE UNITS COMMON UNITS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR (B) IF MACK-CALI REALTY, L.P. HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER THAT

> SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER. IN ADDITION, THE COMMON UNITS ARE SUBJECT TO THE PROVISIONS OF A CERTAIN CONTRIBUTION AND EXCHANGE AGREEMENT DATED APRIL ___, 1998 (A COPY OF WHICH IS ON FILE WITH THE OPERATING PARTNERSHIP).
>
> MACK-CALI REALTY, L.P. WILL FURNISH TO EACH HOLDER WHO SO REQUESTS A STATEMENT OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF UNITS OR SERIES THEREOF WHICH MACK-CALI REALTY, L.P. IS AUTHORIZED TO ISSUE AND OF THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. ANY SUCH REQUEST IS TO BE ADDRESSED TO MACK-CALI REALTY, L.P. AT ITS PRINCIPAL PLACE OF BUSINESS.

5.7. Contributor, Dworman, Plenitude and G&G acknowledge that they are not in a significantly disparate bargaining position with respect to the Company in connection with the transaction contemplated by this Agreement and that Contributor, Dworman, Plenitude and G&G were represented by legal counsel

in connection with this transaction.

5.8. Notwithstanding anything to the contrary contained in Section 5.5, the right of the Company to pursue a claim for a failure of Feldman, Dworman, the Owners, Plenitude, G&G or all or some of them to perform the obligations set forth in Sections 8.1, 11.2, 11.3 and 16 shall be without regard to a minimum in damages suffered, nor shall any recovery on account of a failure to perform in accordance with said Sections apply to the $8,000,000.00 cap on damages.

5.9. As used throughout this Agreement, the phrases "to Contributor's knowledge", "to the best of Contributor's knowledge" or any similar derivation thereof, shall mean the actual knowledge of Contributor or Allen Cooper.

6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

6.1 In order to induce Contributor and the Unit Holders to perform as required hereunder, the Company hereby warrants and represents the following:

(a) (i) The Company is a duly organized and validly existing limited partnership organized and in good standing under the laws of the State of Delaware, has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations

hereunder and under such other documents and instruments in order to acquire Contributor's Interest in accordance with the terms and conditions hereof. All necessary actions of the partners of the Company to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(ii) MCRC is a duly organized and validly existing corporation organized and in good standing under the laws of the State of Maryland, has all requisite power and authority to execute and deliver the Registration Rights Agreement annexed hereto as Exhibit 10.4(f) and all other documents and instruments to be executed and delivered by it thereunder, and to perform its obligations thereunder. All necessary actions of the Executive Committee of MCRC to confer such power and authority upon the persons executing the Registration Rights Agreement and all documents which are contemplated thereunder on its behalf have been taken.

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

(c) The Contributor Units to be issued to Contributor and the Unit Holders are duly authorized and, when issued by the Company, will be fully paid and non-assessable, free and clear of any mortgage, pledge, lien, encumbrance, security interest, claim or right of interest of any third party of any nature whatsoever. The shares of Common Stock to be issued upon redemption of the Contributor Units are authorized and will be reserved for future listing with the Exchange no later than the date upon which the Units become redeemable for Common Stock and, upon such issuance, will be fully paid and non-assessable, free and clear of any mortgage, pledge, lien, encumbrance, security interest, claim or rights of interest of any third party of any nature whatsoever.

(d) The Company has furnished to Contributor a true and complete copy of the OP Agreement.

(e) The execution and delivery of this Agreement and the performance by the Company of its obligations hereunder do not and will not conflict with or violate any law, rule, judgment, regulation, order, writ, injunction or decree of any court or governmental or quasi-governmental entity with jurisdiction over the Company or MCRC.

(f) The Company has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of any involuntary

petition by the Company's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of the Company's assets, suffered the attachment or other judicial seizure of all, or substantially all, of the Company's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

(g) Schedule 6.1(g) lists any Form 8-K's filed by MCRC with the Commission since December 31, 1997.

(h) MCRC qualified as a real estate investment trust under the Code for the calendar year ended December 31, 1997, and the Company has no reason to believe that MCRC will not qualify as a real estate investment trust for the calendar year ending December 31, 1998.

(i) Other than as set forth in the Company's most recent 10-K, there is no existing, or to the knowledge of the Company, threatened legal action or governmental proceedings of any kind involving the Company which, if determined adversely to the Company, would have a material adverse affect on the consolidated financial position, results of operation, business or prospects of the Company or which would interfere with the Company's ability to execute, deliver, or perform its obligations under this Agreement or the Registration Rights Agreement.

6.2 All representations and warranties made by the Company in this Agreement shall survive the Closing Date for a period of one (1) year, except that the representations and warranties set forth in Section 6.1(a), (b), (c), (d) and (e) shall survive the Closing Date for the applicable period of statute of limitations, and shall not be merged in the delivery of the Certificates to Contributor and the Unit Holders. All other covenants, obligations, liabilities and acknowledgments of the Company contained in this Agreement and not otherwise expressly stated to survive, shall be merged in the delivery of the Certificates to Contributor and the Unit Holders. The Company agrees to indemnify and defend Contributor and the Unit Holders, and to hold Contributor and the Unit Holders harmless, from and against any and all claims, liabilities, losses, deficiencies and damages as well as reasonable expenses (including reasonable attorney's fees), and interest and penalties related thereto, incurred by Contributor and the Unit Holders, by reason of or resulting from any breach of the representations, warranties, covenants and agreements of the Company, contained in this Agreement to the extent same was not actually known at Closing by Contributor or Allen Cooper, up to a maximum liability of $8,000,000.00. In addition, Contributor and the Unit Holders shall not have a right to bring a claim against the Company by virtue of any of the representations and warranties being false or misleading unless (i) such claim is brought on or prior to the date through which such representation or warranty survives, (ii) and until notice of the false or misleading representation or warranty has been given to the Company and the Company has had a reasonable opportunity to cure same, and (iii) the aggregate damages to Contributor and/or the Unit Holders, resulting from such false, misleading or untrue representations and warranties are reasonably expected to exceed the Basket, but thereafter the Contributor and/or the Unit Holders, may bring a claim

against the Company for any amount in excess of the Basket up to $8,000,000.00. The Company shall be liable for any damages hereunder.

7. COVENANTS OF THE OWNERS.

7.1 G&G covenants and agrees that between the date hereof and the Closing Date it shall perform or observe the following with respect to the Property:

(a) G&G will operate and maintain the Real Property in the ordinary course of business and use reasonable efforts to reasonably preserve for the Reconstituted Partnership and the Company the relationships of G&G and G&G's Tenants, suppliers, managers, employees and others having on-going relationships with the Real Property. G&G will complete any capital expenditure program currently in process or anticipated to be completed at or prior to Closing. G&G will not defer taking any actions or spending any of its funds, or otherwise manage the Real Property differently, due to the transaction contemplated by this Agreement.

(b) G&G will not enter into any new leases with respect to the Real Property, renew or modify any Lease, or enter into any agreement with any Tenants, without the Company's prior written consent, which will not be unreasonably withheld or delayed.

(c) G&G shall not:

(i) agree to terminate any Service Contract or Lease, or grant any concession, rebate, allowance or free rent;

(ii) apply any Security Deposits with respect to any

Tenant in occupancy on the Closing Date;

(iii) renew, extend or modify any of the Service Contracts; or

(iv) remove any Personal Property, except as may be required for repair and replacement. All replacements shall be free and clear of liens and encumbrances and shall be of quality at least equal to the replaced items;

(d) G&G shall, upon request of the Company at any time after the date hereof and at the Company's sole expense, assist the Company in its preparation of audited financial statements, statements of income and expense, and such other documentation as the Company may reasonably request, covering the period of Contributor's ownership of the Real Property. This Section 7.1(d) shall survive the Closing;

(e) G&G shall make all required payments under any mortgage affecting the Real Property within any applicable grace period, but without reimbursement by the Company therefor. G&G shall also comply with all other material terms covenants, and conditions of any mortgage on the Real Property. Nothing herein shall create any personal

liability for Contributor, Dworman or Plenitude for any obligations under any mortgage affecting the Property or any indebtedness secured thereby;

(f) G&G shall maintain and keep those hazard, liability and casualty insurance policies presently held on the Property in full force and effect;

(g) [INTENTIONALLY DELETED PRIOR TO EXECUTION];

(h) G&G shall permit the Company and its authorized representatives to inspect the Books and Records of its operations at all reasonable times. All Books and Records not delivered to the Company hereunder shall be maintained for the Company's inspection at G&G's address as set forth above;

(i) G&G shall:

(i) promptly notify the Company of, and promptly deliver to the Company, a certified true and complete copy of any Notice G&G may receive, on or before the Closing Date, from any Governmental Authority, concerning a violation of Environmental Laws or Discharge of Contaminants, or any other matter;

(ii) promptly deliver or cause to be delivered to the Company a certified true and complete copy of all Environmental Documents which shall come into the possession or under the control of G&G or their representatives between the signing of this Agreement and the Closing;

(j) G&G, at its sole cost and expense, shall complete all work under construction by G&G, its agent(s) or contractor(s) at the Property as of the date hereof, if any, in accordance with the obligation giving rise to such work having to be performed, and shall obtain and deliver to the Company, as soon as practical, all final certificates of completion and occupancy, or other documentation reasonably satisfactory to the Company, evidencing the acceptance of said work by all appropriate Governmental Authorities having jurisdiction thereover and the party for whom the work is being so performed. The obligations set forth in this paragraph shall survive Closing.

(k) If the cost of compliance with the provisions of Section 14.2(h) shall exceed the sum of Fifty Thousand ($50,000) Dollars, then either party shall have the right to terminate this Agreement. If this Agreement is so terminated, this Agreement shall be rendered null and void and of no further force or effect and neither party shall have any further liability or obligation to the other under or by virtue of this Agreement. Notwithstanding the foregoing, the Company shall have the right to proceed to closing, even if the other party shall elect to terminate this Agreement, on notice to the other party; provided, however, that neither G&G, Dworman, Contributor nor the Unit Holders shall be liable or responsible pursuant to this Agreement for any excess cost of such compliance.

7.2 To the extent that any of the Promotional Materials are not in the possession of G&G, G&G shall use reasonable efforts to cause the holders or owners of same to deliver such Promotional Materials to the Company. The obligations set forth in this paragraph shall survive Closing.

7.3 G&G covenants and agrees that it shall timely provide the

Company with drafts of any pertinent documentation in connection with leasing matters, Service Contracts and agreements for work to be done on behalf of Tenants and shall keep the Company informed of all substantive negotiations and discussions with respect to the foregoing matters on an on-going basis. This Section 7.3 shall survive the Closing.

7.4. To G&G's knowledge, except as set forth on Schedule 7.4 there are no proceedings now pending or anticipated for a reduction in the assessed valuation of the Property or for a refund or recovery of business taxes (including interest and penalties) paid with respect to the Property. G&G is hereby authorized to continue the proceedings set forth on Schedule 7.4, and except as provided in the next sentence, to litigate or settle the same in G&G's discretion. Notwithstanding the foregoing, the Owners shall not litigate or settle any such matters without the Company's prior written consent, not to be unreasonably withheld, if such litigation or settlement shall affect the current tax year or any future tax year. The Company is hereby authorized by G&G, in the Company's sole discretion, to file any applicable proceeding on behalf of the Reconstituted Partnership for any tax years following the last tax year set forth on Schedule 7.4. The net refund of taxes, if any, for any tax year for which G&G or the Reconstituted Partnership shall be entitled to share in the refund shall be divided between G&G and the Reconstituted Partnership in accordance with the apportionment of taxes pursuant to the provisions hereof. All expenses in connection therewith, including counsel fees, shall be paid for by the party entitled to the benefits thereof, with a pro-rata sharing between G&G and the Company for any tax year in which both parties are entitled to a portion of the refund. The provisions of this Section 7.4 shall survive the Closing Date.

7.5. To the extent of any Taxes that are a liability or obligation of G&G arising as a result of the operations of G&G which have not been paid and are attributable to taxable periods which end prior to the Closing Date (a "Pre-Closing Period"), Contributor and Dworman shall each pay one-half (1/2) of same no later than the Closing Date (and provide Company with reasonably acceptable evidence thereof) or shall establish with the Company at Closing a cash reserve equal to the reasonably estimated Taxes that will be due, with such cash reserve being applied by the Company to pay same or the Company agreeing to make such reserve available to Contributor and Dworman to pay same, promptly upon request. With respect to taxable periods of G&G which end on or after the Closing Date (a "Straddle Period"), Contributor will establish with the Company a cash reserve at Closing equal to one-half (1/2) of the reasonably estimated Taxes arising as a result of the operations of G&G attributable to Contributor's Interest or the Unit Holders (pro rated based on the respective ownership periods of Contributor and Unit Holders, on the one hand, and the Company, on the other hand). Dworman and Contributor acknowledge that any cash reserves established herein do not constitute a limitation as to the Taxes that will be due, and that such parties shall continue to be liable from and after the Closing for all such Taxes that are due. The provisions of this Section 7.5 shall

survive the Closing. This Section 7.5 shall not apply to any Taxes otherwise adjusted pursuant to Section 11.

7.6. As of December 31, 1997, no un-funded vested liabilities existed under the pension plan created pursuant to the Union Agreement, as indicated by that certain letter from Stationary Engineers Local 39, dated April 21, 1998, annexed hereto as Schedule 5.1(n)-2. In the event that any un-funded liabilities shall become due and payable which are attributable to the 1998 calendar year, G&G shall be liable for its pro rata share, based upon its period of ownership in the 1998 calendar year. The provisions of this Section 7.6 shall survive the Closing.

7.7. To the extent of any breach of any covenant or agreement by G&G, Contributor shall be liable for the entire loss suffered by the Company, up to a maximum of the lesser of (i) one-half (1/2) of the loss suffered by the Reconstituted Partnership, or (ii) $8,000,000.00, in the aggregate for all losses hereunder. The $8,000,000.00 cap on Contributor's liability set forth in this Section 7.6 shall not apply to Section 7.5. In the event that the Closing does not occur as a result of a breach of any covenant or agreement by G&G, then the provisions of Section 21.2 shall apply.

8. LEASING COMMISSIONS AND TENANT IMPROVEMENT OBLIGATIONS.

8.1 (a) All leasing commissions due on account of the original term of all Leases made before the date of this Agreement as well as any extension and renewal terms which are presently effective (but not renewals or extensions of such Leases which are exercised after the Closing Date or otherwise with the written approval of the Company) shall be paid by G&G prior to the Closing Date. The Reconstituted Partnership shall pay to Cushman & Wakefield the leasing commissions set forth on Schedule 5.1(j), provided the leases for the tenants on Schedule 5.1(j) (the "New Leases") in fact commence and the Closing occurs. G&G hereby represents that it has not dealt with any brokers, finders or salesmen in connection with the New Leases, other than Cushman & Wakefield. G&G hereby

agrees to indemnify, defend and hold the Reconstituted Partnership harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which the Reconstituted Partnership may sustain, incur or be exposed to by reason of any claim for fees or commissions made on account of the New Leases.

(b) All tenant improvement obligations in connection with original Lease terms or extensions and renewals made prior to the Closing shall be satisfied by G&G prior to the Closing Date. All tenant improvement obligations in connection with the New Leases, or renewals or extensions of Leases entered into prior to Closing with the prior written approval of the Company shall be paid by the Reconstituted Partnership provided the Closing occurs.

(c) The provisions of this Section 8 shall survive the Closing.

9. ESTOPPEL CERTIFICATES.

9.1. On or prior to the date hereof, the Owners agree to deliver to each Tenant an estoppel certificate in the form annexed hereto as Exhibit 9.1 for Tenant's execution, completed to reflect the Tenant's particular Lease status. The Owners agree to use its best efforts to obtain from all Tenants the estoppel certificates in such form; provided, however, that if any Tenant shall refuse to execute an estoppel letter in such form, the Owners shall nevertheless be obligated to obtain estoppel certificates in the form in which each Tenant is obligated to deliver same as provided in its Lease. The Owners agree to deliver to the Company, upon receipt, copies of all estoppel letters received from Tenants, in the form received by the Owner. The estoppel certificates required to be obtained pursuant to this Section 9.1 are collectively referred to as the "Estoppel Certificates", and individually as an "Estoppel Certificate".

9.2. As a condition to Closing, the Owners shall deliver (a) an Estoppel Certificate from each Tenant that leases space at the Real Property in excess of 10,000 square feet or more in the aggregate, and (b) Estoppel Certificates from the remaining Tenants leasing, in the aggregate, at least seventy-five (75%) percent of the remaining square footage of the Real Property.

9.3 For an Estoppel Certificate to be deemed delivered for purposes of this Agreement, it must certify that the Tenant's most recent rental payment under its Lease was made not more than one (1) month prior to the month in which the Closing occurs and that no material default of either landlord or tenant exists under that tenant's lease.

10. CLOSING.

10.1 The consummation of the transactions contemplated hereunder (the "Closing") shall take place through the mail, on or about April 28, 1998 (the "Closing Date"), time being of the essence, provided the Company has not terminated or been deemed to terminate this Agreement prior thereto. In the event that the Closing has not occurred by April 28, 1998 or any date thereafter on which Contributor is ready, willing and able to perform all of its obligations and requirements set forth herein which are conditions precedent to the Company's obligations to perform, Contributor may terminate this Agreement within five (5) days thereafter. Notwithstanding such termination, Contributor shall retain any rights it has against the Company pursuant to Section 21.

10.2 On the Closing Date, Contributor, at its sole cost and expense, will duly execute and acknowledge, where applicable, and deliver or cause to be delivered to the Company or such place as directed the following documents:

(a) an assignment and assumption of Contributor's Interest (the "Assignment of Contributor's Interest"), in the form annexed hereto as Exhibit 10.2(a), to the Company or its designee, as assignee, together with all applicable and requisite partnership consents, partner consents, mortgagee consents and resolutions by the general partners of G&G authorizing this assignment and transaction;

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

(c) all other original documents or instruments referred to herein, including, without limitation, the Service Contracts, Permits and Licenses, and Books and Records, and certified copies of same where Contributor, using its best efforts, is unable to deliver originals;

(d) a letter to Tenants, in a form acceptable to the Company, advising the Tenants of the transaction hereunder and directing that rent and

other payments thereafter be sent to the Reconstituted Partnership or, as the Reconstituted Partnership shall so direct;

(e) the title affidavit required by Section 4.3(b), and an affidavit, and such other documents or instruments required by the Title Company, executed by G&G certifying (i) against any work done or supplies delivered to the Property which might be grounds for a materialman's or mechanic's lien under or pursuant to California Law, in form sufficient to enable the Title Company to affirmatively insure G&G, the Reconstituted Partnership or its designee(s) against any such lien, (ii) that the signatures on the Assignment of Contributor's Interest is sufficient to bind Contributor and convey Contributor's Interest to the Company and (iii) the Rent Roll;

(f) affidavits and other instruments, including but not limited to, all organizational documents of G&G including partnership agreements and good standing certificates (or its equivalent), reasonably requested by the Company and the Title Company evidencing the power and authority of G&G and its partners to enter into this Agreement and any documents to be delivered hereunder, and the enforceability of same;

(g) the original Estoppel Certificates;

(h) a list of all cash Security Deposits and all non-cash Security Deposits (including letters of credit) delivered by Tenants under the Leases;

(i) a certificate indicating that the representations and warranties of the Owners made in this Agreement are true and correct in all material respects as of the Closing Date;

(j) a Rent Roll for the Real Property current as of the Closing Date, certified by Contributor and G&G as being true and correct in all material respects, and showing no adverse change from the Rent Roll annexed hereto;

(k) subject to Section 18, all proper instruments as shall be reasonably required for the conveyance to the Company of all right, title and interest, if any, of Contributor in and to any award or payment made, or to be made, (i) for any taking in condemnation, eminent

domain or agreement in lieu thereof of land adjoining all or any part of the Improvements, (ii) for damage to the Land or Improvements or any part thereof by reason of change of grade or closing of any such street, road, highway or avenue, and (z) for any taking in condemnation or eminent domain of any part of the Land or Improvements;

(l) a certificate signed by Contributor and the Unit Holders to the effect that neither Contributor nor any of the Unit Holders is a "foreign person" as that term is defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to avoid the imposition of the withholding tax payment pursuant to Section 1445 of the Code;

(m) all transfer and other tax declarations and returns and information returns, duly executed and sworn to by Contributor as may be required of Contributor by law in connection with the conveyance of Contributor's Interest to the Company, including, but not limited to, Internal Revenue Service Forms;

(n) a statement setting forth all adjustments and prorations shown thereon;

(o) letter of direction regarding the issuance of the Contributor Units to the Unit Holders from the legal and beneficial owners of Contributor's Interest. The signatories of said letter are also to acknowledge that they are the legal and beneficial owners of same;

(p) evidence of compliance with PWC art. 20, the California Carpenter-Presley-Turner Hazardous Substance Account Act and the Cal. Health & Safety Code ss.ss.25359.7, or the affidavit described in Section 14.2(h);

(q) a computer diskette containing any closing or other documents executed in connection with this transaction and prepared by the Owners or its counsel, in WordPerfect or Microsoft Word format;

(r) the Reserve Fund (as hereinafter defined);

(s) the legal opinions of Stein & Lubin, LLP and Greene Radovsky Maloney & Share, LLP, in such forms as are mutually agreed upon by the parties;

(t) a counterpart to the OP Agreement duly executed by Contributor and each of the Unit Holders; and

(u) such other documents as may be reasonably required or appropriate to effectuate the consummation of the transactions contemplated by this Agreement.

10.3 On the Closing Date, Contributor, Dworman and Plenitude, at their sole cost and expense, shall duly execute and acknowledge an amended and restated partnership

agreement reflecting the Reconstituted Partnership (the "Amended Partnership Agreement"), which shall provide, in part and as more particularly set forth therein, that (i) the Company is to be the managing general partner of the Reconstituted Partnership, and shall have sole and exclusive control and authority over the management of the Property, and (ii) subject to the provisions of Section 24, both the Company and Dworman shall have the option to purchase or sell their respective partnership interests to or from the other at any time after three (3) years from the Closing Date.

10.4 On the Closing Date, the Company, at its sole cost and expense, will deliver or cause to be delivered to Contributor the following documents:

(a) the Certificates representing the Contributor Units;

(b) duly executed and acknowledged Assignment of Contributor's Interest;

(c) a certificate indicating that the representations and warranties of the Company made in this Agreement are true and correct as of the Closing Date;

(d) a Registration Rights Agreement substantially in the form of Exhibit 10.4(f);

(e) an acknowledgment by the general partner of the Company reflecting the admission of Contributor as a limited partner;

(f) duly executed and acknowledged Amended Partnership Agreement; and,

(g) such other documents as may be reasonably required or appropriate to effectuate the consummation of the transactions contemplated by this Agreement.

10.5 Contributor and Dworman, severally and not jointly, shall each be liable for one-half of all state or county documentary stamps or transfer taxes on the Assignment of Contributor's Interest. Each party shall be responsible for its own attorney's fees. Except for Contributor's obligation to pay any additional fees or premiums incurred by the Restructured Partnership as a result of the non-imputation endorsement and Fairway endorsement, the Reconstituted Partnership shall be responsible for all title insurance premiums and title examination fees. The provisions of this Section 10.5 shall survive the Closing.

10.6 [INTENTIONALLY DELETED PRIOR TO EXECUTION]

11. ADJUSTMENTS.

11.1 The following items with respect to the Real Property are to be apportioned between the Reconstituted Partnership, on the one hand, and Contributor, Dworman and Plenitude, on the other hand, as of midnight on the date preceding the Closing:

(a) Rents, escalation charges and percentage rents payable by Tenants as and when collected. All moneys received from Tenants and attributable to periods from and after the Closing shall belong to the Reconstituted Partnership and shall be applied by the Reconstituted Partnership to current rents and other charges under the Leases. After application of such moneys to current rents and charges, the Reconstituted Partnership shall remit to Contributor Dworman and Plenitude any excess amounts paid by a Tenant to the extent that such Tenant was in arrears in the payment of any amount due under the Leases prior to the Closing;

(b) any prepaid rents, together with interest required to be paid thereon, as well as the amount of all cash Security Deposits;

(c) utility charges payable by G&G including, without limitation, electricity, water charges and sewer charges. If there are meters on the Real Property, G&G will cause readings of all said meters to be performed not more than five (5) days prior to the Closing Date;

(d) amounts payable under the Service Contracts other than those Service Contracts which the Reconstituted Partnership has elected not to assume;

(e) real estate taxes due and payable for the calendar year or fiscal year, as applicable. 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 should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Contributor agrees to pay the Company any increase shown by such recomputation and vice versa;

(f) the value of heating, fuel or petroleum stored at and used for the Real Property, at G&G's most recent cost, including taxes, on the basis of a reading made within ten (10) days prior to the Closing by G&G's supplier;

(g) all sums due and payable by G&G pursuant to bills and claims for labor performed and materials furnished to or for the benefit of the Property by or on behalf of G&G; and

(h) any other items of income or expense of a recurring nature that are incurred in connection with the ownership or operation of the Property.

11.2 .At the Closing, G&G shall deliver to the Company a list of additional rent, however characterized, under each Lease, including without limitation, real estate taxes, electrical charges, utility costs and operating expenses (collectively, "Additional Rents") being billed to Tenants for the calendar year in which the Closing occurs (both on a monthly basis and in the aggregate), the basis for which the monthly amounts are being billed, and the amounts incurred by G&G on account of the components of Additional Rent for such calendar year. Upon the reconciliation by the Company of the Additional Rents billed to Tenants, and the amounts actually incurred for such calendar year, Contributor, Dworman and Plenitude, on the one hand, and the Reconstituted Partnership, on the other, shall be liable for or entitled to their respective shares of overpayments or underpayments, as the case may be, of Additional Rents, and shall be entitled to such payments from Tenants, as the case may be, on a pro-rata basis based upon each party's period of ownership during such calendar year.

11.3 Prior to Closing, the Reconstituted Partnership shall establish a bank account at a bank selected by the Company (the "New Bank Account"), and shall advise G&G of same. Contributor and Dworman shall, simultaneous with the Closing, deposit into the New Bank Account a reserve fund (the "Reserve Fund"). The Reserve Fund is to be used by the Reconstituted Partnership, or its successors and assigns, for tenant improvements, leasing commissions, rent incentives on account of leasing any vacant space at the Property or for any other purpose the Reconstituted Partnership may deem appropriate. The Reserve Fund shall be equal to $500,000.00, which shall be increased or decreased by the net amount of all adjustments and apportionments provided for in Section 11 and the remainder of this Agreement, and shall be increased by the amount due to the Reconstituted Partnership as a result of those certain closing costs with regard to title described in Section 4.3(a) (collectively, the "Adjustments"). In the event that the net sum of the Adjustments in favor of G&G are in excess of $500,000.00, then one-half (1/2) of the amount in excess of $500,000.00 (the "Excess Adjustment Amount") shall be paid by the Company to Contributor in Units (the "Adjustment Units"); the remaining one-half (1/2) shall be paid by, and shall belong to, Dworman and Plenitude. The aggregate number of the Adjustment Units to be issued to Contributor and the Unit Holders shall be calculated by dividing (i) the Excess Adjustment Amount, by (ii) the Current Market Value Per Unit. So long as the Excess Adjustment Amount is known at least two (2) days prior to Closing, the Company shall at Closing issue to Contributor and the Unit Holders, according to their pro rata share of the Consideration, Certificates representing the Adjustment Units. In the event that the Excess Adjustment Amount is not known at least two (2) days prior to Closing the Company shall issue to Contributor and the Unit Holders as soon thereafter as practicable, but in no event later than two (2) days after Closing, the Certificates representing the Adjustment Units. Except with regard to the New Bank Account, Dworman, Plenitude and Contributor shall maintain exclusive control, right and access to any other bank accounts bearing the name "G&G Martco"; provided, however, Dworman, Plenitude and Contributor hereby covenant and agree to close all such accounts or otherwise change the name thereon within fifteen (15) days of the Closing Date.

11.4 Except as otherwise provided in this Agreement, the adjustments shall be made in accordance with the customs in respect to title closings in the State of California.

11.5 Any and all errors in the adjustments will be corrected as soon as practicable after the Closing. Any amounts paid to G&G following the Closing on account of any provisions of this Agreement after the Closing Date shall be treated as, and deemed to have been, paid to Contributor, Dworman and Plenitude as distributions prior to the Closing Date pursuant to Section 6.2(c) of the Amended Partnership Agreement.

11.6 The provisions of this Section 11 shall survive the Closing Date.

12. "AS-IS" ACQUISITION

12.1 The Company acknowledges that by the end of the Inspection Period and provided this Agreement has not been terminated, that the Company has had an opportunity to review all the information it desires regarding Contributor's Interest and the Real Property, that the Company understands the risks of, and other considerations relating to, Contributor's Interest and the Real Property, that the Company has performed all diligence desired by the Company with respect to Contributor's Interest and the Real Property and that the Company is acquiring Contributor's Interest, subject to the representations and warranties of G&G and Contributor contained in this Agreement, in its "as-is", "with all faults" condition.

13. MORTGAGE DEBT.

13.1 (a) Subject to Section 23, the Company and Dworman agree to use all commercially reasonable efforts to refinance the Existing Mortgage Debt on terms and conditions acceptable to both the Company and Dworman in their sole discretion (the "Replacement Loan"). Contributor and Dworman, jointly and severally, shall be responsible and pay for any and all accrued and unpaid interest, prepayment penalties, expenses, late charges, legal fees, protective advances and all other costs and fees which are attributable to the Existing Mortgage Debt, due to the holder of the Existing Mortgage Debt other than the outstanding principal amount thereof (the "Existing Principal Amount"). The Replacement Loan shall be subject to the provisions of Section 23.

(b) In the event that the amount of the initial advance under the Replacement Loan that is used to satisfy the Mortgage Debt, which shall not be less than $35,000,000.00, is less than the Existing Principal Amount, then (i) the difference between the Existing Principal Amount and $40,000,000.00 shall be shared equally by the Company and Dworman, and (ii) the difference between the amount of the initial advance under the Replacement Loan that is used to satisfy the Mortgage Debt and $40,000,000.00 shall be advanced by the Company. The Company shall thereafter be entitled to a preferred return of 9.5% on the amount so advanced under clause (ii) of this Section 13.1(b), as more particularly set forth in the Amended Partnership Agreement.

14. CONDITIONS PRECEDENT TO CLOSING

14.1 The obligations of Contributor to deliver an executed and acknowledged Assignment of Contributor's Interest, and the Owners to provide insurable title to the Property,

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

(a) the representations and warranties made by the Company herein shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date;

(b) the Company shall have executed and delivered to Contributor all of the documents provided herein for said delivery;

(c) there shall not have been any material adverse change in the Company between the date hereof and Closing. Contributor acknowledges that any decrease, regardless of amount, in the price of the Common Stock shall not be considered a material adverse change. The provisions of this Section 14.1(c) shall be merged into the Company's delivery of the Certificates to Contributor and the Unit Holders; and

(d) the Company shall have performed all material covenants and material obligations undertaken by the Company herein in all respects and complied with all material conditions required by this Agreement to be complied with or performed by it on or before the Closing Date.

14.2 The obligations of the Company to deliver the Certificates to the Unit Holders and the Company's obligation to perform the other covenants and obligations to be performed by the Company on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in

part, by the Company):

(a) the representations and warranties made by the Owners herein shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date;

(b) the Owners shall have performed all material covenants and material obligations undertaken by the Owners herein in all respects and complied with all material conditions required by this Agreement to be complied with or performed by any of them on or before the Closing Date;

(c) the Title Company is unconditionally prepared to issue to the Company a Title Policy meeting the requirements set forth in Section 4 hereof for an "insurable title";

(d) the Owners shall have executed and delivered to the Company all of the documents provided for herein for said delivery;

(e) the Property shall be in compliance in all material respects with all statutes, ordinances, rules, regulations, orders, codes, directives or requirements of all Governmental Authorities, and Environmental Laws, affecting the Property;

(f) the Reconstituted Partnership shall have closed the Replacement Loan;

(g) all of the representations and warranties made in Section 5.1 shall be true and complete, without regard to knowledge, in all material respects as though such representations and warranties had been made on and as of the Closing Date. In the event that any of said representations and warranties are not true and complete, without regard to knowledge, in all material respects, then the Company may, at its election, terminate this Agreement; and

(h) the Property shall be in compliance with the San Francisco, California Public Works Code art. 20, ss.ss.1001-1015 ("PWC art. 20"), Cal. Health & Safety Code ss.25359.7, the California Carpenter-Presley-Turner Hazardous Substance Account Act, the Cal. Health & Safety Code ss.ss.25915-25919.7, any regulations promulgated thereunder and any amending or successor legislation and regulations now or hereafter existing with respect to the Property. In the event that the Property is not in compliance with PWC art. 20, Cal. Health & Safety Code ss.25359.7, the California Carpenter-Presley-Turner Hazardous Substance Account Act, the Cal. Health & Safety Code ss.ss.25915-25919.7, any regulations promulgated thereunder and any amending or successor legislation and regulations now or hereafter existing with respect to the Property, then the Company's sole remedies shall be limited to either terminating this Agreement or waiving the compliance requirements set forth herein. If this Agreement is so terminated, this Agreement shall be rendered null and void and of no further force or effect and neither party shall have any further liability or obligation to the other under or by virtue of this Agreement. In the event that the Property is not subject to the provisions of PWC art. 20, Cal. Health & Safety Code ss.25359.7, the California Carpenter-Presley-Turner Hazardous Substance Account Act, the Cal. Health & Safety Code ss.ss.25915-25919.7, any regulations promulgated thereunder, then G&G shall, at its sole cost and expense, provide to the Company an affidavit stating that the Property is not subject to the provisions of PWC art. 20, Cal. Health & Safety Code ss.25359.7, the California Carpenter-Presley-Turner Hazardous Substance Account Act, the Cal. Health & Safety Code ss.ss.25915-25919.7, any regulations promulgated thereunder.

15. [INTENTIONALLY DELETED PRIOR TO EXECUTION]

16. BROKER.

16.1 The Company, MCRC and the Owners represent that they have not dealt with any brokers, finders or salesmen in connection with this transaction. The Company and the Owners agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which they may

sustain, incur or be exposed to by reason of any claim for fees or commissions made through the other party. The provisions of this Section shall survive the Closing or other termination of this Agreement.

17. CASUALTY LOSS.

17.1 If at any time prior to the Closing Date any portion of the Property is destroyed or damaged as a result of fire or any other casualty (a

"Casualty"), the Owners shall promptly give written notice ("Casualty Notice") thereof to the Company along with the Owners' estimate, given in good faith, of the cost to repair as a result of the Casualty (the "Repair Cost"). If the Repair Cost is in excess of three percent (3%) of the Property Value, then within ten (10) days after the receipt of the Casualty Notice, the Company shall have the right, at its sole option, of terminating this Agreement by written notice to the Owners given within ten (10) days after receipt of the Casualty Notice. If the Company does not terminate this Agreement or if the Repair Cost is less than three percent (3%) of the Consideration, then the proceeds of any insurance with respect to the Property paid between the date of this Agreement and the Closing Date plus the amount of G&G's deductible under the policy insuring the Casualty shall be paid to the Reconstituted Partnership at Closing. Notwithstanding the foregoing, in the event of an earthquake, all of the terms and conditions of this Section 17.1 shall apply, except that G&G need not pay over to the Reconstituted Partnership the amount of G&G's deductible under the policy insuring the earthquake.

17.2 To the extent of available insurance proceeds, the Owners shall cause all temporary repairs to be made to the Property as shall be required to prevent further deterioration and damage to the Property prior to the Closing Date provided, however, that any such repairs shall first be approved by the Company. Contributor shall have the right to be reimbursed from the proceeds of any insurance with respect to the Real Property paid between the date of this Agreement and the Closing Date for the cost of all such repairs.

18. CONDEMNATION.

18.1 In the event, that prior to Closing, the Owners receive notice of the institution or threatened institution of any proceedings, judicial, administrative or otherwise, by eminent domain or otherwise, which propose to affect a material portion of the Property, the Owners shall give notice (a "Condemnation Notice") to the Company promptly thereafter. Within fifteen (15) days following receipt of the Condemnation Notice, the Company shall have the right and option to terminate this Agreement by giving the Owners written notice thereof. Any damage to or destruction of the Property as a result of a taking by eminent domain shall be deemed "material" for purposes of this Section if the estimate of the damage, which estimate shall be performed by an insurance adjuster and the Company's architect, shall exceed three percent (3%) of the Property Value. Should the Company so terminate this Agreement in accordance with this Section, neither party shall have any further liability or obligations to the other. In the event the Company shall not elect to cancel this Agreement, Contributor shall assign Contributor's Interest in such proceeds to the Company, the same shall be the Company's

sole property, and the Company shall have the sole right to settle any claim in connection with the Property, and there shall be no reduction in the Consideration.

19. TRANSFER RESTRICTIONS; RIGHT OF FIRST REFUSAL.

19.1 Contributor agrees that the Contributor Units may not be sold, assigned, transferred, pledged, encumbered or in any manner disposed of (collectively, "Transferred") or redeemed for shares of Common Stock until after the first anniversary of the Closing Date. Thereafter, the Contributor Units and/or the shares of Common Stock underlying the Contributor Units (the "Underlying Shares") may only be Transferred in accordance with the terms of the OP Agreement and this Section 19.

19.2 (a) If Contributor or the Unit Holders (each a "Contributor Party") receives a bona fide written offer to purchase part or all of its Contributor Units or Underlying Shares in a privately negotiated transaction which it desires to accept, such Contributor Party shall not sell, transfer, or otherwise dispose of (the "Proposed Disposition") such Units or Underlying Shares (the "Disposition Securities") to a third party unless, prior to such Proposed Disposition, such Contributor Party shall have promptly reduced the terms and conditions, if any, of the Proposed Disposition to a reasonably detailed writing and shall have delivered written notice (the "Disposition Notice") of such Proposed Disposition to the Company. All offers to purchase Contributor Units or Underlying Shares must be for cash. The Disposition Notice shall contain an irrevocable offer to sell all, but not less than all, the Disposition Securities to the Company upon the same terms (including price) and subject to the same conditions, if any, as those contemplated by the Proposed Disposition, and shall be accompanied by a true and correct copy of the agreement embodying the terms and conditions, if any, of the Proposed Disposition (which shall identify the Company, the Disposition Securities, the consideration and method of payment contemplated by the Proposed Disposition and all other terms and conditions, if any, of the Proposed Disposition).

(b) The Company shall have the irrevocable right and option (the "Purchase Option"), within five (5) business days after receipt of the Disposition Notice (the "Notice Period"), to accept such irrevocable offer to purchase all, but not less than all, of the Disposition Securities which are

subject to the Proposed Disposition. If the Company determines to exercise such Purchase Option, it shall deliver to the Contributor Party written notice of the exercise of its Purchase Option with respect to the Disposition Securities (an "Exercise Notice") prior to the expiration of the Notice Period.

(c) If the Company shall have timely delivered its Exercise Notice with respect to the Disposition Securities, all certificates for the Disposition Securities shall be delivered to the Company at a closing to be held on the later of the date on which the Proposed Disposition, if accepted, would close or five (5) business days after such Exercise Notice is given, at the offices of Pryor, Cashman, Sherman & Flynn located at 410 Park Avenue, New York, New York 10022. At such closing, the Company shall deliver to the Contributor Party in immediately available funds the amount of the purchase price set forth in the Disposition Notice due against the simultaneous delivery of certificates representing the Disposition Securities so

disposed of, duly endorsed in blank or accompanied by a stock power or powers duly endorsed in blank, and in proper form for transfer, together with any necessary stock-transfer stamps, and such Disposition Securities shall be delivered free and clear of all liens, security interests and encumbrances whatsoever.

(d) If the Company (i) notifies the Contributor Party that it is not exercising its Purchase Option or (ii) does not deliver an Exercise Notice prior to the expiration of the Notice Period, the Company shall be deemed to have waived its Purchase Option in which event Contributor Party may sell the Disposition Securities to the proposed transferee for a period of sixty (60) days after the expiration of the Notice Period in which event the proposed transferee shall take free and clear of the restrictions set forth in this Section 19; provided, however, that such Disposition Securities are sold to the proposed transferee at a price not less than that contained in the Disposition Notice and on terms and conditions, if any, not more favorable to the proposed transferee than those contained in the Disposition Notice. If Contributor Party wishes to sell all or any part of the Disposition Securities on terms more favorable to the proposed transferee than those set forth in the Disposition Notice or does not sell such Disposition Securities on the terms and conditions contained in the Disposition Notice within the aforementioned sixty (60) day period, it shall again be obligated to make new offers to the Company, in accordance with this Section 19, before it shall be permitted to consummate a Proposed Disposition of the Disposition Securities, or any part thereof, in a privately negotiated transaction.

20. PUBLICATION; CONFIDENTIALITY.

20.1 The Company shall have the right to make such public announcements or filings with respect to the Exchange or the Securities and Exchange Commission as the Company may deem reasonably prudent, and shall be entitled to make such filings or announcements upon advice of counsel as may be otherwise be deemed necessary or required by law.

20.2. Without the prior written consent of the other party, until the Company shall make a public announcement as provided in Section 20.1, neither the Company nor the Owners shall disclose, and the Owners and the Company will direct their respective representatives, employees, agents and consultants not to disclose, to any person or entity the fact that the Company and the Owners have entered into this Agreement to acquire the Property nor any of the terms, conditions or other facts with respect to this Agreement. Notwithstanding the foregoing, either party may disclose those terms and conditions which are required to be disclosed pursuant to law or in order to comply with this Agreement; provided, however, that the disclosing party shall use its best efforts to limit the disclosure to the information necessary, shall advise any party to whom disclosure is made that said terms and conditions are subject to a confidentiality requirement and shall obtain the agreement of said party to keep any information disclosed to it as confidential. In the event of a breach of the provisions of this Section 20.2, either party shall be entitled to all of its rights and remedies at law or in equity.

20.3 The Owners shall not disclose to any third party any information that is not public information concerning MCRC, the Company or any transaction or potential

transaction the Owners may become aware of involving MCRC or the Company without the Company's prior written consent.

21. REMEDIES.

21.1 (i) In the event of any breach by the Company of any representation, warranty, covenant or agreement in any material respect, which breach was neither willful nor intentional, the Owner's sole recourse shall be

limited to terminating this Agreement, whereupon the parties hereto shall have no further liabilities and obligations hereunder, and this Agreement shall be of no further force and effect, except for the obligations set forth in Section 16.1.

(ii) In the event of a willful breach by the Company of any representation, warranty, covenant or agreement, in any material respect (except for a breach of the time of the essence closing obligation set forth in Section 10.1, in which case the provisions of Section 21.1(i) shall apply), the Company shall pay as liquidated damages and as its sole liability, the sum of $250,000.00. The Owners waive any other claim, at law or in equity, either against the Company, MCRC or against any person, known or unknown, disclosed or undisclosed, and hereby acknowledge and agree that said liquidated sum constitutes a reasonable forecast of damages which would be sustained by the Owners in the event of a willful breach by the Company.

21.2 (i) In the event of any breach by Contributor of any representation or warranty, or the Owners of any covenant or agreement in any material respect, which breach was neither willful nor intentional, the Company's sole recourse shall be limited to terminating this Agreement, whereupon the parties hereto shall have no further liabilities and obligations hereunder, and this Agreement shall be of no further force and effect, except for the obligations set forth in Sections 4.7 and 16.1.

(ii) In the event of a willful breach by Contributor of any representation or warranty, or the Owners of any covenant or agreement in any material respect, the Company shall be entitled to any and all of its rights and remedies, at law or in equity, including without limitation, a termination of this Agreement, in which event the provisions of Section 4.7 shall govern and control, or an action seeking specific performance.

21.3 The acceptance of the Assignment of Contributor's Interest by the Company shall be deemed a full performance and discharge of every agreement and obligation of Contributor to be performed under this Agreement, except those, if any, which are specifically stated in this Agreement to survive the Closing or those which, by their terms, cannot be performed or complied with until after the Closing.

21.4 The provisions of this Section 21 shall survive the Closing or earlier termination of this Agreement.

22. NOTICE

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

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

with two (2) separate copies
of the notice sent to the attention of:

Thomas A. Rizk, CEO
and
Roger W. Thomas, Esq.
(908) 272-8000 (tele.)
(908) 272-6755 (fax)

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

If to Contributor: Lawrence W. Feldman
2027 Paradise Drive
Tiburon, CA 94920
(415) 435-3131 (tele.)
(415) 435-1898 (fax)

with a copy to: Greene Radovsky Maloney & Share LLP
Four Embarcadero Center, 40th Floor
San Francisco, CA 94111
Attn: Joseph Radovsky, Esq.
(415) 981-1400 (tele.)
(415) 777-4961 (fax)

and a copy to:	Allen B. Cooper 1750 Montgomery Street San Francisco, CA 94111 (415) 943-8511 (tele.) (415) 954-8598 (fax)
If to Dworman or Plenitude:	ADCO Group 645 Fifth Avenue, 8th Floor New York, New York 10022 Attn: Alvin Dworman (212) 848-0219 (tele.) (212) 355-5057 (fax)
with a copy to:	ADCO Group 645 Fifth Avenue, 8th Floor New York, New York 10022 Attn: Martin Kimelman, Esq. (212) 848-0219 (tele.) (212) 355-5057 (fax)
and a copy to:	Mark D. Lubin Stein & Lubin LLP 600 Montgomery Street, 14th Floor San Francisco, CA 94111 (415) 981-0500 (tele.) (415) 981-4343 (fax)

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

23. DEBT MAINTENANCE

23.1 Subject to (i) the Company's right to sell, transfer or dispose of its interest in the Reconstituted Partnership, or the Reconstituted Partnership's right to sell, transfer or dispose of the Property, in accordance with the terms and conditions of Section 24, and (ii) Section 23.2 below, for a period of six (6) years following the Closing (the "Restricted Period"), (A) the Reconstituted Partnership shall maintain not less than $35,000,000.00 (the

"Debt Amount") of nonrecourse mortgage debt (the "Contributor Debt") on the Property and which debt is not guaranteed by any person, and (B) Contributor and the Unit Holders shall be permitted to guarantee or indemnify (the "Initial Indemnity") the Company or MCRC for up to $3,800,000.00 in the aggregate (the "Initial Indemnity Amount") of the most risky portion ("Third Tier Portion") of any available Partnership Recourse Debt (as hereinafter defined). For purposes of this Section 23, "Partnership Recourse Debt" shall mean such debt that the Company has incurred, and may hereafter incur, on a recourse basis, which may or may not be secured in whole or in part by property owned directly or indirectly by the Company and which may or may not be guaranteed by MCRC and/or any subsidiary of the Company that owns or becomes the owner of property. Upon the expiration of the Restricted Period, the Company is under no obligation to permit Contributor and the Unit Holders to guarantee or indemnify the Initial Indemnity Amount or the Contributor Debt. Upon the expiration of the Restricted Period, (x) if the Company terminates the Initial Indemnity, and/or (y) in the event that the Reconstituted Partnership (I) does not maintain any of the Contributor Debt on the Property, or (II) in the event that the Reconstituted Partnership maintains all or any portion of the Contributor Debt on the Property (as the Reconstituted Partnership and/or the Company) may or may not do in their sole discretion) and the amount of such Contributor Debt that is then allocated to the Contributor and the Unit Holders under Section 752 of the Code and the Treasury Regulations thereunder, as of the date hereof, is reduced so as to result in the recognition of income or gain to the Contributor and the Unit Holders (and provided further that the Contributor and the Unit Holders shall be required to establish, annually, and to the reasonable satisfaction of the Company, the amount of any such income or gain that would be so recognized as a result of the foregoing), the Company shall, if and only if requested by the Unit Holders, permit Contributor and/or the Unit Holders to guarantee or indemnify the Company for the Third Tier Portion of any Partnership Recourse Debt which is then available up to an amount (the "Contributor Debt Amount")

equal to the lesser of $21,500,000.00, or an amount necessary to keep Contributor and/or the Unit Holders from recognizing any income or gain as a result of a reduction in liabilities allocated to them under Section 752 of the Code and the Treasury Regulations thereunder; provided, however, that, as noted below, it is expressly understood and agreed that MCRC and/or the Company shall be under no obligation (either express or implied) to have or maintain debt outstanding for the Contributor and/or the Unit Holders to indemnify or guarantee at any time after the Restricted Period. It is expressly understood and agreed that MCRC and/or the Company has prior and present commitments to permit other persons to guaranty or indemnify MCRC and/or the Company for the least risky portion ("First Tier Portion") of the Partnership Recourse Debt in the amount of, in the aggregate, up to $508,000,000.00. It is further expressly understood and agreed that MCRC and/or the Company, in their sole discretion, reserve the right, at any time in the future to make additional commitments, in connection with the issuance of additional Units in exchange for other properties to unrelated third parties in tax deferred transactions, to permit persons to guaranty or indemnify MCRC and/or the Company for (i) the First Tier Portion of Partnership Recourse Debt, pari passu with other persons then guaranteeing or indemnifying the First Tier Portion of Partnership Recourse Debt; provided, however, that if the persons being permitted by MCRC and/or the Company to guaranty or indemnify for the First Tier Portion of Partnership Recourse Debt would have also been permitted, pursuant to clause (iii) below, to guaranty or indemnify MCRC and/or the Company for the Second Tier Portion (as defined below) of the Partnership Recourse Debt, then such guaranty or indemnity by such persons may

or may not be pari passu (as MCRC and/or the Company shall determine in their sole discretion) with other persons then guaranteeing or indemnifying the First Tier Portion of Partnership Recourse Debt, (ii) the Third Tier Portion of Partnership Recourse Debt, pari passu with other persons then guaranteeing or indemnifying the Third Tier Portion of Partnership Recourse Debt (which includes the Contributors and/or the Units Holders pursuant hereto with respect to the Contributor Debt Amount) or (iii) with respect to significant transactions or transactions involving more than one property, the portion of the Partnership Recourse Debt which is more risky than the First Tier Portion of the Partnership Recourse Debt but less risky than the Third Tier Portion ("Second Tier Portion") of the Partnership Recourse Debt. In addition to the foregoing, the Company reserves the right, at any time after the Restricted Period and in its sole discretion, to refinance, payoff or paydown any of the Partnership Recourse Debt or permit new partners of the Company to guarantee or indemnify MCRC and/or the Company for a portion or portions of the Partnership Recourse Debt and to designate the portion or portions of the Partnership Recourse Debt (i.e., First Tier Portion, Second Tier Portion or Third Tier Portion) which will be guaranteed or for which MCRC and/or the Company will be indemnified, as MCRC and/or the Company shall determine in their sole discretion, thereby making no debt available for Contributor and/or the Unit Holders to guarantee or indemnify, or altering the priority or level of then-available Partnership Recourse Debt, in terms of risk and amount, that Contributor and the Unit Holders may guarantee or indemnify. Subject to and in accordance with this Section 23.1, Contributor and the Unit Holders and Company agree to execute and deliver duly acknowledged agreements in order for Contributor and the Unit Holders to recognize basis for Federal income tax purposes.

23.2 In the event that the Contributor or any Unit Holder (i) obtains a tax-free step-up in the basis of their Units for federal income tax purposes (e.g., upon the death of a member); (ii) sells, transfers or otherwise disposes of their Units in a taxable transaction; (iii) receives a "tax" payment from MCRC or the Company in the amount described in Section 24.1 hereof (or corresponding provisions of other agreements to which members of Contributor or any Unit Holder are parties) in reimbursement of taxes triggered to such member as a result of the sale, transfer or other disposition of property contributed by such member, or (iv) receives an allocation under Treasury Regulations Section 1.704-3(b) that reduces the amount of any Built-in-Gain (as defined in Section 24.1 hereof), then the Initial Indemnity Amount or the Contributor Debt Amount, as the case may be, shall be commensurately reduced.

23.3 In addition to the other rights of the Company as provided herein, at the Company's election, the Reconstituted Partnership shall have the right, from time to time during the Restricted Period, to refinance any mortgage debt encumbering the Property. If such new mortgage debt provides for payments of principal, then Contributor and the Unit Holders shall have the same rights to guaranty or indemnify the Company for the amount of such principal payments as are applicable to Contributor and/or the Unit Holders during the Restricted Period, to the extent there is any Partnership Recourse Debt which both (i) constitutes the Third Tier Portion of Partnership Recourse Debt, and (ii) at that time, has not been committed to any limited partner of the Company. If such new mortgage debt provides for payments of principal, then the Company shall provide notice to Allen Cooper, at least twenty-five (25) days prior to the first

payment under such new mortgage debt, of the amortization schedule for such new mortgage debt.

23.4 If, as and when the Reconstituted Partnership elects to decrease the nonrecourse mortgage debt on the Property subsequent to the Restricted Period to an amount below $35,000,000.00 (as adjusted by Section 23.2), the Company shall endeavor to give Allen Cooper (and no one else, notwithstanding the notice provisions contained in Section 22) sixty (60) days prior written notice of the intended reduction in debt; provided, however, Contributor and the Unit Holders shall have no recourse, and the Company shall have no liability whatsoever, in the event that the Company shall fail to give such notice. The notice to Allen Cooper shall be sent to that address provided for Allen Cooper in Section 22.

23.5 The provisions of this Section 23 shall survive the Closing.

24. SALE OF THE PROPERTY.

24.1 During the Restricted Period the Reconstituted Partnership may not sell or dispose of the Real Property, and the Company, its designees, subsidiaries or affiliates, may not sell or dispose of its interest in the Reconstituted Partnership, at any time except (i) in an entirely tax-free like-kind exchange which satisfies the requirements of Code Section 1031 and the Treasury Regulations promulgated thereunder, (ii) if a sale or disposition of the Real Property would not result in recognition of all or any part of the Built-in Gain (as hereinafter defined) by Contributor or any Unit Holders, (iii) in accordance with Section 24.2, or (iv) if the Company pays to Contributor an amount which, after the payment of all federal, state and local taxes payable with respect to such amount, would be equal to the federal, state, and local income taxes payable by the Contributor resulting from the recognition of the Built-in Gain triggered by such sale. After the Restricted Period, the restrictions contemplated by this Section 24 shall terminate in their entirety. For purposes of this Agreement, the term "Built-in Gain" for Contributor's Interest shall mean the excess, if any, of $29,000,000.00 over the adjusted basis for Federal income tax purposes on the Closing Date of Contributor's Interest as set forth on Schedule 24.1.

24.2 Notwithstanding Section 24.1 above, during the Restricted Period, the Reconstituted Partnership may dispose of the Real Property, or the Company, its designees, subsidiaries or affiliates, may dispose of its interest in the Reconstituted Partnership, at any time in connection with (a) the sale, transfer or disposition of all or substantially all of the properties owned by the Company, which in the Company's sole judgment, is determined to be in the best interests of MCRC and its public stockholders, (b) a foreclosure or deed in lieu of foreclosure, or (c) a government taking or condemnation of all or substantially all of the Property.

24.3 After the expiration of the Restricted Period, the Reconstituted Partnership may sell or dispose of the Real Property, and/or the Company may sell, transfer or dispose of its interest in the Reconstituted Partnership, at any time and in the manner that the Reconstituted Partnership and/or the Company may so choose. Subsequent to the Restricted Period, if, as and when the Company and/or the Reconstituted Partnership may elect to sell, transfer or dispose of its interest in the Reconstituted Partnership or to sell, transfer or dispose of the Property, as the

case may be, the Company shall endeavor to give Contributor (and no one else, notwithstanding the notice provisions contained in Section 22) sixty (60) days prior written notice of the intended sale, transfer or disposition; provided, however, Contributor and the Unit Holders shall have no recourse, and the Company shall have no liability, whatsoever, in the event that the Company shall fail to give such notice.

24.4 The provisions of this Section 24 shall survive the Closing.

25. TAX MATTERS

25.1 The Company shall use the traditional method without curative allocations in the manner set forth in Treasury Regulations issued under Section 704(c) of the Code, as amended, with respect to the contribution of Contributor's Interest and Contributor's Interest in the Real Property or in connection with any re-evaluation of the same.

25.2 Using the exact method of accounting, G&G's taxable year shall be treated as closed as of the Closing Date with respect to Contributor and the Unit Holders, and allocations shall be made to Contributor and the Unit Holders in accordance with Section 706 of the Code and the Treasury Regulations thereunder (as shall be determined by the Company).

26. INTEREST PURCHASE OPTION

26.1 Commencing one year and a day after the Closing Date (the "Holding Period") and ending six (6) months thereafter (the "Election Period"), the Company has the sole and exclusive option to purchase the 1/10 (.1%) percent interest ("Contributor's Withheld Interest") in G&G which Contributor is not transferring pursuant to this Agreement. At the Closing, Contributor and the Company shall enter into a letter agreement (the "Letter Agreement") setting forth the number of Units due on account of Contributor's Withheld Interest (the "Withheld Consideration"); the number of such Units issued to Contributor shall be equal to (x) 1/10 (.1%) percent, multiplied by the difference between the Property Value and the Mortgage Debt, divided by (y) the Current Market Value Per Unit. In the event that the Company elects to exercise its purchase option, the Company shall (i) deliver written notice to Contributor of its election prior to the expiration of the Election Period, and (ii) in conjunction with said notice, deliver Certificates representing the Withheld Consideration to the Company's counsel to be held in escrow, and which is to be released according to the provisions of Section 26.2. Notwithstanding the provisions of Section 26.2, the Company's delivery of the notice and Certificates to the Company's counsel, as set forth in (i) and (ii) above, shall immediately effectuate the assignment of Contributor's Withheld Interest, and no further action need be taken by Contributor, the Reconstituted Partnership or the Company to effectuate same.

26.2 In order to obtain the release of the Certificates representing the Withheld Consideration from the Company's counsel, Contributor hereby agrees to execute an assignment of Contributor's Withheld Interest in a form substantially similar to the Assignment of Contributor's Interest. Upon receipt of the assignment required in this Section 26.2, the

Company's counsel shall immediately release the Certificates representing the Withheld Consideration to Contributor.

26.3 The provisions of this Section 26 shall survive the Closing.

27. MISCELLANEOUS.

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

27.2 This Agreement constitutes the entire agreement between the parties and incorporates and supersedes all prior negotiations and discussions between the parties. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their permitted successors and assigns, and nothing in the Agreement express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

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

27.4 This Agreement shall be interpreted and governed by the laws of the State of California and shall be binding upon the parties hereto and their respective successors and assigns. The parties hereto hereby submit, and waive any objections, to the jurisdiction of the courts of the State of New York and of the courts of The United States of America situated in the State of New York.

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

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

27.7 Prior to and after the Closing, each party shall, from time to time, execute, acknowledge and deliver such further instruments, in recordable form, if necessary, and perform such additional acts, as the other party may reasonably request in order to effectuate the intent of this Agreement, within thirty (30) days of the request. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto, and without regard to or aid of canons requiring construction against Contributor, the Company or the party whose counsel drafted this Agreement. The provisions of this Section shall survive the Closing.

27.8 This Agreement shall not be effective or binding until such

time as it has been executed and delivered by all parties hereto.

27.9 This Agreement may be executed by the parties hereto in counterparts, all of which together shall constitute a single Agreement.

27.10 All references herein to any Section, Schedule or Exhibit shall be to the Sections of this Agreement and to the Schedules and Exhibits annexed hereto unless the context clearly dictates otherwise. All of the Schedules and Exhibits annexed hereto are, by this reference, incorporated herein.

27.11 In the event of any litigation or alternative dispute resolution between the Company and Contributor in connection with this Agreement or the transaction contemplated herein, the non-prevailing party in such litigation or alternative dispute resolution shall be responsible for payment of all expenses and reasonable attorneys' fees incurred by the prevailing party. The provisions of this Section shall survive the Closing.

27.12 All references herein to the Owners shall apply to the Owners both singularly and collectively, and all liability of the Owners shall be joint and several.

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27.13 Whenever used herein, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders.

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

MACK-CALI REALTY, L.P., a Delaware limited partnership

By: Mack-Cali Realty Corporation, its General Partner

By: _____
Name: Roger W. Thomas, Esq.
Title: Executive Vice President and General Counsel

G&G MARTCO, a California general partnership

By: _____
Name: Alvin Dworman
Title: Partner

By: _____
Name: Lawrence W. Feldman
Title: Partner

By: PLENITUDE PARTNERS, L.P., a Delaware limited partnership

By: Plenitude Corporation, its General Partner

By: _____
Name: Alvin Dworman
Title: President

THE LAWRENCE W. AND MARIE N. FELDMAN TRUST, a California trust

By: _____
Name: Lawrence W. Feldman
Title: Trustee

By:

Name: Marie N. Feldman
Title: Trustee

LAWRENCE W. FELDMAN

ALVIN DWORMAN

PLENITUDE PARTNERS, L.P., a Delaware limited partnership

By: Plenitude Corporation, its General Partner

By:

Name: Alvin Dworman
Title: President

MACK-CALI REALTY CORPORATION

UNDERWRITING AGREEMENT

May 27, 1998

To the Representatives named in Schedule 1 hereto of the
several Underwriters named in Schedule 2 hereto

Ladies and Gentlemen:

Mack-Cali Realty Corporation, a Maryland corporation qualified as a real estate investment trust (the "Company"), hereby confirms its agreement with the several underwriters named in Schedule 2 hereto (the "Underwriters"), for whom you have been duly authorized to act as representatives (in such capacities, the "Representatives"), as set forth below. If you are the only Underwriter, all references herein to the Representatives and the Underwriters shall be deemed to be to the Underwriter.

The Underwriter intends to deposit the Shares with the trustee of PaineWebber Equity Trust REIT Series I (A Unit Investment Trust) (the "Trust"), a registered unit investment trust under the Investment Company Act of 1940, as amended, for which PaineWebber Incorporated acts as sponsor and depositor, in exchange for units in the Trust.

1. Securities. Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the several Underwriters certain securities of the Company identified in Schedule 1 hereto (the "Securities").

2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, each of the several Underwriters that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933, as amended (the "Act"). A registration statement (the file number of which is set forth in Schedule 1 hereto) on such Form with respect to the Securities, including a basic prospectus, has been filed by the Company with the Securities and Exchange Commission (the "Commission") under the Act, and one or more amendments to such registration statement

may also have been so filed. Such registration statement, as so amended, has been declared by the Commission to be effective under the Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with. Such registration statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, meets the requirements set forth in Rule 415(a)(1)(x) under the Act and complies in all other material respects with said Rule. The Company will next file with the Commission either (A) if the Company relies on Rule 434 under the Act, a Term Sheet (as hereinafter defined) relating to the Securities, that shall identify the Preliminary Prospectus (as hereinafter defined) that it supplements and, if required to be filed pursuant to Rules 434(c)(2) and 424(b), an Integrated Prospectus (as hereinafter defined), in either case, containing such information as is required or permitted by Rules 434, 430A, and 424(b) under the Act or (B) if the Company does not rely on Rule 434 under the Act, pursuant to Rule 424(b) under the Act a final prospectus supplement to the basic prospectus included in such registration statement, as so amended, describing the Securities and the offering thereof, in such form as has been provided to, or discussed with, and approved by the Representatives as provided in section 4(a) of this Agreement. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was declared effective, including (i) all financial schedules and exhibits thereto, (ii) all documents incorporated by reference or deemed to be incorporated by reference therein and (iii) any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined) or, if required to be filed pursuant to Rules 434(c)(2) and 424(b), in the Integrated Prospectus; the term "Basic Prospectus" means the prospectus included in the Registration Statement; the term "Preliminary Prospectus" means any preliminary form of the Prospectus (as defined herein) specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 of the Rules and Regulations; the term "Prospectus Supplement" means any prospectus supplement specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Securities Act; the term "Prospectus" means: (A) if the Company relies on Rule 434 under the Act, the Term Sheet relating to the Securities that is first filed pursuant to Rule 424(b)(7) under the Act, together with the Preliminary Prospectus identified therein that such Term Sheet supplements; (B) if the Company does not rely on Rule 434 under the

Act, the Preliminary Prospectus; or (C) if the Company does not rely on Rule 434 under the Act and if no prospectus is required to be filed pursuant to Rule 424 under the Act, the Basic Prospectus, including, in each case, the Prospectus Supplement; "Basic Prospectus," "Prospectus," "Preliminary Prospectus" and "Prospectus Supplement" shall include in each case the documents, if any, filed by the Company with the Commission pursuant to the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by

reference therein; the term "Integrated Prospectus" means a prospectus first filed with the Commission pursuant to Rules 434(c)(2) and 424(b) under the Act; and the term "Term Sheet" means any abbreviated term sheet that satisfies the requirements of Rule 434 under the Act. Any reference in this Agreement to an "amendment" or "supplement" to any Preliminary Prospectus, the Prospectus, or any Integrated Prospectus or an "amendment" to any registration statement (including the Registration Statement) shall be deemed to include any document incorporated by reference therein that is filed with the Commission under the Exchange Act after the date of such Preliminary Prospectus, Prospectus, Integrated Prospectus or registration statement, as the case may be. For purposes of the preceding sentence, any reference to the "effective date" of an amendment to a registration statement shall, if such amendment is effected by means of the filing with the Commission under the Exchange Act of a document incorporated by reference in such registration statement, be deemed to refer to the date on which such document was so filed with the Commission; any reference herein to the "date" of a Prospectus that includes a Term Sheet shall mean the date of such Term Sheet.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus. When any Preliminary Prospectus was filed with the Commission it (i) contained all statements required to be stated therein in accordance with, and complied in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. When the Registration Statement or any amendment thereto was or is declared effective, it (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading. When the Prospectus or any Term Sheet that is a part thereof or any Integrated Prospectus or any amendment or supplement to the Prospectus is filed with the Commission pursuant to Rule 424(b), on the date when the Prospectus is otherwise amended or supplemented and on the Closing Date, each of the Prospectus and, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus, as amended or supplemented at any such time, (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing provisions of this paragraph (b) do not apply to statements or omissions made in any Preliminary Prospectus

or any amendment or supplement thereto, the Registration Statement or any amendment thereto, the Prospectus or, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein.

(c) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole.

(d) Each of the subsidiaries of the Company (the "Subsidiaries") has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount

to a material liability or disability to the Company and its subsidiaries, taken as a whole. The issued shares of capital stock of each of the Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), all of such shares and interests in the Subsidiaries owned by the Company are owned beneficially by the Company or another Subsidiary free and clear of any security interests, mortgages, pledges, grants, liens, encumbrances, equities or claims.

(e) There are no outstanding (A) securities or obligations of the Company or any of the Subsidiaries convertible into or exchangeable for any capital stock of the Company or any Subsidiary, (B) warrants, rights or options to subscribe for or purchase from the Company or any Subsidiary any such capital stock or any such convertible or exchangeable securities or obligations, or (C) obligations of the Company or any such Subsidiary to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(f) The Company and each of the Subsidiaries has full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus); and the Company has full power, corporate or other, to enter into this Agreement and any other agreement pursuant to which the Securities are issued as specified in Schedule 1 to this Agreement (the "Securities Documents") and to carry out all the terms and provisions hereof and thereof to be carried out by it.

(g) The Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus). All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable.

(h) The Securities have been duly authorized, and, when such securities are issued and delivered as contemplated by the terms of this Agreement and the applicable Securities Document such securities will be validly issued, fully paid and non-assessable.

(i) The execution and delivery of the Securities have been duly authorized by all necessary corporate action, and, at the Closing Date the Securities will have been duly executed and delivered by the Company, and if applicable, assuming due authorization, execution and delivery of the Securities by parties other than the Company, will be the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(j) The securities of the Company issuable in exchange for or upon conversion of the Securities as specified in Schedule 1 to this Agreement (the "Underlying Securities") have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document, such securities will be validly issued, fully paid and non-assessable.

(g) The execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and, at the Closing Date such agreements will have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, and, if required, such Securities

Documents have been filed with the Secretary of State of the State of Maryland or any other applicable jurisdiction, and such agreements will constitute valid and binding instruments of the Company enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(k) No holders of outstanding shares of capital stock of the

Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement.

(l) The Securities and Underlying Securities conform to their description contained in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(m) The combined financial statements and schedules of the Company and the Cali Group (as defined in the Registration Statement) and the consolidated financial statements and schedules of the Company and its consolidated subsidiaries included in or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) fairly present the combined financial position of the Company and the Cali Group and fairly present the consolidated financial position of the Company and its consolidated subsidiaries, as the case may be, and the results of operations and changes in financial condition as of the dates and periods therein specified. Such combined and consolidated financial statements and schedules have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise noted therein).

(n) The selected financial data set forth under the caption "Selected Financial Data" in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) fairly present, on the basis stated in the Prospectus and any Integrated Prospectus (or such Preliminary Prospectus) and such Annual Report, the information included therein. The pro forma financial statements and other pro forma financial information included in or incorporated therein in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) present fairly and comply in all material respects with the applicable requirements of Rule 11-02 of Regulation S-X of the

Commission and the pro forma adjustments have been properly applied to the historical amounts in the compilation of such statements and the assumptions used in the preparation thereof are, in the opinion of the Company, reasonable.

(o) Price Waterhouse LLP, which has certified certain financial statements of the Company and its consolidated subsidiaries and of the Cali Group and delivered its reports with respect to the audited consolidated financial statements and schedules, and any other accounting firm that has certified financial statements and delivered its reports with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), are independent public accountants as required by the Act, the Exchange Act and the respective rules and regulations thereunder.

(p) The execution and delivery of this Agreement has been duly authorized by the Company and this Agreement has been duly executed and delivered by the Company, and is the valid and binding agreement of the Company enforceable against the Company in accordance with the terms hereof, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy.

(q) No legal or governmental proceedings are pending to which the Company or any of the Subsidiaries or to which the property of the Company or any of the Subsidiaries is subject, that are required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) and are not described therein, and no such proceedings have been threatened against the Company or any of the Subsidiaries; and no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or to be filed as an exhibit to the Registration Statement that is not described therein or filed as required.

(r) The issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement and the Securities Documents, the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of the other transactions herein and therein contemplated do not (i) require the consent, approval, authorization, registration or qualification of or with any

governmental authority, except such as have been obtained, such as may be required under state securities or

blue sky laws and, if the registration statement filed with respect to the Securities (as amended) is not effective under the Act as of the time of execution hereof, such as may be required (and shall be obtained as provided in this Agreement) under the Act, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or any other of their respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to the Company or any of the Subsidiaries or any of their properties.

(s) The Company has not, directly or indirectly, (i) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Securities or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(t) Subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), (1) neither the Company nor any of the Subsidiaries has incurred any material liability or obligation, direct or contingent, or entered into any material transaction, which is not in the ordinary course of business; (2) except for regular quarterly distribution payments, the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; (3) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company or the Subsidiaries; and (4) there has been no material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, taken as a whole, except in each case as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(u) The Company or the Subsidiaries have good and indefeasible title in fee simple to all of the Properties (as defined in the Prospectus) and marketable title to all other property owned by each of them, in each case free and clear of any security interest, lien,

mortgage, pledge, encumbrance, equity, claim and other defect, except liens which do not materially and adversely affect the value of such property and will not interfere with the use made or proposed to be made of such property by the Company or such Subsidiary, and any and all real property and buildings held under lease by the Company or any such Subsidiary are held under valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company or such Subsidiary, in each case except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(v) No labor dispute with the employees of the Company or any of the Subsidiaries exists or is threatened or imminent that could result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(w) The Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all material patents, trademarks, service marks, trade names, licenses, copyrights and proprietary and other confidential information currently employed by them in connection with their respective businesses, and neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of any third party with respect to the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material

adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(x) The Company and each of the Subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they will be engaged; neither the Company nor any of the Subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of the Subsidiaries has any reason to believe that any of them will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus

and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(y) None of the Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interest, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(z) The Company and each of the Subsidiaries has complied with all laws, regulations and orders applicable to it or its respective business and properties except where the failure to so comply would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; the Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except where the failure to possess the same would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(aa) The Company will conduct its operations in a manner that will not subject it to registration as an investment company under the Investment Company Act of 1940, as amended, and the transactions contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act.

(ab) The Company and each of the Subsidiaries has filed all foreign, federal, state and local tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not have a material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole) and has paid all taxes required to be paid

by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ac) The Company is organized in conformity with the requirements for qualification as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and the present and contemplated method of operation of the Company and the Subsidiaries

does and will enable the Company to meet the requirements for taxation as a REIT under the Code.

(ad) Neither the Company nor any of the Subsidiaries is in violation of any federal or state law or regulation relating to occupational safety and health and the Company and the Subsidiaries have received all permits, licenses or other approvals required of them under applicable federal and state occupational safety and health and environmental laws and regulations to conduct their respective businesses, and the Company and each of the Subsidiaries is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ae) Except for the shares of capital stock of each of the Subsidiaries owned by the Company or another Subsidiary, neither the Company nor any of the Subsidiaries owns any shares of stock or any other equity securities of any corporation or has any equity interest in any firm, partnership, association or other entity, except as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(af) The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management's general or specific authorizations; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded

accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(ag) Neither the Company nor any of the Subsidiaries is in violation of any term or provision of its Articles of Incorporation, By-laws, partnership agreements or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the consummation of the transactions by this Agreement and under the Securities Documents will not result in any default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company, the Subsidiaries or the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole.

(ah) If required as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

(ai) (A) Neither the Company nor any Subsidiary knows of any violation of any municipal, state or federal law, rule or regulation (including those pertaining to environmental matters) concerning the Properties or any part thereof which would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (B) each of the Properties complies with all applicable zoning laws, ordinances, regulations and deed restrictions or other covenants in all material respects and, if and to the extent there is a failure to comply, such failure does not materially impair the value of any of the Properties and will not result in a forfeiture or reversion of title; (C) neither the Company nor any Subsidiary has received from any governmental authority any written notice of any condemnation of or zoning change affecting the Properties or any part thereof, and neither the Company nor any Subsidiary knows of any such condemnation or zoning change which is threatened and which if consummated would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (D) all liens, charges, encumbrances, claims, or restrictions on or affecting the properties and assets (including the Properties) of the Company or any of the Subsidiaries that are required to be described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) are disclosed therein; (E) no lessee of any portion of any of the Properties is in default under any of the

leases governing such properties and there is no event which, but for the passage of time or the giving of notice or

both would constitute a default under any of such leases, except such defaults that would not have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; and (F) no tenant under any lease pursuant to which the Company or any of the Subsidiaries leases the Properties has an option or right of first refusal to purchase the premises leased thereunder or the building of which such premises are a part, except as such options or rights of first refusal which, if exercised, would not have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, and except as provided by law.

(aj) Except as otherwise disclosed in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or in the Phase I Environmental Audits prepared by Environmental Waste Management Associates, Inc. previously delivered to the Representatives (the "Audits"), (i) neither the Company, any of the Subsidiaries nor, to the best knowledge of the Company, any other owners of the property at any time or any other party has at any time, handled, stored, treated, transported, manufactured, spilled, leaked, or discharged, dumped, transferred or otherwise disposed of or dealt with, Hazardous Materials (as hereinafter defined) on, to or from the Properties, other than by any such action taken in compliance with all applicable Environmental Statutes or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (ii) the Company does not intend to use the Properties or any subsequently acquired properties for the purpose of handling, storing, treating, transporting, manufacturing, spilling, leaking, discharging, dumping, transferring or otherwise disposing of or dealing with Hazardous Materials other than by any such action taken in compliance with all applicable Environmental Statues or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (iii) neither the Company nor any of the Subsidiaries knows of any seepage, leak, discharge, release, emission, spill, or dumping of Hazardous Materials into waters on or adjacent to the Properties or any other real property owned or occupied by any such party, or onto lands from which Hazardous Materials might seep, flow or drain into such waters; (iv) neither the Company nor any of the Subsidiaries has received any notice of, or has any knowledge of any occurrence or circumstance which, with notice or passage of time or both, would give rise to a claim under or pursuant to any federal, state or local environmental statute or regulation or under common law, pertaining to Hazardous Materials on or originating from any of the Properties or any assets described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or any other real property owned or occupied by any such party or arising out of the conduct of any such party, including without limitation a claim under or pursuant to any Environmental Statute (hereinafter

defined); (v) neither the Properties nor any other land owned by the Company or any of the Subsidiaries is included or, to the best of the Company's knowledge, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as hereinafter defined) by the United States Environmental Protection Agency (the "EPA") or, to the best of the Company's knowledge, proposed for inclusion on any similar list or inventory issued pursuant to any other Environmental Statute or issued by any other Governmental Authority (as hereinafter defined).

As used herein, "Hazardous Material" shall include, without limitation any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, toxic substances, or related materials, asbestos or any hazardous material as defined by any federal, state or local environmental law, ordinance, rule or regulation including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. ss.ss. 9601-9675 ("CERCLA"), the Hazardous Materials Transportation Act, as amended, 49 U.S.C. ss.ss. 1801-1819, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.ss. 6901-6992K, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. ss.ss. 11001-11050, the Toxic Substances Control Act, 15 U.S.C. ss.ss. 2601-2671, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. ss.ss. 136-136y, the Clean Air Act, 42 U.S.C. ss.ss. 7401-7642, the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. ss.ss. 1251-1387, the Safe Drinking Water Act, 42 U.S.C. ss.ss. 300f-300j-26, and the Occupational Safety and Health Act, 29 U.S.C. ss.ss. 651-678, as any of the above statutes may be amended from time to time, and in the regulations promulgated pursuant to each of the foregoing (individually, an "Environmental Statute") or by any federal, state or local governmental authority having or claiming jurisdiction over the properties and assets

described in the Prospectus (a "Governmental Authority").

(ak) Each certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(al) The Company has not distributed and, prior to the later of (i) the Closing Date and (ii) the completion of the distribution of the Securities, will not distribute any material in connection with the offering and sale of the Securities other than the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or other materials, if any, permitted by the Act.

3. Purchase, Sale and Delivery of the Securities.

(a) On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company, at the purchase price specified in Schedule 1 hereto, the number of Securities set forth opposite the name of such Underwriter in Schedule 2 hereto. One or more certificates in definitive form for the Securities that the several Underwriters have agreed to purchase hereunder, and in such denomination or denominations and registered in such name or names as the Representatives request upon notice to the Company at least 48 hours prior to the Closing Date, shall be delivered by or on behalf of the Company to the Representatives for the respective accounts of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor to the Company in such funds as are specified in Schedule 1 hereto. Such delivery of and payment for the Securities shall be made at the date, time and place identified in Schedule 1 hereto, or at such other date, time or place as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 8 hereof, such date and time of delivery against payment being herein referred to as the "Closing Date". The Company will make such certificate or certificates for the Securities available for checking and packaging by the Representatives at the offices in New York, New York of the Company's transfer agent or registrar or warrant agent or of Prudential Securities Incorporated at least 24 hours prior to the Closing Date.

4. Covenants of the Company. The Company covenants and agrees with each of the Underwriters that:

(a) The Company will file the Prospectus or any Term Sheet that constitutes a part thereof, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act. During any time when a prospectus relating to the Securities is required to be delivered under the Act, the Company (i) will comply with all requirements imposed upon it by the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder to the extent necessary to permit the continuance of sales of or dealings in the Securities in accordance with the provisions hereof and of the Prospectus and any Integrated Prospectus, as then amended or supplemented, and (ii) will not file with the Commission the Prospectus, Term Sheet, any Integrated Prospectus or any amendment or supplement thereto or any amendment to the Registration Statement of which the Representatives shall not previously have been advised and furnished with a copy for a reasonable period of time prior to the proposed filing and as to which filing the Representatives shall not have given their consent. The Company will prepare and file with the Commission, in accordance with the rules and regulations of the Commission, promptly upon request by the Representatives or counsel for the Underwriters, any amendment to the Registration Statement or amendment or

supplement to the Prospectus and any Integrated Prospectus that may be necessary or advisable in connection with the distribution of the Securities by the several Underwriters, and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective by the Commission as promptly as possible. The Company will advise the Representatives, promptly after receiving notice thereof, of the time when any amendment to the Registration Statement has been filed or declared effective or the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been filed and will provide evidence satisfactory to the Representatives of each such filing or effectiveness.

(b) The Company will advise the Representatives, promptly after receiving notice or obtaining knowledge thereof, of (i) the issuance by the Commission of any stop order suspending the effectiveness of the

Registration Statement or any post-effective amendment thereto or any order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto or any order preventing or suspending the use of any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, (ii) the suspension of the qualification of the Securities for offering or sale in any jurisdiction, (iii) the institution, threatening or contemplation of any proceeding for any such purpose or (iv) any request made by the Commission for amending the Registration Statement, for amending or supplementing any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or for additional information. The Company will use its best efforts to prevent the issuance of any such stop order and, if any such stop order is issued, to obtain the withdrawal thereof as promptly as possible.

(c) If required by applicable law, the Company will arrange for the qualification of the Securities and any Underlying Securities for offering and sale under the securities or blue sky laws of such jurisdictions as the Representatives may designate and will continue such qualifications in effect for as long as may be necessary to complete the distribution of the Securities and any Underlying Securities; provided, however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

(d) If at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which the Prospectus or any Integrated Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it is necessary at any time to amend or supplement the Prospectus or any Integrated Prospectus to comply with the Act or Exchange Act or the respective rules or regulations of the Commission thereunder, the Company will promptly notify the Representatives thereof and,

subject to Section 4(a) of this Agreement, will prepare and file with the Commission, at the Company's expense, an amendment to the Registration Statement or an amendment or supplement to the Prospectus and any Integrated Prospectus that corrects such statement or omission or effects such compliance.

(e) The Company will, without charge, provide (i) to the Representatives and to counsel for the Underwriters, a conformed copy of the registration statement originally filed with respect to the Securities and any amendment thereto (in each case including exhibits thereto), (ii) to each other Underwriter, a conformed copy of such registration statement and any amendment thereto relating to the Securities (in each case without exhibits thereto) and (iii) so long as a prospectus relating to the Securities is required to be delivered under the Act, as many copies of each Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto as the Representatives may reasonably request; without limiting the application of clause (iii) of this sentence, the Company, not later than (A) 6:00 p.m., New York city time, on the date of determination of the public offering price, if such determination occurred at or prior to 10:00 AM, New York City time, on such date or (B) 12:00 Noon, New York City time, on the business day following the date of determination of the public offering price, if such determination occurred after 10:00 AM, New York city time, on such date, will deliver to the Representatives, without charge, as many copies of the Prospectus or any Integrated Prospectus and any amendment or supplement thereto as the Representatives may reasonably request for purposes of confirming orders that are expected to settle on the Closing Date.

(f) The Company, as soon as practicable, will make generally available to its securityholders and to the Representatives a consolidated earning statement of the Company and its subsidiaries that satisfies the provisions of Section 11(a) of the Act and Rule 158 thereunder.

(g) The Company will apply the net proceeds from the sale of the Securities as set forth under "Use of Proceeds" in the Prospectus and any Integrated Prospectus.

(h) [Intentionally omitted].

(i) If required as set forth in Schedule 1 hereto, the Company will obtain the agreements described in Section 6(g) hereof prior to the Closing Date.

(j) The Company will not, directly or indirectly, (i) take any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) (A) sell, bid for, purchase, or pay anyone any

compensation for soliciting purchases of the Securities or (B) pay or agree to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(k) If at any time during the 25-day period after the Registration Statement becomes effective, any rumor, publication or event relating to or affecting the Company shall occur as a result of which in your opinion the market price of the Common Stock has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus or any Integrated Prospectus), the Company will, after written notice from you advising the Company to the effect set forth above, forthwith prepare, consult with you concerning the substance of, and disseminate a press release or other public statement, reasonably satisfactory to you, responding to or commenting on such rumor, publication or event.

(l) If required as set forth in Schedule 1 hereto, the Company will cause the Securities and any Underlying Securities to be duly authorized for listing by the New York Stock Exchange.

(m) The Company will continue to use its best efforts to meet the requirements to qualify as a REIT under the Code.

5. Expenses. The Company will pay all costs and expenses incident to the performance of its obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 10 hereof, including all costs and expenses incident to (i) the printing or other production of documents with respect to the transactions, including any costs of printing the registration statement originally filed with respect to the Securities and any amendment thereto, any Preliminary Prospectus, the Prospectus and any Integrated Prospectus and any amendment or supplement thereto, this Agreement, the Securities Documents and any blue sky memoranda, (ii) all arrangements relating to the delivery to the Underwriters of copies of the foregoing documents, (iii) the fees and disbursements of counsel, accountants and any other experts or advisors retained by the Company, (iv) preparation, issuance and delivery to the Underwriters of any certificates evidencing the Securities, including the fees and expenses of the transfer agent, exchange agent or registrar, (v) the qualification, if any, of the Securities and any Underlying Securities under state securities and blue sky laws and real estate syndication laws, including filing fees and fees and disbursements of counsel for the Underwriters relating thereto and relating to the preparation of a blue sky memoranda, (vi) the filing fees of the Commission relating to the Securities, (vii) any listing of the Securities and Underlying Securities on the New York Stock Exchange, (viii) any meetings with prospective investors in the Securities arranged by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters) and (ix) advertising relating

to the offering of the Securities requested by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters). If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 of this Agreement is not satisfied, because this Agreement is terminated pursuant to Section 10 of this Agreement or because of any failure, refusal or inability on the part of the Company to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder other than by reason of a default by and of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including counsel fees and disbursements) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities. The Company shall not in any event be liable to any of the Underwriters for the loss of anticipated profits from the transactions covered by this Agreement.

6. Conditions of the Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Securities shall be subject, in the Representatives' sole discretion, to the accuracy of the representations and warranties of the Company contained herein as of the date of this Agreement as specified in Schedule 1 hereto and as of the Closing Date, as if made on and as of the Closing Date, to the accuracy of the statements of the Company's officers made pursuant to the provisions hereof, to the performance by the Company of its covenants and agreements hereunder and to the following additional conditions:

(a) The Prospectus, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto shall have been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act; no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto shall have been issued, and no

proceedings for that purpose shall have been instituted or threatened or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission; and the Company shall have complied with any request of the Commission for additional information (to be included in the Registration Statement, the Prospectus or any Integrated Prospectus or otherwise).

(b) The Representatives shall have received an opinion, dated the Closing Date, from Pryor Cashman Sherman & Flynn LLP counsel for the Company, to the effect that:

(i) the Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly

qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a whole. Each of the Subsidiaries has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a whole;

(ii) the Company and each of the Subsidiaries have full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus and each of the Company and the Subsidiaries have full power, corporate or other, to enter into this Agreement and the Securities Documents and to carry out all the terms and provisions hereof and thereof to be carried out by it;

(iii) the issued shares of capital stock of each of the Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the Registration Statement, the Prospectus and any Integrated Prospectus, all of such shares and interests owned by the Company or another Subsidiary are owned beneficially by the Company or such Subsidiary free and clear of any security interest, mortgage, pledge, lien, encumbrance, equity or claim;

(iv) As of May 15, 1998, the Company had an authorized capitalization consisting of (A) 5,000,000 preferred shares of beneficial interest, of which 0 shares were issued and outstanding, and (B) 190,000,000 Common Shares, of which 56,981,742 shares were issued and outstanding (excluding 18,173,403 Common Shares reserved for issuance (x) upon the exercise of outstanding options and (y) upon the conversion of 13,433,572 outstanding units in the Operating Partnership. All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable;

(v) the Securities have been duly authorized, and when executed and delivered against payment therefor in accordance with the Underwriting Agreement, will be validly issued, fully paid and non-assessable, and the execution and delivery of the

Securities (other than any Contract Securities) have been duly authorized by all necessary corporate action, and the Securities have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities by parties other than the Company, are, and any Contract Securities, when executed and delivered in the manner provided in the Securities Documents, will be, the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(vi) the Underlying Securities have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document such securities will be validly issued, fully paid and non-assessable;

(vii) the execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, such agreements are valid and binding instruments of the Company enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(viii) no holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement;

(ix) the statements set forth under the heading "Description of Common Stock", "Description of Preferred Stock" and "Description of Warrants" in the Prospectus and any Integrated Prospectus insofar as such statements purport to summarize certain provisions of the Securities of the Company, provide a fair summary of such provisions; and the statements set forth under the headings "Restrictions on Ownership of Offered Securities" and "Certain United States Federal Income Tax Considerations to the Company of its REIT Election" in the Prospectus and "Risk Factors", "Certain United

States Federal Income Tax Considerations to Holders of Common Stock" and "Underwriting", in the Prospectus Supplement, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, provide a fair summary of such legal matters, documents and proceedings;

(x) the execution and delivery of this Agreement has been duly authorized by all necessary corporate action of the Company and this Agreement has been duly executed and delivered by the Company, and are the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy;

(xi) (A) no legal or governmental proceedings are pending to which the Company, any of the Subsidiaries, or any of their respective directors or officers in their capacity as such, is a party or to which the Properties or any other property of the Company or any of the Subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not described therein, and, to the best knowledge of such counsel, no such proceedings have been threatened against the Company or any of the Subsidiaries or with respect to the Properties or any of their respective other properties and (B) no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus or to be filed as an exhibit to the Registration Statement that is not described therein or filed as required;

(xii) the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement, the compliance by the Company with the other provisions of this Agreement, any Securities Documents and the consummation of the other transactions herein contemplated do not (A) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained and such as may be required under state securities or blue sky laws (as to which such counsel need not opine) or (B) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Properties or any other properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the

Company or any of its Subsidiaries or the Properties or any other of their

respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or (to the best knowledge of such counsel) any arbitrator applicable to the Company or any of the Subsidiaries or any of the Properties;

(xiii) none of the Subsidiaries is currently contractually prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interests, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus;

(xiv) to the best knowledge of such counsel, the Company and the Subsidiaries possess all certificates, authorizations, licenses and permits issued by the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except for such certificates, authorizations, licenses and permits the failure of which to possess would not be expected to result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization, license or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus;

(xv) the Company is not subject to registration as an investment company under the Investment Company Act of 1940, as amended, and the transactions contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act;

(xvi) neither the Company nor any of the Subsidiaries is in violation of any term or provision of its articles of incorporation, bylaws, partnership agreements or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant

to this Agreement and the Securities Documents the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of the other transactions herein and therein contemplated will not result in any default, in the due performance and observance of any term, covenant or condition of any indenture, mortgage or deed of trust, or any material lease or other agreement or instrument known to such counsel after due inquiry to which the Company or any of the Subsidiaries is a party or by which the Company, any of the Subsidiaries, any of the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, taken as a whole;

(xvii) as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(xviii) the Registration Statement is effective under the Act; the Prospectus or any Term Sheet that constitutes a part thereof and any Integrated Prospectus or the Prospectus Supplement, as the case may be, has been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b); and no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or, to the best knowledge of such counsel, threatened by the Commission; and

(xix) the Registration Statement originally filed with respect to the Securities and each amendment thereto, the Prospectus and any Integrated Prospectus (in each case, including the documents incorporated by reference therein but not including the financial

statements and other financial and statistical data contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder.

Such counsel shall also state that they have no reason to believe that the Registration Statement, as of its effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any Integrated Prospectus, as of the date of the Prospectus Supplement or any required Integrated Prospectus and the date of such

opinion, included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering any such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Company and public officials and, as to matters involving the application of laws of any jurisdiction other than the States of New York, New Jersey and Delaware or the United States, to the extent satisfactory in form and scope to counsel for the Underwriters, upon the opinion of local counsel. The foregoing opinion shall also state that the Underwriters are justified in relying upon such opinion of local counsel, and copies of such opinion shall be delivered to the Representatives and counsel for the Underwriters.

References to the Registration Statement, the Prospectus and any Integrated Prospectus in this paragraph (b) shall include any amendment or supplement thereto at the date of such opinion.

(c) The Representatives shall have received an opinion, dated the Closing Date, of Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Underwriters, with respect to the issuance and sale of the Securities, the Registration Statement, the Prospectus, and any Integrated Prospectus and such other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(d) The Representatives shall have received from Price Waterhouse LLP and each other accounting firm that has certified financial statements, and delivered its report with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus, a letter or letters dated, respectively, the date of this Agreement as specified in Schedule 1 hereto and the Closing Date, in form and substance satisfactory to the Representatives, to the effect that:

(i) they are independent accountants with respect to the Company and its subsidiaries within the meaning of the Act, the Exchange Act and the applicable published rules and regulations thereunder;

(ii) in their opinion, the financial statements audited by them and incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus comply as to form in all material respects with the applicable accounting

requirements of the Act, the Exchange Act and the related published rules and regulations thereunder;

(iii) a reading of the minute books of the shareholders, the board of directors and any committees thereof of the Company and each of its consolidated subsidiaries, and inquiries of certain officials of the Company and its consolidated subsidiaries who have responsibility for financial and accounting matters, nothing came to their attention that caused them to believe that:

(A) (i) any unaudited consolidated condensed financial statements of the Company and its consolidated subsidiaries included in the Registration Statement, the Prospectus and any Integrated Prospectus do not comply as to form in all material respects with the applicable accounting require ments of the Act, the Exchange Act and the related published rules and regulations thereunder, or (ii) any material modification should be made to the unaudited consolidated condensed financial statements for them to be in conformity with generally accepted accounting principles;

(B) at a specific date not more than five business days

prior to the date of such letter, there were any changes in the common stock or increase in mortgages and loans payable of the Company and its consolidated subsidiaries, in each case compared with amounts shown on the most recent consolidated balance sheet included in the Registration Statement, the Prospectus and any Integrated Prospectus, except for such changes set forth in such letter;

(iv) they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information that are derived from the general accounting records of the Company and its consolidated subsidiaries and are included in the Registration Statement, the Prospectus and any Integrated Prospectus and in Exhibit 12 to the Registration Statement, including the information included or incorporated in the Company's most recent Annual Report on Form 10-K under the captions "Business" (Item 1), "Selected Financial Data" (Item 6) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7) and the information included or incorporated in the Company's Quarterly Reports on Form 10-Q under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations,"and have compared such amounts, percentages and financial information with such records and with information

derived from such records and have found them to be in agreement, excluding any questions of legal interpretation; and

(v) on the basis of a reading of any unaudited pro forma consolidated condensed financial statements included in the Registration Statement, the Prospectus and any Integrated Prospectus, carrying out certain specified procedures that would not necessarily reveal matters of significance with respect to the comments set forth in this paragraph (v), inquiries of certain officials of the Company, its consolidated subsidiaries and any acquired company who have responsibility for financial and accounting matters and proving the arithmetic accuracy of the application of the pro forma adjustments to the historical amounts in the unaudited pro forma consolidated condensed financial statements, nothing came to their attention that caused them to believe that the unaudited pro forma consolidated condensed financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of such statements.

In the event that the letters referred to above set forth any such changes, decreases or increases, it shall be a further condition to the obligations of the Underwriters that (A) such letters shall be accompanied by a written explanation of the Company as to the significance thereof, unless the Representatives deem such explanation unnecessary, and (B) such changes, decreases or increases do not, in the sole judgment of the Representatives, make it impractical or inadvisable to proceed with the purchase and delivery of the Securities as contemplated by the Registration Statement.

References to the Registration Statement, the Prospectus and any Integrated Prospectus in this paragraph (d) with respect to either letter referred to above shall include any amendment or supplement thereto at the date of such letter.

(e) The Representatives shall have received a certificate, dated the Closing Date, of the chief executive officer and the chief financial or accounting officer of the Company to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct as if made on and as of the Closing Date; the Registration Statement, as amended as of the Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, and the Prospectus or any Integrated Prospectus, as amended or supplemented as of the Closing Date, does not include any untrue statement of a material

fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no

order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or threatened or, to the best of the Company's knowledge, are contemplated by the Commission; and

(iii) subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has not been any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), management, business prospects, net worth or results of operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus or any Integrated Prospectus (exclusive of any amendment or supplement thereto).

(f) On or before the Closing Date, the Representatives and counsel for the Underwriters shall have received such further certificates, documents or other information as they may have reasonably requested from the Company.

(g) [Intentionally omitted].

(h) If applicable, prior to the commencement of the offering of the Securities, the Securities and any Underlying Securities shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

(i) No stop order suspending the effectiveness of the PaineWebber Equity Trust REIT Series I Unit Investment Trust registration statement (the file number of which is set forth in Schedule 1 hereto) (the "UIT Registration Statement") or any post-effective amendment thereto and no order directed at any document incorporated by reference in the UIT Registration Statement shall have been issued, and no proceedings for that purpose shall have been

instituted or threatened or, to the knowledge of the Representatives, shall be contemplated by the Commission.

All opinions, certificates, letters and documents delivered pursuant to this Agreement will comply with the provisions hereof only if they are reasonably satisfactory in all material respects to the Representatives and counsel for the Underwriters. The Company shall furnish to the Representatives such conformed copies of such opinions, certificates, letters and documents in such quantities as the Representatives and counsel for the Underwriters shall reasonably request.

7. Indemnification and Contribution. (a) The Company agrees to indemnify and hold the Underwriter harmless, its directors, officers, employees and agents and each person, if any, who controls it within the meaning of Section 15 of the Act or Section 20 of the Exchange Act from and against any and all losses, claims, liabilities, expenses and damages (including, but not limited to, any and all investigative, legal and other expenses reasonably incurred in connection with, and any and all amounts paid in settlement of, any action, suit or proceeding between any of the indemnified parties and any indemnifying parties or between any indemnified party and any third party, or otherwise, or any claim asserted), as and when incurred to which the Underwriter, or any such person, may become subject under the Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, liabilities, expenses or damages arise out of or are based on (i) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement to the Registration Statement or the Prospectus or in any documents filed under the Exchange Act and deemed to be incorporated by reference into the Prospectus, or in any application or other document executed by or on behalf of the Company or based on written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Shares under the securities or blue sky laws thereof or filed with the Commission, (ii) the omission or alleged omission to state in such document a material fact required to be stated in it or necessary to make the statements in it, in the light of the circumstances under which they were made, not misleading or (iii) any act or failure to act or any alleged act or failure to act by the Underwriter in connection with, or relating in any manner to, the Shares or the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above (provided that the Company shall not be liable under this clause (iii) to the extent it is finally judicially determined by a court of competent jurisdiction

that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by the Underwriter through their gross negligence or willful misconduct); provided that the Company will not be liable to the extent that such loss, claim, liability, expense or damage arises from the sale of the Shares in the public offering to any

person and is based on an untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information relating to the Underwriter furnished in writing to the Company by the Underwriter expressly for inclusion in the Registration Statement or the Prospectus. This indemnity agreement will be in addition to any liability that the Company might otherwise have.

(b) The Underwriter will indemnify and hold harmless the Company, each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, each director of the Company and each officer of the Company who signed the Registration Statement to the same extent as the foregoing indemnity from the Company to the Underwriter, but only insofar as losses, claims, liabilities, expenses or damages (or actions in respect thereof) arise out of or are based on any untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information relating to the Underwriter furnished in writing to the Company by the Underwriter expressly for use in the Registration Statement or the Prospectus. This indemnity will be in addition to any liability that the Underwriter might otherwise have; provided, however, that in no case shall the Underwriter be liable or responsible for any amount in excess of the underwriting discounts and commissions received by the Underwriter.

(c) Any party that proposes to assert the right to be indemnified under this Section 7 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 7, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve it from any liability that it may have to any indemnified party under the foregoing provisions of this Section 7 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (i) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (ii)

the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (iii) a conflict or potential conflict exists (based on advice of counsel of the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (iv) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate counsel (in addition to local counsel) at any one time for all such indemnified party or parties. All such fees, disbursements and other charges will be reimbursed by the indemnifying party promptly as they are incurred. An indemnifying party will not be liable for any settlement of any action or claim effected without its written consent (which consent will not be unreasonably withheld); provided, however, no indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 7 (whether or not any indemnified party is a party thereto), unless such settlement,

compromise or consent includes an unconditional release of each indemnified party from all liability arising or that may arise out of such claim, action or proceeding. Notwithstanding any other provision of this Section 7(c), if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 7 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or the Underwriter, the Company and the Underwriter will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contributions received by the Company from person other than the Underwriter, such as persons who control the Company within the meaning of the Act, officers of the Company who signed the Registration

Statement and directors of the Company, who also may be liable for contribution) to which the Company and the Underwriter may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriter on the other. The relative benefits received by the Company on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriter, in each case as set forth in the table on the cover page of the Prospectus Supplement. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and the Underwriter, on the other, with respect to the statement or omissions which resulted in such loss, claims, liability, expense or damage, or action or respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriter, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriter agree that it would not be just and equitable if contributions pursuant to this Section 7(d) were to be determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense or damage, or action in respect thereof, referred to above in this Section 7(d) shall be deemed to include, for purpose of this Section 7(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7(d), the Underwriter shall not be required to contribute any amount in excess of the underwriting discounts and commissions received by the Underwriter and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 7(d), any person who controls a party to this Underwriting Agreement within the meaning of the Act will have the same rights to contribution as that party, and each officer of the Company who signed the Registration Statement will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 7(d), will notify any such party or parties from whom contribution may be sought, but the omission so to notify will not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 7(d). Except for a settlement entered into pursuant to the last sentence of

Section 7(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent (which consent will not be unreasonably withheld).

(e) The indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Company contained

in this Underwriting Agreement shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Underwriter, (ii) acceptance of the Shares and payment therefor or (iii) any termination of this Underwriting Agreement.

8. [Intentionally omitted].

9. Survival. The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company, its officers and the several Underwriters set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company, any of its officers or directors, any Underwriter or any controlling person referred to in Section 7 hereof and (ii) delivery of and payment for the Securities. The respective agreements, covenants, indemnities and other statements set forth in Sections 5 and 7 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

10. Termination. (a) This Agreement may be terminated with respect to the Securities in the sole discretion of the Representatives by notice to the Company given prior to the Closing Date in the event that the Company shall have failed, refused or been unable to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder at or prior thereto or, if at or prior to the Closing Date

(i) the Company or any of the Subsidiaries shall have, in the sole judgment of the Representatives, sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding or there shall have been any material adverse change, or any development involving a prospective material adverse change (including without limitation a change in management or control of the Company, which includes the termination of the employment of Thomas A. Rizk), in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto);

(ii) the Company shall have failed, refused or been unable, at or prior to the Closing Date, to perform any agreement on its part to be performed hereunder;

(iii) any condition of the Underwriter's obligations specified in "Conditions of the Underwriters' Obligations" hereof is not fulfilled when due;

(iv) trading in the Common Stock shall have been suspended by the Commission or the New York Stock Exchange or trading in securities generally on the New York Stock Exchange shall have been suspended or minimum or maximum prices for the Common Stock shall have been established on such exchange;

(v) there shall have been any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating);

(vi) a banking moratorium shall have been declared by New York or United States authorities; or

(vii) there shall have been (A) an outbreak or escalation of hostilities between the United States and any foreign power, (B) an outbreak or escalation of any other insurrection or armed conflict involving the United States or (C) any other calamity or crisis or material adverse change in general economic, political or financial conditions having an effect on the U.S. financial markets that, in the sole judgment of the Representatives, makes it impractical or inadvisable to (x) commence or continue with the offering of the units of the Trust to the Public, or (y) enforce contracts for the sale of the Units of the Trust.

(b) Termination of this Agreement pursuant to this Section 10 shall be without liability of any party to any other party except as provided in Section 9 hereof. If the Underwriter elects to terminate this Agreement as provided in this Section, the Company shall be notified promptly by the Underwriter by telephone, telex or telecopy and confirmed by letter.

11. Information Supplied by Underwriters. The statements set forth in the last paragraph on the front cover page of the Prospectus Supplement and under the heading

"Underwriting" in the Prospectus Supplement (to the extent such statements relate to the Underwriters) constitute the only information furnished by any Underwriter through the Representatives to the Company for the purposes of Sections 2(b) and 7(b) hereof. The Underwriters confirm that such statements (to such extent) are correct.

12. Notices. All communications hereunder shall be in writing and, if sent to any of the Underwriters, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to PaineWebber Incorporated at 1285 Avenue of the Americas, New York, New York 10019, Attention: Corporate Finance Department; and if sent to the Company, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to the Company at 11 Commerce Drive, Cranford, New Jersey, 07016, Attention: Thomas A. Rizk.

13. Successors. This Agreement shall inure to the benefit of and shall be binding upon the several Underwriters, the Company and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that (i) the indemnities of the Company contained in Section 7 of this Agreement shall also be for the benefit of any person or persons who control any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and (ii) the indemnities of the Underwriters contained in Section 7 of this Agreement shall also be for the benefit of the directors of the Company, the officers of the Company who have signed the Registration Statement as amended at the date of this Agreement as specified in Schedule 1 hereto and any person or persons who control the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act. No purchaser of Securities from any Underwriter shall be deemed a successor because of such purchase.

14. Applicable Law. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT, AND THE TERMS AND CONDITIONS SET FORTH HEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY PROVISIONS RELATING TO CONFLICTS OF LAWS.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter shall constitute an agreement binding the Company and each of the several Underwriters.

Very truly yours,

MACK-CALI REALTY CORPORATION

By: /s/ Roger W. Thomas

Name: Roger W. Thomas
Title: Executive Vice President & General Counsel

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

PAINEWEBBER INCORPORATED

By: /s/ David Jarvis

Authorized Signatory

SCHEDULE 1

DESCRIPTION OF SECURITIES; TERMS OF OFFERING

1. Registration Statement:

File No. 333-19101

2. Date of Underwriting Agreement:

May 27, 1998

3. Underwriters:

PaineWebber Incorporated

4. Title of Securities:

Common Stock, par value $.01 per share

5. Aggregate Number of Securities:

Common Stock, par value $.01 per share: 984,615 shares

6. Price to Public:

Common Stock, par value $.01 per share: $ 36.5625 per share

7. Purchase Price by Underwriters:

Common Stock, par value $.01 per share: $ 34.7344 per share

8. Specified Funds for Payment of Purchase Price:

Wire Transfer of Same Day Funds

9. Terms of Securities:

Preferred Stock: N/A

Warrants: N/A

Other Provisions: N/A

10. Lock-up Requirements:

None

11. Delivery of Securities:

PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York on or about May 29, 1998

12. Pre-Closing Location:

Pryor Cashman Sherman & Flynn LLP, 410 Park Avenue, New York, New York on May 28, 1998

13. Closing Location:

Pryor Cashman Sherman & Flynn LLP, 410 Park Avenue, New York, New York on May 29, 1998

15. Stock Exchange Listing:

The Securities shall be approved for listing on the New York Stock Exchange, subject to official notice of issuance, at or prior to the date hereof.

16. UIT Registration Statement:

File No. 333-38255

17. Miscellaneous:

The Company is advised by you that the Underwriter proposes to deposit the Shares with the trustee of the Trust, a registered unit investment trust under the Investment Company Act of 1940, as amended, for which PaineWebber Incorporated acts as sponsor and depositor, in exchange for units in the Trust as soon after the execution and delivery hereof as in the judgement of the Underwriter is advisable (and, if necessary, any post-effective amendment to the Registration Statement).

SCHEDULE 2

UNDERWRITERS

Underwriter	Number of Shares to be Purchased
PaineWebber Incorporated	984,615
Total	984,615